surgicalscience

ANNUAL REPORT 2021

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SIGNIFICANT EVENTS IN 2021

Acquisition of Mimic
In January, Mimic Technologies was acquired, with operations in robotic surgery. The transfer of ownership took place on January 27. See also page 9.

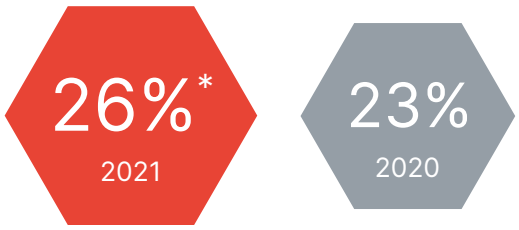
Acquisition of Simbionix
In July, Simbionix was acquired, further strengthening Surgical Science's position in simulation for robotic surgery and broadening the operations with new application areas. The transfer of ownership took place on August 24. See also page 10.

The targets set for the year were met
In preparation for 2021, Surgical Science had set a number of overarching objectives. All of these were met – read more on page 17.

Work with new financial targets
In connection with the acquisition of Simbionix, it was also announced that Surgical Science's financial targets would be revised and communicated when the integration process had begun and the review was complete. The new targets were announced on January 25, 2022. See also page 14.

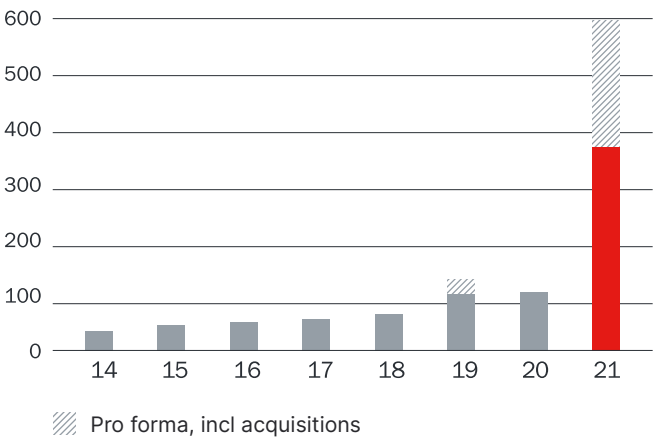
Successful start to the integration process
Following the acquisitions of Mimic and Simbionix, Surgical Science's organization has multiplied in size, with teams being present in Sweden, Israel and the US, as well as in a number of additional countries. A new organization and senior management team has been introduced, read more on page 19.

Profitability, adjusted EBIT



Sales and earnings, SEK million

Annual sales, SEK million



* Excluding acquisition costs

Key figures

	2021	2020
Sales, SEK million	366.8	104.8
Operating profit (EBIT), SEK million	56.5	20.0
Adjusted EBIT, SEK million	97.2*	24.4
Profit after financial items, SEK million	65.8	19.7
Net profit, SEK million	86.2	15.6
No. employees at end of year	209	61
Equity/assets ratio, %	90.1	90.4
Earnings per share, SEK	2.03	0.45
Shareholders' equity per share, SEK	70.57	12.38
Share price on balance sheet date, SEK	281.50	93.50
Market cap. on balance sheet date, SEK million	14,300.5	3,225.3

For definitions, see page 38.

SURGICAL SCIENCE IN BRIEF

One of the biggest challenges within healthcare globally is how injuries during care can be reduced. Medical education and training are key, as a large part of the training today can be performed outside the operating room.

Surgical Science is a world leader in the manufacture of virtual reality simulators for evidence-based training. The simulators enable surgeons and other medical specialists to train and improve their psycho-motor skills and instrument handling before entering the clinical environment. In parallel with its own products, Surgical Science works with simulation solutions for medical technology companies that develop instruments for clinical use, such as robotic surgery.

Surgical Science is headquartered in Gothenburg, Sweden and also has operations in Stockholm, Sweden, as well as in Tel Aviv, Israel and Seattle, US. Through sales offices in the US and China, as well as a global network of distributors, a presence is maintained in most markets. Surgical Science Sweden AB (publ) is traded on Nasdaq First North Growth Market in Stockholm, Sweden.

Throughout the Annual Report, the corresponding value for the preceding year is stated in parentheses, unless otherwise stated.

Founded

1999

Sales in approximately

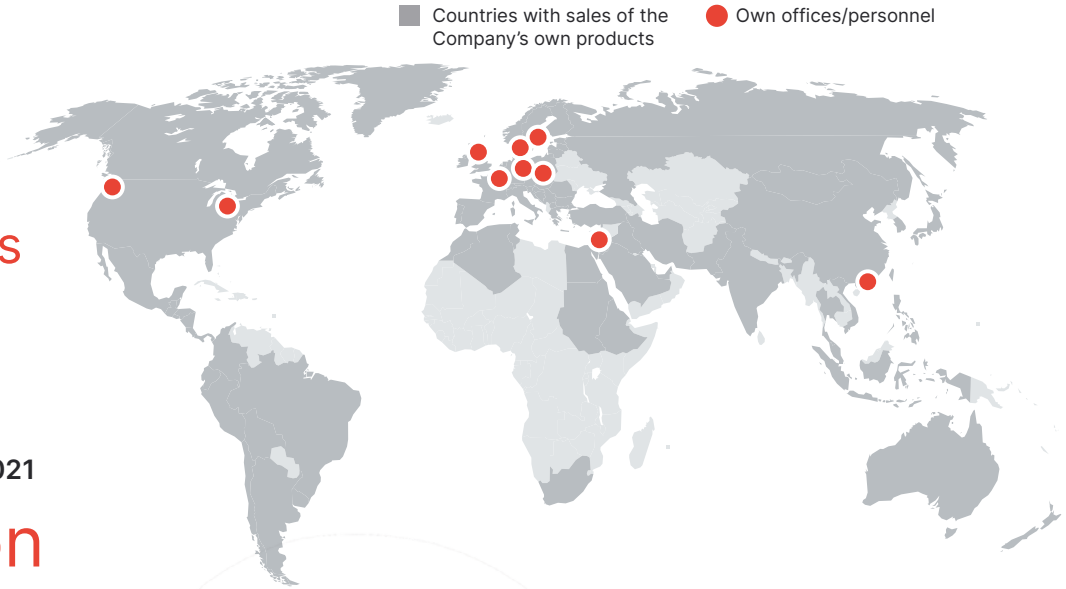
60 countries

Employees

209

Pro forma sales SEK, 2021

597 million



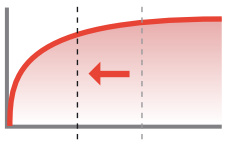
Two business areas

EDUCATIONAL PRODUCTS

INDUSTRY/OEM

Advantages of simulation in medical training

Simulation prepares physicians without risk for patients



Shortens the learning curve[1]

Training without risks for patients[2]

29%

Faster when performing first procedure on humans[3]

5X

Less likely to make errors[3]

9X

More likely to complete a successful procedure[3]

From research to commercial phase and growth

From previously having been a research company, Surgical Science has focused on commercialization and growth since 2016.

1995–1999

The company is founded, research and development begins

2000–2015

Academic work, studies and publications

2016–2017

Collaboration initiated with robotic surgery companies, listing on FNGM[4]

2018 until today

Organic and acquisition-driven growth

Future

Financial targets

2026:

Sales, SEK million
1,500

Adjusted EBIT margin
40%

Focused, long-term growth strategy through acquisitions

2019 **2021** **2021**

SenseGraphics

- Customer base
- Software developers

Mimic

- Customer base
- Complementary technology

Simbionix

- Customer base
- Complementary technology
- Additional application areas
- Software developers

1. Christian Larsen – Effect of VR training – British Med J 2009; **2.** Brown et al – VR appendectomy learning curve trajectory – J lapendo adv surg techn 2019; **3.** Agha RA, Fowler AJ. The role and validity of surgical simulation. Int Surg. 2015; (3. Christian Larsen – Effect of VR training – British Med J 2009; (4) First North Growth Market, Stockholm, Sweden

A TRANSFORMATIVE YEAR WITH TWO ACQUISITIONS, STRONG ORGANIC GROWTH AND GOOD PROFITABILITY DESPITE THE PANDEMIC

In 2021, we undertook a major transformation of Surgical Science's operations by means of two amazing acquisitions. When uncertainty caused by the pandemic was at its worst, we saw opportunities. Our strategy was prepared, we had the ability to act and the determination to execute. We have begun to see the result of this in our fourth quarter sales of slightly less than SEK 200 million at a 26-percent profit margin expressed as adjusted EBIT. Currency-adjusted growth was fully 38 percent during the final three months of the year.

In 2021, we met our overall goals of expanding the value content to the customer base, primarily in robotic surgery, we grew Educational Products during challenging times and were able to make acquisitions according to our strategy. The market for simulation is growing. Our offering and our market channels within Educational Products are, without doubt, the strongest in the business. For Industry/OEM, the year has been characterized by news from the world's largest medical device companies regarding continued major investments in robotic surgery. All major suppliers have our simulation technology embedded and it is becoming a standard for safeguarding patient safety. Intuitive, which has dominated the market, continues its growth, and, during the year, new players like Medtronic have been able to make commercial launches in certain markets after gaining regulatory approvals.

We apply a carefully considered strategy of combining our own simulation products in, for example, laparoscopy, endoscopy, vascular surgery and ultrasound, with tailored solutions for the major medical technology companies. Within Educational Products, we are continuing to build up extensive copyrights in simulation technology, we learn a great deal from our customers (who are mainly located at university hospitals) and we build an important reputation through the many independent validation studies conducted and published by our customers. Combined, these factors make us an attractive partner for medical technology companies, who increasingly appreciate the business benefits of VR simulation.

While robotic surgery is our most important niche, we partner with medical technology companies in several different areas. We have significant sales combining hardware and software to clients in vascular surgery and laparoscopy to name a few strong areas. These are important projects in which our simulation technology contributes to patient safety combined with financial values for our customers. In pace with digitalization, we are seeing additional segments where we are delivering software solutions to a greater extent and the number of areas in which our technology is used are growing. This also affects the gross margin, which we believe will increase over time as the relative share of license revenues increases. With a broad IP portfolio, which grew significantly larger following the acquisition of Simbionix, and the experience from our own simulators

in Educational Products, we have a good foundation from which the Industry/OEM business area will continue to achieve favorable growth.

Surgical Science's long-term financial objective is to have sales of SEK 1,500 million in 2026 and for adjusted EBIT to then amount to 40 percent. The analysis behind the objective we have communicated is based on a large number of variables and we are convinced that surgical simulation will play an increasing role in step with the digitalization of healthcare in general and in medical devices in particular. To gain perspective on our new financial target, we can look back in time five years. In 2016, Surgical Science had sales of just over SEK 50 million. For full year 2021, sales were almost SEK 600 million, calculated pro forma as if Mimic and Simbionix had been part of the company as of 1 January. In 2026, we will have sales of SEK 1,500 million. Having ambitious growth goals that we meet is part of our DNA.

Despite Covid and war bringing misery to the world at the time of writing, we remain stable as a company. Growth, profitability and a strong cash position cause us to foresee a continued exciting development for Surgical Science in 2022. We love simulation and are proud to be doing something that benefits the world. I would like to extend my thanks to all of our employees, customers and shareholders who enable us to continue pushing the boundaries for how simulation technology increases patient safety and ultimately saves lives.

Gothenburg, April 2022

Gisli Hennermark, CEO

TWO BUSINESS AREAS WITH MAJOR SYNERGIES

EDUCATIONAL PRODUCTS

PRODUCTS

Virtual reality simulators for evidence-based training for surgeons and other medical specialists. Proprietary brand products – hardware and software.

CUSTOMERS

Mainly university hospitals and other major hospitals.

SALES CHANNELS AND REVENUE MODEL

Primarily sales through distributors, direct sales in selected markets. To a large extent, these comprise non-recurring revenues for simulators and software, as well as upgrades and support agreements.

INDUSTRY/OEM

PRODUCTS

Primarily simulation software for training surgeons in robot-assisted surgery and other digitalized medical instruments. This is sold under the customer's brand, with Surgical Science retaining all rights to the software.

CUSTOMERS

Medical device companies.

SALES CHANNELS AND REVENUE MODEL

Direct sales. These focus on transactions involving license revenues following initial development revenues for customizing the software.

COMMON INTELLECTUAL PROPERTY RIGHTS

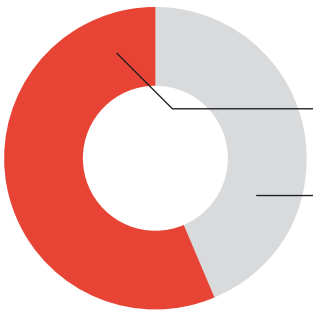
More than 20 years of expertise in medical simulation

SHARED DEVELOPMENT ORGANIZATION

Scalability and efficiency

KNOWLEDGE EXCHANGE

Between industry and academia



Sales 2021 (2020)

Educational Products 54% (46)

Industry/OEM 46% (54)

ACQUISITION OF MIMIC IN JANUARY

Part of Surgical Science's growth strategy is to conduct acquisitions. In particular, the Company seeks acquisition targets adding one or more of the following values: Customer base – primarily in Industry/OEM, complementary technologies, new application areas and skilled software developers. In January 2021, Mimic Technologies was acquired.

MIMIC TECHNOLOGIES IN BRIEF

- Founded in 2001 by former CEO Jeff Berkley, following the acquisition Chief Innovation Officer in Surgical Science.
- Pioneer in the development of simulation solutions for robotic surgery
- 26 employees, of whom 8 are software developers
- Based in Seattle, US

NET SALES, USD MILLION

2021	2020
4.1	2.0

KEY CUSTOMERS ADDED THROUGH THE ACQUISITION

Medtronic

Medicaroid

The acquisition of Mimic brings to Surgical Science

- Broadened customer base of robotic surgery companies that license the company's simulation software in the Industry/OEM business area.
- Technology for cloud-based data collection and advanced analysis.
- Strengthening the Company's presence in the important US market.

For financial information regarding the acquisition, see page 61.

ACQUISITION OF SIMBIONIX IN JULY

Simbionix was acquired in July 2021. In terms of sales, the company was about 3.5 times the size of Surgical Science prior to the merger. When doing an acquisition, Surgical Science focuses on the integration process to achieve a common organization working towards shared objectives and thereby deriving greater efficiency.

SIMBIONIX IN BRIEF

SIMBIONIX™

- Founded in 1998 by former CEO Ran Bronstein, among others. Following the acquisition Ran is now President R&D in Surgical Science.
- Leading in medical VR simulation for a number of product areas.
- About 120 employees, of whom 35 are software developers.
- Headquartered in Tel Aviv, Israel and with operations in the US.

NET SALES, USD MILLION

2021	2020
47.4	40.8

EXAMPLES OF KEY CUSTOMERS ADDED THROUGH THE ACQUISITION

INTUITIVE

Medtronic

The acquisition of Simbionix brings to Surgical Science

- Broadened customer base of robotic surgery companies that license the company's simulation software in the Industry/OEM business area.
- Complementary technology and highly-qualified technical expertise, patents and personnel.
- Complementing and strengthening the product offering in areas including laparoscopy, endoscopy and robotic surgery.
- Broadened product offering in areas including endovascular procedures, urology, orthopedics and ultrasound.
- Intangible property (IP) in a large number of application areas, providing the opportunity to establish a key position as the market for medical device instruments becomes further digitalized.

For financial information regarding the acquisition, see page 62.

Consolidation of a niche market with high entry barriers

With the acquisitions made in 2021, Surgical Science has gained a very strong position in the market for simulation for robotic surgery, while also broadening the product offering in a number of other application areas.

Software services and products in the areas of	Surgical Science	Sense Graphics	Mimic	Simbionix
Robotic surgery	■	■	■	■
Laparoscopy	■			■
Endoscopy	■			■
Endovascular procedures				■
Orthopedics				■
Urology				■
Ultrasound				■
Open surgery				■
Pre-op planning				■
Spinal surgery				■

The new Group holds a very strong position as the world-leader in simulation for robotic surgery, in terms of both technology and market share.

Surgical Science works with medical simulation in a number of areas including laparoscopy, endoscopy, endovascular procedures, ultrasound and robotic surgery.

BUSINESS MODEL, TARGETS AND STRATEGIES

Underlying growth in the market for medical simulation is favorable. An increased focus on patient safety and healthcare costs are strong driving forces. Another market-driving factor is the trend from open surgery to minimally invasive surgery, that is, surgery performed trough laparoscopy or other minimally invasive methods. Technological development and digitalization in healthcare represents another key driving factor in which simulation is becoming an increasingly critical component.

Operations

Surgical Science was founded in 1999 and works with medical simulation. The company's core is its proprietary software and hardware for simulating interactions between instruments and anatomy. Based on its proprietary technologies, Surgical Science develops and sells turnkey simulation systems used to train surgeons and other medical specialists. The operations are conducted within the framework of the Educational Products business area. Since 2017, Surgical Science has also been working with simulation solutions for medical device companies that develop surgical instruments for clinical applications (such as robot-assisted surgery) – this work is conducted in the Industry/OEM business area. In 2019, Surgical Science acquired the company SenseGraphics (founded in 2004), which has worked with medical simulation sales to medical device companies for many years. In early 2021, Mimic Technologies was acquired, a US-based company with operations in both Educational Products and Industry/OEM and that has worked in the area of robotic surgery for almost 20 years. The acquisition of Simbionix, with principal operations in Tel Aviv, Israel was completed in August 2021. Simbionix is active in simulation for training of surgeons and other medical specialists in a wide range of areas and was founded in 1998.

Vision

Surgical Science's vision is that all patients on their way to the operating room should feel reassured that their physician has been trained and objectively certified in a secure, simulated environment before commencing the procedure.

Surgical Science seeks acquisition targets adding one or more of the following values:

1. **Customer base – particularly in Industry/OEM**
2. **Complementary technologies**
3. **New application areas**
4. **Skilled software developers**

Financial targets

Following the acquisition of Simbionix, the Board of Directors adopted new financial targets that were announced in January 2022.

The target is for Surgical Science to generate sales of SEK 1,500 million in 2026. Achieving this target may entail supplementary acquisitions. The Educational Products business area is expected to grow by an average 10–15 percent annually over the period. With an extended and broadened product portfolio, the products will have different growth rates. Surgical Science offers certain niche products to be able to submit complete tenders, although these are sold individually to a lesser extent. The Industry/OEM business area is expected to experience increasing growth during the period as robotic surgery products containing technology from Surgical Science are launched onto the market. During the period, other application areas are also expected to be digitalized, leading, alongside expanded areas of use for simulation, to increasing revenues.

At the end of the period, adjusted EBIT shall amount to 40 percent. Adjusted EBIT is calculated as EBIT excluding amortization and write-downs on surplus values related to acquisitions.

Value-driving factors

Underlying growth in the market for medical simulation is favorable. An increased focus on patient safety and healthcare costs are strong driving forces. A surgical error can have serious complications, in terms of the patient's suffering and in terms of the high cost to healthcare and society. In the US, for example, errors in healthcare are the third most-common cause of death*. Consequently, investments aimed at reducing errors, and thus healthcare costs, can be justified from several points of view. The largest market for medical simulation is the US, followed by Europe and Asia. Over the next few years, growth is expected to be strongest in countries where driving forces include economic development, an increased focus on patient safety and a large population, such as China and India. The market for robot-assisted surgery is expected to grow faster than other parts of the market.

Another market-driving factor is the trend from open surgery to minimally invasive surgery, that is, surgery performed through laparoscopy or other minimally invasive methods. Minimally invasive surgery has a number of advantages over open surgery, including shorter rehabilitation periods, shorter hospital stays and less scarring – all of which translate into lower healthcare costs. With the transition to minimally invasive surgery, the need for medical simulator training increases.

Technological development and digitalization in healthcare represents another key driving factor in which simulation is becoming an increasingly critical component. There is considerable faith in medical simulation today, with state-of-the-art systems often having been validated in scientific studies. When manufacturers of medical devices develop, undergo regulatory approval processes, market and install advanced new instruments such as surgical robots, simulation is a matter of course in increasing efficiency and reducing costs in a manner that is safe for patients.

Scientific studies providing validation also support certification and assessment of physicians. Surgical Science is convinced that the emerging trend towards mandatory

Macro trends

Increased focus on patient safety

Transformation from open surgery to minimally invasive surgery

Digitalization of healthcare

* Source: www.toerrishumanfilm.com

simulator training will continue, driven by increased demands from regulatory bodies, as well as from insurance companies.

Several major patents in robot-assisted surgery expired in 2017, opening up this market for new players. Surgical Science sees great potential in both industrial collaborations with new players intending to enter the market and in opportunities to further deepen its partnerships with existing players. Today, the company collaborates with all of the major players in the market, where the market leader is the company's single largest customer.

Around 65 percent of the world's surgical robots are installed in the US – so the potential for growth is extensive. Now that challengers, such as CMR Surgical, Medicaroid and Medtronic are starting to launch their surgical robots, Surgical Science believes that competition will accelerate the implementation of new technologies.

In addition to robotic surgery, the market also includes other medical device companies that need medical simulation for educational and marketing purposes. Offering simulations of their products facilitates sales, with customers being able to test the product. Furthermore, many medical device companies have business models whereby earnings correlate with the extent to which the product is used. Medical simulation then becomes an important tool for training the end user of the product and thereby increasing its use.

> Simulation plays an important role in increasing efficiency and reducing costs for new medical devices in a patient safe way.

Business model

Educational Products

Surgical Science sells turnkey products under its own brand, which comprises a hardware platform and software modules. The systems are sold with basic training programs, as well as supplementary training for specific areas. New modules are constantly being developed, meaning that there are opportunities for additional sales to existing customers.

A service and support agreement can be signed for the systems, which also offers customers access to software upgrades that are launched on an ongoing basis.

Sales of most Surgical Science's products generate a major initial non-recurring income item. It is also possible to rent some of the products, although this payment model has yet to have an impact in many countries and, at hospitals, such investments are often made aided by various types of donations.

Sales of Surgical Science's simulators are mainly conducted globally with its own sales people, and partly, directly to the end customer. Surgical Science conducts its own sales operations in the US and the Nordic countries, among others. Surgical Science also conducts sales through some 60 distributors worldwide. More than 95 percent of the company's sales are to customers outside Sweden. The US is currently Surgical Science's largest individual market in this area.

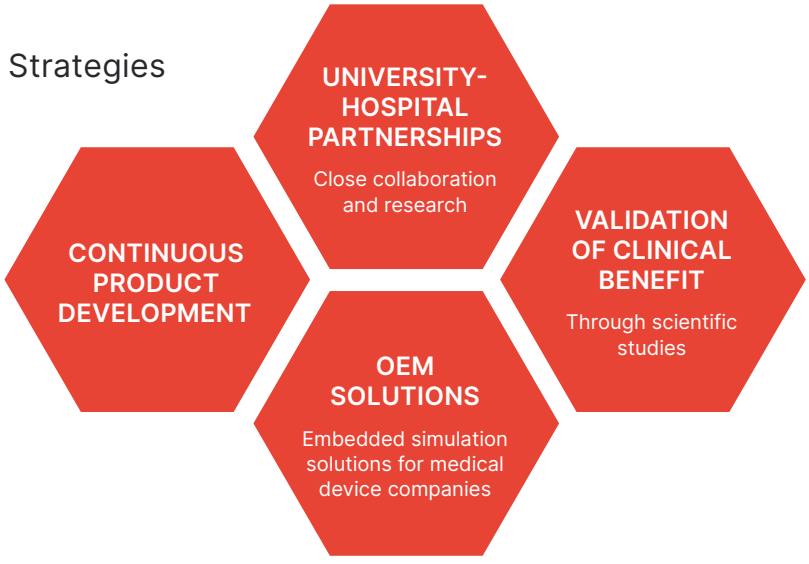
Surgical Science's product sales can fluctuate considerably between quarters, with a large portion of the sales for a particular year usually occurring the fourth quarter. This is due to most major hospitals using the calendar year as their budget year and holding off on purchases until they can see what funds remain in the budget towards the end of the year. This effect has diminished with the acquisition of Simbionix, however, as historically sales in Educational Products in this company have not been subject to an equally strong seasonal effect regarding the fourth quarter.

Industry/OEM
In this area, the business model partly comprises development fees for adapting Surgical Science's software to the medical device company's platform/hardware and subsequently license revenues. License revenues may be charged per unit or on a recurring basis, linked to the installed base or use of the software, for example. In addition to being able to generate long-term cash flows, these projects entail Surgical Science itself learning and gaining new experiences, enabling it to further develop its own software, as the company strives to retain the copyright for all adaptations. This is a way of focusing on the part of the value chain where the company has its strongest advantage, rather than working with the customer's hardware, distribution, end-customer support, etc. In this case, Surgical Science is therefore a component supplier of simulation software that is embedded in the client's products.

In the Industry/OEM business area too, the fourth quarter usually generates more sales than other quarters, with license revenues from customers increasing for the same reason as for Educational Products. This effect is less pronounced for Industry/OEM, however, as clinical products in the area of robotic surgery, for example, are less dependent on budget funds remaining towards the end of the year.

Strategies

Surgical Science will continue to develop its proprietary products as the obvious choices for customers in a world where training and certification are mandatory. From the outset, Surgical Science has worked closely with leading university hospitals in developing the company's products. Surgical Science's simulators have also been validated in a number of published studies demonstrating that the



Targets and target-fulfillment in 2021

Expand the value content for existing customers in the Industry/OEM business area 

Achieve the growth target of 15 percent annually for the Educational Products business area 

Be prepared to make acquisitions when the time is right 

knowledge acquired by the physician through training with the company's products also transfers to the clinical environment. Surgical Science advocates mandatory simulations in training and for future physicians to be certified before performing the first intervention on a human patient.

Besides developing proprietary products, a strategic priority will be working with simulation solutions for medical device companies that develop instruments for clinical use. As a result of the more than 20 years of research and development behind the world's most advanced, computer-based simulations for training of surgeons and other medical specialists in a wide range of areas, Surgical Science's software resources can be applied beyond the proprietary products.

One of the macro trends in healthcare driving this development is digitalization, which allows simulation software to be applied directly in medical device products without separate hardware. Using VR simulations in robot-assisted surgery, for example, is also an obvious choice and no supplier in this area will be able to be without a simulation solution. Another macro trend is increasing patient safety awareness, especially for new technologies, which is reflected in, among other things, regulatory authorities' demands for verified surgeon training solutions when approving clinical uses for new surgical robots, for example.

Patents and trademarks

Surgical Science holds a number of patents, in a number of countries. The company's patents provide protection for certain software as well as hardware.

Surgical Science currently has a number of approved trademark registrations worldwide for its product names.

Goals for 2022

The overarching objectives for Surgical Science in 2022 are to:

- Continue expanding the value content for existing customers in Industry/OEM who license the company's technology.
- Expand the sales organization within Industry/OEM and take advantage of opportunities in additional application areas.
- Achieve the growth target for Educational Products and improve the gross margin. Continue to expand the product portfolio with additional product launches.
- Being prepared to make further acquisitions when the time is right.

Surgical Science has an organization where a large proportion of its employees are the world's leading software developers in medical simulation. This gives the company the capacity to work with the development of the core technology for future simulation, with on-time delivery of adaptations of simulation software to customers in Industry/OEM and with continuing to launch new applications for its own products in Educational Products. To remain a world leader in realistic real-time simulations of medical procedures, improving the core technology is critical. In 2022, Surgical Science will invest more than ever in this area.

Additional acquisitions are part of the plan when the right pieces of the puzzle can be obtained at the right price. In 2022, Surgical Science will continue to integrate the companies acquired in 2021, building a strong company with common global functions.

Working for a strong and common corporate culture is of great importance for Surgical Science's operations.

ORGANIZATION AND EMPLOYEES

Organization

Surgical Science's head office is located in Gothenburg, Sweden. At the beginning of the year, operations were also maintained in Stockholm and the US, with employees also working with software development and sales in Germany, the UK, Poland, France and China. In early 2021, Mimic Technologies was acquired, based in Seattle, in the US. In July, Simbionix was acquired, based in Tel Aviv, Israel and also with some 20 employees in the US.

With the acquisitions of Mimic Technologies and Simbionix, Surgical Science is transitioning to an operational structure in matrix form, where the various functions within the Group collaborate globally. Since January 1, 2022, all personnel in the US have been employed by the same company, Mimic Technologies, which is being renamed Surgical Science North America.

Surgical Science strives to have an organization that is as flat as possible, characterized by it expertise, entrepreneurial spirit, goal-orientation and rapid decision-making paths.

Employees

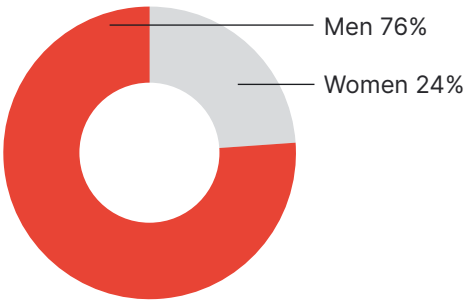
In 2021, the number of employees within Surgical Science multiplied following the acquisitions of Mimic Technologies and Simbionix, but also through new recruitment, primarily of software developers and support functions throughout the global operations. At the end of 2021, there were 209 employees (61), of whom 51 were women (15) and 158 were men (46). Of these, 50 (47) were employed in Sweden, 99 (-) in Israel, 50 (4) in the US and the remaining 10 (10) people in China, Germany, France, Poland and the UK.

> Surgical Science has an operational structure in which the various functions within the Group collaborate globally.

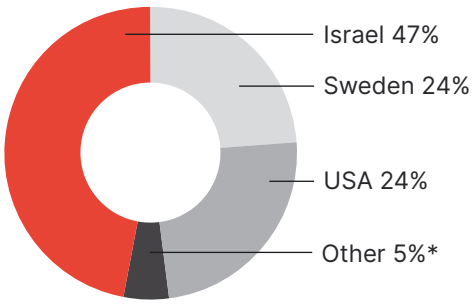
Management

Since the autumn of 2021, Surgical Science has had a new global management team. This consists of Gisli Hennermark (CEO), Anna Ahlberg (CFO), Anders Larsson (CTO) and Jan Östman (President SuS NA), all of whom have also been members previously, plus Ran Bronstein (President R&D), Inbal Mazor (VP Product & Marketing), Boaz Tal (COO) and Doron Zilberman (VP International Sales), all of whom are new members joining through Simbionix.

Employees



Distribution of employees by country



* Other countries: China, Germany, France, Poland and the UK

Working environment

As an overarching objective, Surgical Science seeks to provide a good working environment and to work systematically and preventively with regard to ill health and accidents. The company strives to formulate meaningful tasks that help employees develop and to involve them in designing their own work situation and in the process of change and development in the workplace. Working conditions must allow for variety, cooperation and social contacts. All employees are to be treated with kindness and respect, both by representatives of the employer and by colleagues.

Surgical Science believes that different views and experiences strengthen and broaden the company and should be encouraged. As an organization, Surgical Science operates globally, meaning that language skills and knowledge of different cultures play an important role in achieving success. All employees must be able to work and develop together with no one being subjected to discrimination or harassment – neither by representatives of the company nor by co-workers.

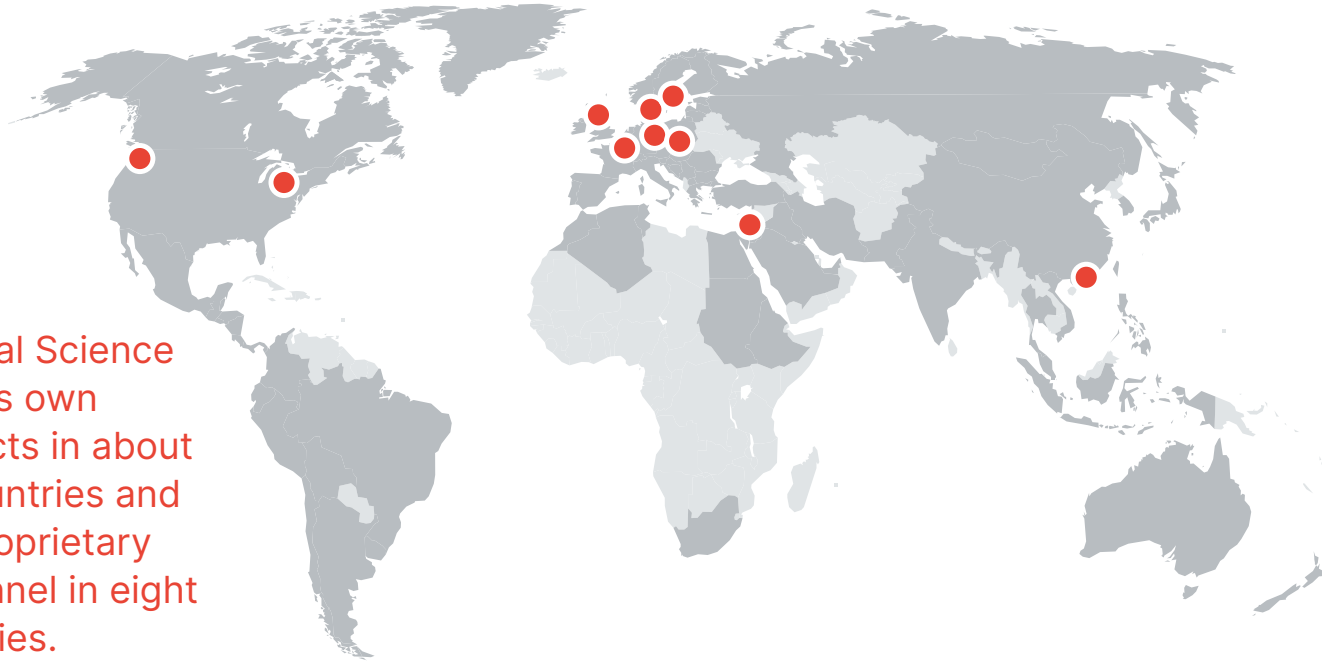
In 2021, work continued to detect and prevent any ill health related to Covid-19. Active measures were implemented for all employees working from home, but also for those whose tasks must be performed at the office.

As a result of organizational changes following the acquisitions of Mimic Technologies and Simbionix, preventive risk assessments and measures were implemented to maintain good health and safety among employees. Considerable focus was given to the long-term integration process, building a healthy shared social and organizational work environment.

Company culture

Fostering a strong and shared company culture is crucial to the business. Central to this, preparations began in 2021 for the entire organization to formulate Surgical Science's values in 2022. This is a significant step in the process of integration following the acquisitions of Mimic Technologies and Simbionix. The subsequent application and observance of the values will serve as a highly useful and effective tool in implementing the cultural process in different procedures and in different parts of the organization.

Surgical Science sells its own products in about 60 countries and has proprietary personnel in eight countries.



Countries with sales of the Company's own products

Own offices/personnel

Digitalization

As part of the strong growth of Surgical Science's operations and organization, several digitalization projects have been initiated, including in the HR arena. These will remain in focus over the upcoming year to streamline work flows and collaboration, which will be even more important in a global perspective.

Code of Conduct

Surgical Science has implemented a Code of Conduct with important principles and guidelines for decision-making in daily operations. This sets standards and provides examples of how employees, suppliers and partners are expected to behave and communicates towards customers and other stakeholders in line with what principles the company conducts its business.


Simbionix

EDUCATIONAL PRODUCTS BUSINESS AREA

Surgical Science develops and sells virtual reality simulators for assessment, training and certification of surgeons and other medical specialists. With Surgical Science's products, basic skills can be trained, but also complete procedures and examinations with varying degrees of complexity, before procedures are performed on patients.

Overarching objectives

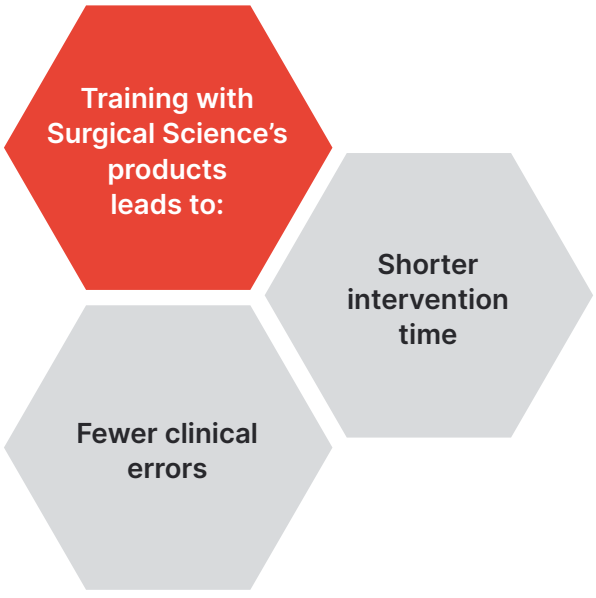
In January 2022, the Board of Surgical Science adopted new financial targets.

Surgical Science's goal is for the operations in the Educational Products business area to grow by an average 10–15 percent annually up until 2026. With an extended and broadened product portfolio, the products in the area will have different growth rates. Surgical Science offers certain niche products to be able to submit complete tenders, although these are sold individually to a lesser extent.

Significant events in 2021

- Sales for the year amounted to SEK 197.4 million (47.7).
- The acquisition of Simbionix as of August 24 broadened the product portfolio and now, in addition to laparoscopy and endoscopy, products in areas including endovascular procedures, urology, orthopedics and ultrasound are also included.
- In terms of sales, strong markets over the year included the US, China and Russia. The pandemic continued to impact sales and activities in the area, although activity increased significantly towards the end of the year.

The acquisition of Simbionix entailed a broadened product portfolio. In addition to laparoscopy and endoscopy, this also now includes products in areas such as endovascular procedures, urology, orthopedics and ultrasound.



- The pandemic demonstrated clearly the problem of training on patients. The decline in planned surgery has increased the need for other kinds of training, in some markets leading to increased demand for simulators.
- Several product innovations were launched in terms of both hardware and software. In the third quarter, for example, the product Simbionix ENDO Mentor Suite was launched, a new-generation endoscopy product that was very well received.

Products

Surgical Science develops, manufactures and sells simulators to hospitals for educational purposes in the areas of general surgery, endovascular procedures, endoscopy, urology, orthopedics, ultrasound and robotic surgery. In most of these areas, several simulators are available to customers, with associated libraries of software procedures to choose from. The company is working constantly on the development of its products, both in terms of hardware and software.

The company's products in this area are sold under the Simbionix brand. The company's website www.surgicalscience.com has further presentations and pictures of the product range.

Validated products

Surgical Science's products have undergone a large number of validation studies demonstrating that the knowledge acquired by the surgeon through simulator training also transfers to the operating room. Comparative studies have also been conducted in which surgeons training with Surgical Science's products have been compared with surgeons having received traditional training. The studies clearly showed that surgeons having received simulator training achieved shorter operations with fewer errors, two parameters of importance for healthcare. An example is a comparative study with the laparoscopy simulator LapSim* from which the following conclusions could be drawn:

- Surgeons trained with LapSim make fewer errors.
- With LapSim, a surgeon can reach a level of experience equivalent to 20 to 50 real laparoscopies.
- Surgeons having trained with LapSim completed the surgical procedure significantly faster compared with surgeons who did not undergo simulation training.

Customers and revenue model

Medical simulation customers mainly comprise university hospitals, followed by other hospitals and training centers. University hospitals often have a simulator center where students and healthcare professionals can train before meeting real patients.

In most cases, the simulator is purchased with a one-time payment being made for the hardware and the existing version of the software. Customers have the opportunity to buy additional software modules at a later time and to add these to the simulator.

In addition to the investment in the simulator, the hospital has the opportunity to sign service and upgrade agreements, which gives Surgical Science recurring revenue on its installed base of simulators.

Market

The global market for medical simulation enjoys favorable underlying growth. The largest market for medical simulation is the US, followed by Europe and Asia. Over the next few years, growth is expected to be strongest in countries where driving forces include economic development, an increased focus on patient safety and a large population, such as China and India.

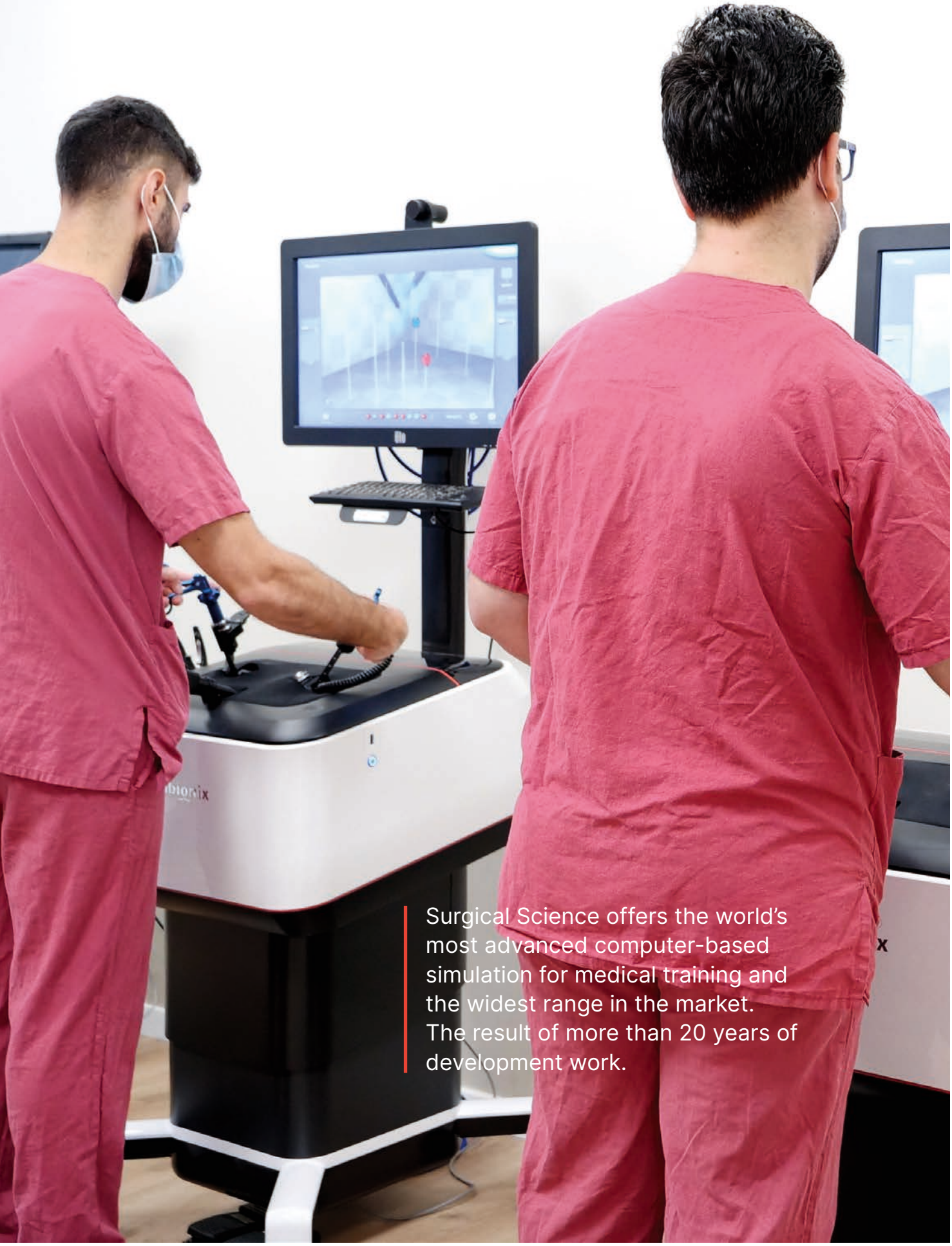
Marketing and sales

Sales of Surgical Science's simulators are conducted globally through distributors, and partly, with its own sales people directly to end customers. Surgical Science conducts its own sales operations in the US and the Nordic countries, among others. A large part of the sales work takes place through various congresses. Surgical Science also conducts sales through some 60 distributors worldwide. More than 95 percent of the company's sales are to customers outside Sweden. The US is currently Surgical Science's largest individual market in this area.

During the second half of 2021 and after the acquisition of Simbionix, intensive work was carried out regarding the merger of the two companies' distributor networks.

Surgical Science also focuses on showing the scientific value of simulation at the local and regional levels in collaboration with associations and research groups, thereby working to make simulation and certification mandatory.

* Source: The effects of virtual reality training on laparoscopic surgery, Christian Rifberg Larsen MD, et al., British Medical Journal 2009.



Surgical Science offers the world's most advanced computer-based simulation for medical training and the widest range in the market. The result of more than 20 years of development work.

Competitors

Several companies provide products for medical simulation. The companies CAE (also endoscopy) and Virtamed operate in laparoscopy. CAE is a Canadian company that primarily provides simulator systems for aviation, military and industrial applications. The CAE Healthcare division provides a broad portfolio of training and simulator systems. Virtamed is a Swiss company that competes in the areas of orthopedics, urology and laparoscopy. In the area of endovascular procedures, Surgical Science competes with, for example, the Swedish company Mentice.

None of the competitors operating in the same markets as Surgical Science has the wide range of products that Surgical Science can offer.

Competition in the market for the technical training of surgeons and other medical staff also exists from other types of training such as simpler box training, practice on carcasses and training on patients under the supervision of a fully qualified physician.

Product development

The software Surgical Science uses in its simulation tools has been developed in-house and is mainly owned by the company, a marginal part of the software has been provided to the company on license. The software has been further developed and refined over a period of more than 20 years in collaboration with surgeons and other specialists who continuously test new functions to ensure realism. Surgical Science works continuously to develop new simulation modules for further interventions and examinations and to improve the functionality of existing modules. An important part of product development is the development of training programs that measure physicians' skills. In collaboration with the profession, certification courses have been developed on which the user must attain a certain level to pass.

> As part of the integration work following the acquisition of Simbionix, the companies' distributor networks have been reviewed and merged.

Purchasing, production and distribution

Surgical Science's products comprise both hardware and software. The hardware components are purchased by subcontractors, with final assembly and installation of the software taking place in-house. Production is currently conducted in Israel and Sweden and, to a lesser extent, in the USA. Going forward and following the acquisitions made in 2021, efforts will be taken to coordinate purchasing between the units.

Products are delivered from the production unit to customers all over the world. A number of different freight suppliers are hired to ensure delivery security and delivery precision to all of the company's customers.

Goals for 2022

For the Educational Products business area, the focus in 2022 will be on achieving the growth target through a continued local presence, increased efficiency in sales work and further product launches. Efforts to improve the gross margin will also be in focus.

The increased demand for alternative training methods (that is, not on patients) is expected to have lasting effects even after the pandemic. Surgical Science is ready to meet an increased need for training through simulation with its strong distributor network and its own specialists and sales staff.

The number of customers connected to the cloud-based software is expected to increase significantly. With new technology from Mimic, it will be possible to expand data collection from simulations and create new services for users.

INDUSTRY/OEM BUSINESS AREA

Surgical Science's software can be used for most areas of medical simulation, enabling the company to develop additional products and services. The Industry/OEM business area focuses on industrial partnerships in which medical device companies can use Surgical Science's software to provide simulation of their products, both to their customers and for internal use.

Overarching objectives

In January 2022, the Board of Surgical Science adopted new financial targets.

The target is for Surgical Science to generate sales of SEK 1,500 million in 2026. Achieving this target may entail supplementary acquisitions.

The Industry/OEM business area is expected to experience increasing growth during the period as robotic surgery products containing technology from Surgical Science are launched onto the market. During the period, other application areas are also expected to be digitalized, leading, alongside expanded areas of use for simulation, to increasing revenues.

Significant events in 2021

- Sales for the year amounted to SEK 169.4 million (57.1).
- The acquisitions of Mimic Technologies and Simbionix brought a number of new customers in this area. In robotic surgery, for example, Medtronic and Medicaroid were added.
- Contracts were signed regarding increased content of software delivery to some of the Company's most important customers in the area. This was one of the strategic targets for the year.
- Surgical Science's customer Medtronic received CE approval for its surgical robot Hugo in October, meaning that sales in Europe can now commence.
- In November, Surgical Science's customer, CMR Surgical, received approval to start selling its surgical robot Versius in Brazil. Versius is already sold in Europe, Australia, India and the Middle East, among others.

Focus areas

Robot-assisted surgery

Medical device companies within the company's product areas

Other types of simulators in medical technology

Background and customers

As a result of the more than 20 years of research and development behind the world's most advanced, computer-based medical training simulations, Surgical Science's software resources can be applied beyond the proprietary products. In Industry/OEM, the company addresses medical device companies requiring medical simulation for educational and marketing purposes, as well as for product development. In the development and introduction of new products and methods, the need for training is substantial for several reasons:

- To assure the proficiency level of physicians participating in clinical trials.
- To ensure that hospital staff are trained when new products/methods are introduced as a way of guaranteeing value-based healthcare.
- To have as large a number of physicians as possible switch to using the new methods/products.

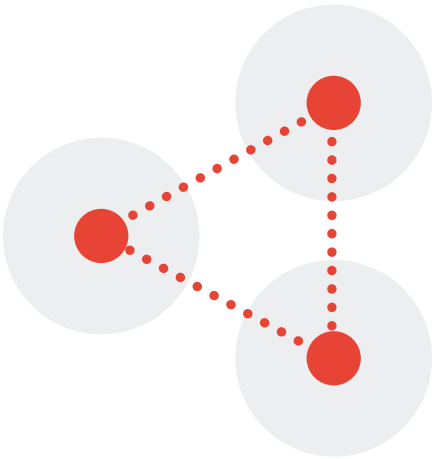
Simulation can also be used for marketing purposes, where the benefits of new methods/products can be demonstrated outside the clinical environment. Furthermore, many medical device companies have business models whereby earnings correlate with the extent to which the product is used. Medical simulation then becomes an important tool for training the end user of the product and thereby increasing its use.

In recent years, it has become more difficult for salespeople from medical device companies to book meetings with physicians. One differentiation is to have highly-trained sales people able to contribute knowledge of products and procedures and who are therefore considered a resource for physicians. This makes internal training of the sales force important, with simulator training being a time-efficient way of accomplishing this.

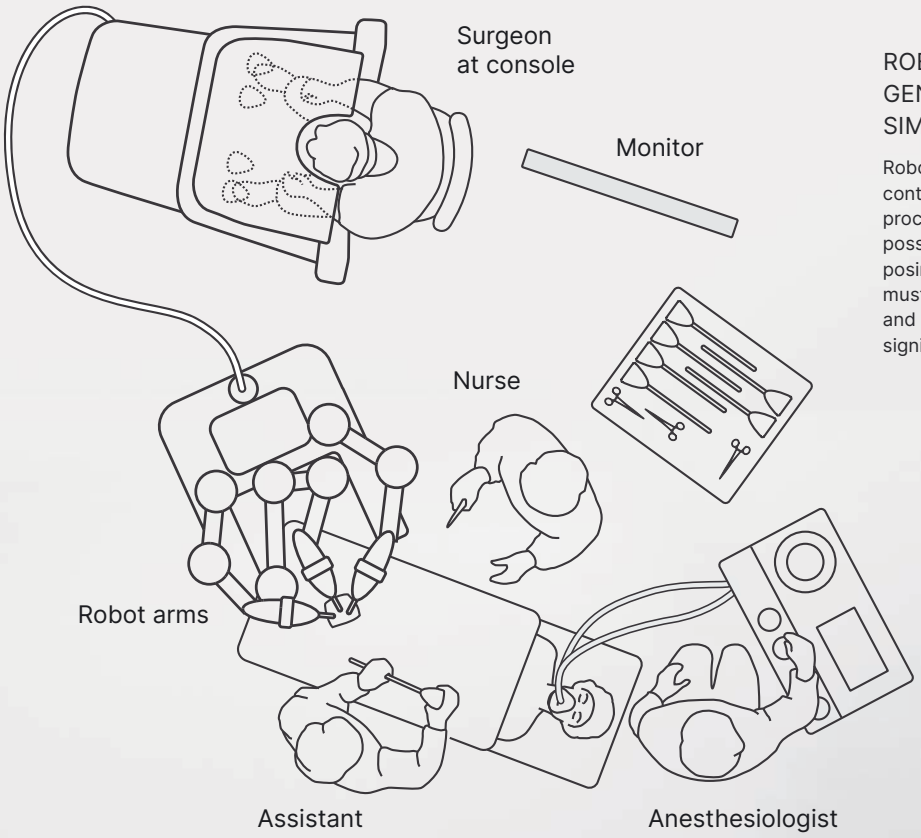
For Surgical Science, the most important segment for this business area is robotic surgery. Here, the focus is currently on simulating soft tissue in the abdomen. With the acquisition of Simbionix, the company now holds IP in several areas where simulation in the area of robotics may be relevant.

Other types of collaborations with medical device companies are also an important part of the business area. As medical devices become increasingly digital, the market is expanding where the instruments can be simulated on the hardware platforms Surgical Science has developed in-house. Many of Surgical Science's own simulators in the areas of laparoscopy and endovascular procedures, for example, are currently sold within various partnership frameworks to a number of medical device companies.

Surgical Science is also working on a couple of projects outside its direct product areas. HelpMeSee is a non-profit organization that aims to eradicate cataracts in developing countries in Asia, Africa and Latin America using simulation. In many of these countries, there is only about one eye surgeon per million inhabitants. Through simulation, HelpMeSee aims to train 30,000 specialists to be able to restore vision through cost-effective and safe cataract surgery. Here, Surgical Science is a partner in the development of the most advanced simulation software available in the area of ophthalmology in order for HelpMeSee to achieve its objective.



Surgical Science has established itself as the "operating system" for simulation in robotic surgery.



ROBOT-ASSISTED SURGERY GENERATES A NEED FOR SIMULATOR TRAINING

Robot-assisted surgery involves a surgeon controlling a robot that performs surgical procedures. The technology entails new possibilities, while at the same time imposing new demands on the surgeon who must learn how the surgical robot works and how it is controlled. This generates a significant need for simulation.

Robot-assisted surgery

The development of robot-assisted surgery (or robot surgery) began in the 1990s and today this is a rapidly growing area. Contrary to what the name suggests, robotic surgery does not mean that a robot performs the operation independently, making its own decisions. Robot-assisted surgery involves a surgeon controlling a robot that performs surgical procedures. During the operation, the surgeon sits at a control unit where his/her hand movements are translated into controlled movements of the surgical robot. The surgeon and control console may be in the operating room, an adjacent room, or potentially somewhere else entirely.

Today, robot-assisted surgery is mainly used in laparoscopy where the method has several advantages:

- Better control and greater degree of freedom for the surgeon.
- Increased safety – no tremors or unintentional movements.
- Better ergonomics for the surgeon who does not have to stand next to the patient, and a new surgeon can easily take over during an ongoing operation.
- Opportunities to perform procedures and achieve movements that are not possible with traditional keyhole surgery.

Market for surgical robots

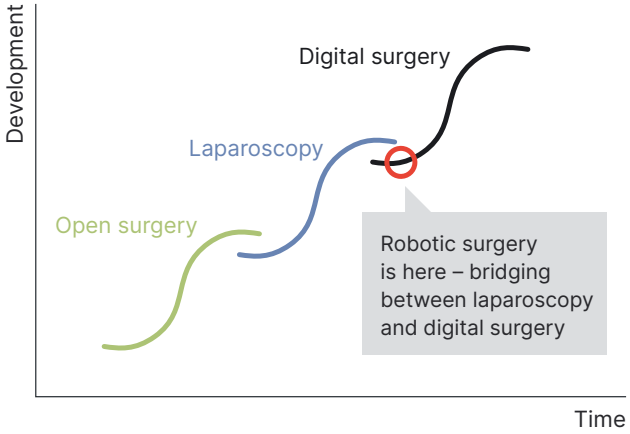
The market for surgical robots is currently dominated by American Intuitive and its da Vinci system. The system has its origins in research linked to the US military. Intuitive was founded in 1995 and the first version of da Vinci was launched in 1999. The company was listed on Nasdaq in 2000. Since its inception, Intuitive has been very successful and today it has an installed base of about 6,700 systems worldwide. Thanks to advanced technology and a strong patent portfolio, Intuitive has taken a leading position and today holds a dominant position.

Several of Intuitive's key patents expired in 2017, opening up the market for other players. A number of major industrial players have just launched surgical robots or are about to. One of the foremost challengers to Intuitive is Johnson & Johnson, whose subsidiary Auris Health is developing the surgical robot Ottava. Other major challengers to market-dominant Intuitive include Medtronic, which presented its Hugo RAS in 2019. In connection with the presentation, Medtronic emphasized its strong belief in the area of robot surgery and explained that only 2–3 percent of interventions possible with current robot technology are performed with that method. The vast majority of the market, which is also growing strongly, remains to be penetrated. Another company in the group viewed as the principal challengers to Intuitive is CMR Surgical, which launched its surgical robot Versius in 2020. In 2020, Japanese company Medicaroid also received approval in Japan for its surgical robot. Medicaroid is owned by Kawasaki and Sysmex, two companies with extensive know-how in the area, as well as significant resources.

In addition to the major players mentioned above, another 15–20 robotic surgery companies exist, with different niches in terms of their geographies and applications.

Today, Surgical Science is a supplier to all of the major companies in this area, as well as to a number of the smaller ones – in total, the company has more than ten customers.

At the forefront of technology



Surgical Science is well positioned to be able to capitalize on healthcare's digitalization trend.

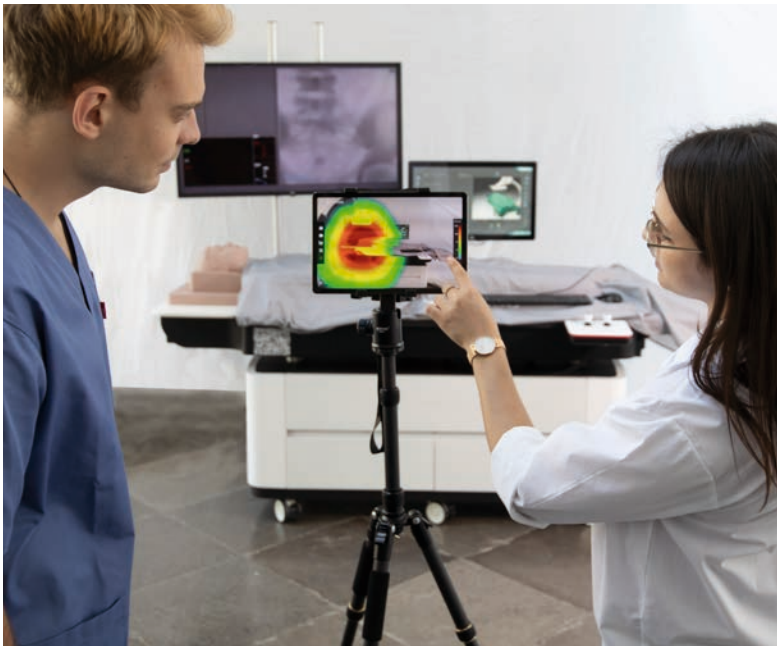
The market for robot-assisted surgery is expected to develop rapidly over the upcoming years, with several new players entering the market. At the same time, systems will become more advanced with an increased element of artificial intelligence providing decision support for the surgeon.

While robot-assisted surgery brings new opportunities, it places new demands on the surgeon at the same time. Switching from laparoscopic surgery to robot-assisted surgery requires that the surgeon learns how the surgical robot works and how it is controlled. A disadvantage with robot-assisted surgery is that it takes time for the surgeon to learn the new method and performing an operation may take a long time for an unaccustomed surgeon. The complexity of robot-assisted surgery generates considerable need for simulation. During simulation, the surgeon sits at the surgical robot's console, and the operation is performed virtually in simulation software. As the control systems for all surgical robots differ in their design, training carried out on one system cannot be transferred to another – instead, product-specific training is required.

Besides its use in training, simulation is an important tool in connection with marketing and sales where potential customers can be offered to test the systems in a simulator environment.

Payment model

Surgical Science's business model in this area has several components: initial sales/leasing of simulator products, development income for adaptation/new development of software, and license income. For integration and initial development, Surgical Science receives development revenues, providing favorable profitability right from the start of the project. Once the software has been customized and the manufacturer of the product (a surgical robot for example) offers, in turn, simulation to its customers, Surgical Science receives license revenues. License revenues may be charged per unit or on a recurring basis, linked to the installed base or use of the software, for example. Revenue varies depending on the scope of the simulation offered. Whether simulation is included in the purchase of a product or constitutes a supplement may also vary depending on the strategy chosen by the manufacturer of the surgical robot. Surgical Science retains the full copyright to its software.



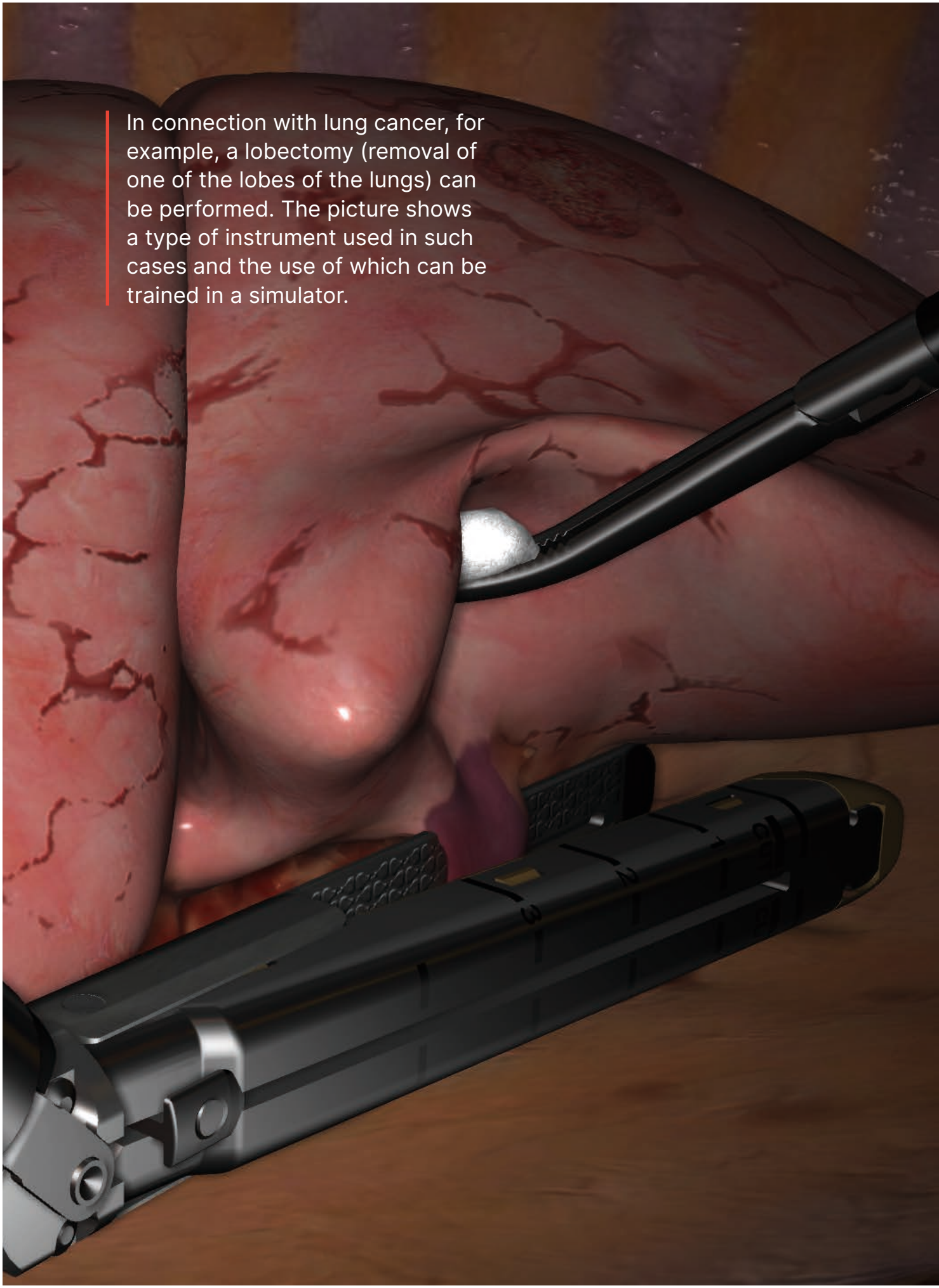
Competitors

In this area, Surgical Science competes with other companies that license their simulation software to industrial players, such as companies competing in the area of Educational Products, but also other smaller players whose software assets may compete in specific areas. Surgical Science invests to safeguard the technology leadership that is the essential factor in being able to sign long-term contracts with the medical device companies.

Goals for 2022

In 2022, Surgical Science's goal for the Industry/OEM business area is to:

- Expand the collaboration with existing customers to supply additional content and thereby increase revenue per customer.
- Expand the sales organization within Industry/OEM and take advantage of opportunities in additional areas of application.
- Initiate new partnerships in which simulation generates value as new digital tools become more common and more complex, which increases demand for patient safe simulation.



In connection with lung cancer, for example, a lobectomy (removal of one of the lobes of the lungs) can be performed. The picture shows a type of instrument used in such cases and the use of which can be trained in a simulator.

THE SHARE

Surgical Science's share is listed on Nasdaq First North Growth Market. The share has been listed since June 19, 2017, under the ticker SUS. First North Growth Market is an alternative trading platform run by an organization within the Nasdaq Stockholm Group. Companies in the First North Growth Market are not subject to the same rules as companies in the regulated main market. Instead, they follow a less comprehensive set of rules and regulations that are tailored to smaller growth companies. All companies with shares sold and bought on First North Growth Market have a certified adviser who verifies compliance with the rules. Surgical Science has Erik Penser Bank AB as its Certified Adviser.

Share structure

The share capital in Surgical Science Sweden AB (publ) amounted to SEK 2,540,062 (1,724,738) on December 31, 2021, divided between 50,801,236 (34,494,760) shares with a quota value of SEK 0.05 (0.05) each. In 2021, new issues were carried out in connection with the acquisitions of Mimic and Simbionix with a total of 16,306,476 new shares being issued.

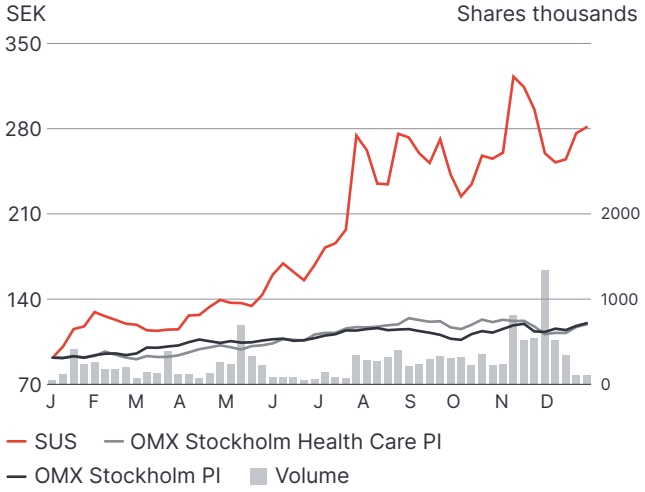
> Sharp increase in market capitalization as a result of acquisitions during the year.

All shares have equal voting rights and have an equal right to a share in Surgical Science's assets and earnings. The number of outstanding warrants on December 31, 2021 was 300,000 (300,000), meaning that the number of shares on full exercise of the warrants would be 51,101,236 (34,794,760).

Share price trend and turnover

On December 31, 2021, the last price paid per share was SEK 281.50 (93.50), meaning an increase of 201 percent since the end of the preceding year and 3,921 percent since the listing on June 19, 2017, where the issue price was SEK 7.00. Nasdaq Stockholm's OMXSPI index increased by 35 percent (13) during the year. At the end of 2021, Surgical Science's market capitalization was SEK 14,300.5 million (3,225.3) based on the latest price paid.

Share price trend and turnover 2021



Surgical Science's ten largest shareholders

Shareholder	Number of shares	Shares and votes, %
Marknadspotential AB	8,356,075	16.4
Semelin Kapitalförvaltning AB	6,394,617	12.6
Handelsbanken Fonder	3,882,526	7.6
Landsnora Software AB	3,488,370	6.9
Capital Group	3,271,137	6.4
Core Ny Teknik	3,046,977	6.0
Fjärde AP-fonden	2,932,600	5.8
Robur Fonder	2,662,900	5.2
Berenberg Funds	2,197,647	4.3
Montanaro	1,185,010	2.3
Other shareholders	13,383,377	26.5
Total	**50,801,236**	**100.0**

Source: Euroclear Sweden's share register as of 31 December 2021.

The highest price paid during the year was SEK 333.50 (104.00), which was noted on November 18 (October 5 and 7). The lowest price paid during the year was SEK 86.50 (38.40), which was noted on January 12 (March 23).

The number of Surgical Science shares traded on Nasdaq First North Growth Market during the year amounted to 14,065,216 (8,869,642) for a total value of SEK 3,022.8 million (634.2). The total number of trades amounted to 185,716 (41,572). The number of shares traded corresponds to 28 percent (26) of the number of shares outstanding at the end of the year.

Ownership structure

At the end of the year, there were 6,911 shareholders (2,841) in Surgical Science. Of these, 95 percent (90) held 1,000 shares or fewer. The ten largest shareholders accounted for 74 percent (85) of the shares. The proportion of ownership registered at addresses outside Sweden was approximately 29 percent (8).

Dividend policy and dividends

The dividend policy was adopted by the Board of Surgical Science in connection with the interim report for the third quarter of 2019.

In the short term (1–3 years) no dividend is planned. In the medium term (3–5 years), Surgical Science's Board of Directors and CEO intend to annually propose a dividend, or other equivalent form of distribution, corresponding on average over time to 30 percent of the year's net profit after tax. On determining a proposed dividend or equivalent, the company's future profits, financial position, capital requirements and other positions will be taken into account.

For the 2021 financial year, the Board of Directors and the CEO propose that no dividend be paid, corresponding to SEK 0.00/share.

Shareholder statistics

Size class	Number of shares	Number of shareholders	Shares and votes, %
1 – 500	494,629	6,272	1.0
501 – 1,000	227,795	305	0.4
1,001 – 5,000	450,743	203	0.9
5,001 – 50,000	1,196,912	76	2.3
50,001 – 200,000	2,782,780	26	5.5
200,001 –	45,648,377	29	89.9
Total	**50,801,236**	**6,911**	**100.0**

Source: Euroclear Sweden's share register as of 31 December 2021.

Per share data

	2021	2020
Average number of shares	42,488,247	34,370,387
Average number of shares*	42,669,282	34,370,387
Number of shares at end of year	50,801,236	34,494,760
Number of shares at end of year*	51,010,413	34,521,049
Shareholders' equity per share, SEK	70.57	12.38
Shareholders' equity per share*, SEK	70.28	12.37
Earnings per share, SEK	2.03	0.45
Earnings per share*, SEK	2.02	0.45

* After dilution. An option program involves diluting the average number of shares in the event that the discounted present value of the exercise price in the middle of the exercise period or remaining exercise period is less than the average share price for the period. With regard to the number of shares at the end of the period, an option program entails dilution in the event that the discounted present value of the exercise price in the middle of the exercise period or remaining exercise period falls below the share price on the balance sheet date.

Warrants program

Surgical Science's Annual General Meeting on May 6, 2020 resolved to establish a new incentive program for company employees. The incentive program allowed company employees to acquire warrants for a premium of SEK 6.60 each. Each warrant entitles the holder to subscribe for one share in the company for SEK 85.10 during the period May 15 – July 15, 2023. Of the programs maximum 300,000 warrants, 225,000 have initially been subscribed. Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 15,000 and the number of shares by 300,000, corresponding to the dilution of the total number of shares and votes by about 0.6 percent.

Taxable value and current information

Real-time share data can be obtained at www.surgical-science.com. Press releases, interim reports and Annual Reports are also available on the website, as well as an opportunity to subscribe to these by e-mail.

Persons discharging managerial responsibilities

Persons discharging managerial responsibilities (PDMRs), as well as their closely-related parties, must, in accordance with the EU Market Abuse Regulation, notify the issuer and the Swedish Financial Supervisory Authority (Finansinspektionen) of any transaction conducted on their own behalf with regard to shares and other financial instruments issued by that issuer. The Board Members, CEO and CFO are considered to be PDMRs in Surgical Science.

Analysts

The following analysts publish ongoing analyses of Surgical Science:

- Danske Bank
- Pareto Securities

Nordea
Handelsbanken
Pareto Securities
SEB
Carnegie
Danske Bank

Investor relations activities

In 2022, Surgical Science participated in a large number of investor presentations at, for example Danske Bank, Pareto, Handelsbanken, SEB, Carnegie and Nordea. A large number of individual meetings were also held with shareholders and potential investors. In 2022, such meetings have mainly been held digitally.

Following the publication of each quarterly report, CEO Gisli Hennermark is interviewed about the past quarter by news agency Direkt through its Insights service. All Insights video clips and other recorded investor presentations are available on Surgical Science's website.

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENTS BY QUARTER

SEK million	Oct – Dec 2021	Jul – Sep 2021	Apr – Jun 2021	Jan – Mar 2021	Oct – Dec 2020	Jul – Sep 2020	Apr – Jun 2020	Jan – Mar 2020
Net sales	197,694	95,319	36,562	37,203	39,595	24,929	20,621	19,654
Cost of goods sold	-63,354	-26,410	-5,032	-6,040	-7,070	-3,418	-2,755	-3,192
Gross profit	**134,340**	**68,909**	**31,530**	**31,163**	**32,525**	**21,511**	**17,866**	**16,462**
Sales costs	-40,688	-16,272	-12,362	-10,595	-10,434	-7,765	-8,565	-9,894
Administration costs	-16,077	-31,842	-7,230	-10,894	-4,108	-2,864	-3,839	-2,960
Research and development costs	-33,045	-14,378	-9,470	-8,814	-4,457	-2,899	-3,888	-5,323
Other operating income and costs	-51	1,154	-238	1,383	-883	-682	-737	908
Operating profit/loss	**44,479**	**7,571**	**2,230**	**2,243**	**12,643**	**7,300**	**838**	**-807**
Financial income and costs	15,949	-4,699	2,268	-4,237	-173	-62	-621	541
Profit/loss after financial items	**60,428**	**2,872**	**4,498**	**-1,994**	**12,470**	**7,238**	**217**	**-266**
Taxes	6,465	11,496	-1,035	3,518	-1,910	-1,295	-430	-418
Net profit/loss	**66,893**	**14,368**	**3,463**	**1,524**	**10,560**	**5,943**	**-213**	**-684**
Attributable to								
Parent Company shareholders	66,893	14,368	3,463	1,524	10,560	5,943	-213	-684
Earnings per share, SEK	1.32	0.33	0.09	0.04	0.31	0.17	-0.01	-0.02
Earnings per share, SEK*	1.31	0.32	0.09	0.04	0.31	0.17	-0.01	-0.02
Average number of shares outstanding	50,801,236	44,093,249	37,944,236	37,120,492	34,494,760	34,494,760	34,494,760	33,995,905
Average number of shares outstanding*	51,008,175	44,288,101	38,058,730	37,200,475	34,507,403	34,494,760	34,494,760	33,995,905
Number of shares outstanding at end of period	50,801,236	50,801,236	37,944,236	37,944,236	34,494,760	34,494,760	34,494,760	34,494,760
Number of shares outstanding at end of period*	51,010,413	50,994,903	38,090,143	38,022,523	34,521,049	34,494,760	34,494,760	34,494,760

* After dilution. See page 35 for information regarding warrant programs. | 5:1 share split implemented in May 2020. Share data comparison figures have been recalculated.

KEY FIGURES AND DEFINITIONS

Group

	2021	2020	2019	2018	2017
Net sales (SEK million)	366.8	104.8	101.5	65.7	57.3
Net sales growth, %	250.0	3.2	54.5	14.6	10.7
Adjusted EBIT (SEK million)	68.7	24.4	17.4	-4.1	-4.2
Adjusted EBIT margin, %	18.7	23.2	17.1	-6.2	-7.3
EBITDA (SEK million)	90.0	37.0	30.4	6.1	6.3
EBITDA margin, %	24.5	35.3	29.9	9.2	10.9
Operating profit/loss (SEK million)	56.5	20.0	15.2	-4.1	-4.2
Operating margin, %	15.4	19.1	15.0	-6.2	-7.3
Profit margin, %	23.5	14.9	12.4	-6.9	-4.5
Balance sheet total (SEK million)	3,978.1	472.3	456.2	99.7	101.3
Equity/assets ratio, %	90.1	90.4	88.0	79.7	82.0
Number of shares at end of year	50,801,236	34,494,760	33,621,760	24,319,440	24,319,440
Number of shares at end of year*	51,010,413	34,521,049	34,515,695	24,865,580	24,710,085
Average number of shares	42,488,247	34,370,387	28,195,405	24,319,440	19,319,440
Average number of shares*	42,669,282	34,370,387	29,048,680	24,675,390	19,603,225
Number of warrants outstanding	300,000	300,000	1,000,000	1,000,000	1,000,000
Maximum dilution, %	0.6	0.9	2.9	3.9	3.9
Earnings per share (SEK)	2.03	0.45	0.45	-0.19	-0.13
Earnings per share after dilution (SEK)	2.02	0.45	0.43	-0.19	-0.13
Shareholders' equity per share (SEK)	70.57	12.38	11.95	3.26	3.42
Dividend per share (SEK)	0.00**	0.00	0.00	0.00	0.00
Average number of employees	121	57	45	33	25

* After dilution. See Note 19 for information regarding warrant programs.
** Proposal by the Board of Directors to the 2022 Annual General Meeting.

Definitions

Surgical Science believes that the key figures reported facilitate an understanding of the company's financial trends.

Net sales growth
Percentage change in net sales between two periods. This key figure conveys a view of the sales trend between periods.

Adjusted EBIT margin
Operating profit less amortization and impairment of surplus values related to acquisitions as a percentage of net sales. Over time, this key figure conveys a deeper understanding of the company's profitability.

EBITDA margin
Operating profit less depreciation, amortization, and impairment of tangible and intangible assets as a percentage of net sales. Over time, this key figure conveys a deeper understanding of the company's profitability.

Operating profit
Profit before financial items and tax. This key figure shows the operating profit regardless of the financing structure and tax rate.

Operating margin
Operating profit as a percentage of net sales. Over time, this key figure provides a picture of the company's earnings trend.

Profit margin
Profit for the year as a percentage of net sales. Over time, this key figure provides a picture of the company's earnings trend.

Equity/assets ratio
Shareholders' equity as a percentage of total assets. This key figure conveys a view of the extent to which the total assets have been financed by shareholders.

Average number of shares
The weighted average number of shares outstanding during the year.

Average number of shares after dilution
The weighted average number of shares outstanding during the year, adjusted for any dilution effect from warrants.

Earnings per share
Profit for the year in relation to the weighted average number of shares during the year.

Earnings per share after dilution
Earnings after tax per share adjusted for any dilution effect from warrants.

Shareholders' equity per share
Recognized shareholders' equity divided by the number of shares outstanding at the end of the year. The key figure gives an idea of how much capital per share is attributable to the shareholders.

Dividend per share
Dividend for the year divided by the number of shares outstanding on the date of payment of the dividend. Provides a picture of the value per share transferred to shareholders.

Average number of employees
The number of employees recalculated as full-time positions per month divided by the number of months in the period.

ADMINISTRATION REPORT

The Board of Directors and the CEO of Surgical Science Sweden AB (publ) Corp. Reg. No. 556544-8783, hereby present the Annual Report and Consolidated Financial Statements for the 2021 financial year.

Operations

Surgical Science was founded in 1999 and works with simulation technologies. The company's core is its proprietary software and hardware for simulating interactions between instruments and anatomy. Based on its proprietary technologies, Surgical Science develops and sells turnkey simulation systems used to train surgeons and other medical specialists. The operations are conducted within the framework of the Educational Products business area. Since 2017, Surgical Science has also been working with simulation solutions for medical technology companies that develop surgical instruments for clinical applications (such as robot-assisted surgery) – this work is conducted in the Industry/OEM business area. In 2019, Surgical Science acquired the company SenseGraphics (founded in 2004), which has worked with medical simulation sales to medical technology companies for many years. In early 2021, Mimic Technologies was acquired, a US-based company with operations in both Educational Products and Industry/OEM and that has worked in the area of robotic surgery for almost 20 years. The acquisition of Simbionix, with principal operations in Tel Aviv, Israel was completed in August 2021. Simbionix is active in simulation for training of surgeons and other medical specialists in a wide range of areas and was founded in 1998. The business partly generates revenue through its own simulators in areas including general surgery, endovascular procedures, endoscopy, urology, orthopedics, ultrasound and robotic surgery, and partly through partnerships with medical technology companies in robotic surgery, for example.

At the end of the year, there were 209 (61) employees, of whom 51 (15) were women and 158 (46) men. Of these, 50 (47) were employed in Sweden, 99 (-) in Israel, 50 (4) in the US and the remaining 10 (10) people in China, Germany, France, Poland and the UK. For further details of the organization, see page 19.

Following the acquisition of Simbionix, a new global management team has been appointed, see also page 70.

Vision

Surgical Science's vision is that all patients on their way to the operating room should feel reassured that their surgeon has been trained and objectively certified in a secure, simulated environment before commencing the procedure.

Significant events during the year

• Acquisition of Mimic
In January, Mimic Technologies was acquired, with operations in robotic surgery. The transfer of ownership took place on January 27. See also page 9.

• Acquisition of Simbionix
In July, Simbionix was acquired, further strengthening Surgical Science's position in simulation for robotic surgery and broadening the operations with new application areas. The transfer of ownership took place on August 24. See also page 10.

• Work with new financial targets
In connection with the acquisition of Simbionix, it was also announced that Surgical Science's financial targets would be revised and communicated when the integration process had begun and the review was complete. The new targets were announced on January 25, 2022. The sales target is for sales to amount to SEK 1,500 million in 2026. Achieving this target may entail supplementary acquisitions. The Educational Products business area is expected to grow by an average 10-15 percent annually over the period. The Industry/OEM business area is expected to experience increasing growth over the period.

At the end of the period, adjusted EBIT shall amount to 40 percent. Adjusted EBIT is calculated as EBIT excluding amortization and impairment on surplus values related to acquisitions.

Financial comments

Investments

Gross investments in the Group's tangible fixed assets during the year amounted to SEK 3.9 million (0.4). Gross investments in intangible assets amounted to SEK 2,881.0 million (8.3), of which SEK 10.5 million (8.3) is attributable to capitalized development costs. The remaining amount, SEK 2,870.5 million (-), is attributable to the acquisitions of Mimic Technologies and Simbionix, with SEK 2,658.7 million comprising goodwill, SEK 94.7 million comprising customer contracts, SEK 69.0 million comprising technology and SEK 48.1 million comprising brands.

Net sales

Net sales for 2021 amounted to SEK 366.8 million (104.8), an increase of 250 percent compared with the preceding year. Calculated in local currencies, sales increased by 275 percent.

Mimic Technologies' net sales are included in sales for the period commencing January 27, 2021. For the period

January 1 – 26, Mimic's sales were SEK 1.9 million and for the 2021 full year they were SEK 35.2 million (18.8). Of the SEK 35.2 million, SEK 10.5 million corresponded to sales by the Educational Products business area and SEK 24.7 million corresponded to sales by the Industry/OEM business area.

Simbionix' net sales are included in sales for the period commencing August 24, 2021. For the period January 1 – August 23, Simbionix' sales were SEK 228.4 million and for the 2021 full year they were SEK 407.2 million (377.3). Of the SEK 407.2 million, SEK 250.2 million corresponded to sales by the Educational Products business area and SEK 157.0 million corresponded to sales by the Industry/OEM business area. An item of SEK 9.5 million, attributable to the adaptation of accounting policies in Simbionix, is included in the fourth quarter's sales for the Industry/OEM business area.

For comparable units, sales increased by 34 percent. Taking exchange rate fluctuations into account, sales increased by 44 percent.

Pro forma, the Group's sales for 2021 amounted to SEK 597.0 million (500.9), corresponding to an increase of 19 percent.

Of the sales for the year, SEK 197.4 million (47.7) consisted of sales within the Educational Products business area and SEK 169.4 million (57.1) of sales within the Industry/OEM business area.

For revenues per segment, see Note 2.

Costs and results

The cost of goods sold amounted to SEK 100.8 million (16.4), corresponding to a gross margin of 73 percent (84). The gross margin is affected by the distribution of revenues, where the different revenue streams "proprietary simulators containing hardware", "consulting revenues" and "license revenues" have different gross margins. A higher share of license revenues means a higher gross margin.

Simbionix has a lower gross margin than the Surgical Science Group prior to the acquisition, mainly due to the following:

- Larger proportion of sales in Educational Products than in Industry/OEM. Educational Products has a lower gross margin than Industry/OEM. The Industry/OEM business area is the fastest growing area, also for Simbionix.
- The numerous different products within Educational Products mean that some series are relatively small, having a negative impact on the gross margin.
- With its wide product range in many different areas of application, Simbionix has been able to make larger bundle deals, allowing the gross margin to be reduced while still profiting well from the transaction.
- A larger proportion of sales through distributors. Prior to the acquisition, Simbionix conducted direct sales in the US market, but through distributors elsewhere. Although selling through distributors means relinquishing some gross margin, it does not require the same internal sales force and thus entails lower sales costs as a share of sales.

Sales costs amounted to SEK 79.9 million (36.7), corresponding to 22 percent (35) of sales.

Administration costs amounted to SEK 66.0 million (13.8), corresponding to 18 percent (13) of sales. Costs for the year included non-recurring costs of SEK 28.5 million attributable to the acquisitions of Mimic and Simbionix. Excluding these items, administration costs amounted to 10 percent of sales.

A cost of SEK 1.2 million, attributable to the adaptation of accounting policies regarding depreciation periods in Simbionix, is included in administration costs.

In connection with the acquisition of Simbionix, it was communicated that structural investments in IT systems would be necessary as Simbionix was included in the IT environment of the seller, 3D Systems. These projects, such as new ERP and CRM systems, are ongoing. The financial statements for the year include SEK 0.7 million attributable to these projects, of which SEK 0.2 million was charged against profit, with the remainder being an investment.

Research and development costs for the year amounted to SEK 65.7 million (16.6), corresponding to 18 percent (16) of sales. Over the year, SEK 10.8 million (12.8) in development costs were capitalized as an intangible asset, primarily in the Swedish companies and, to a lesser extent, in the US companies.

Other operating income and costs consist largely of exchange rate changes on external receivables and liabilities in foreign currency. Surgical Science is negatively affected by a stronger SEK, with higher revenue in foreign currencies than costs.

Operating profit for 2021 amounted to SEK 56.5 million (20.0), corresponding to an operating margin of 15 percent (19). Excluding acquisition costs, operating profit for the year amounted to SEK 85.0 million, corresponding to an operating margin of 23 percent.

On acquiring Mimic Technologies, Surgical Science stated its view that rationalizations and cost savings corresponding to approximately USD 0.5 – 1 million would be achieved on an annual basis following the acquisition. On an annual basis, savings of approximately USD 0.9 million have been implemented in relation to the cost structure that existed in the company at the time of the takeover, primarily in the form of personnel reductions in administration and, to a certain extent, in sales. The full impact of these was felt in the third quarter. Since then, however, additional positions have been filled, in software development and accounting.

Depreciation and amortization burdened profit by SEK 33.5 million (17.0) in total. Depreciation and amortization burdened the cost of goods sold by SEK 0.9 million (0.3), sales costs by

SEK 11.3 million (5.1), administration costs by SEK 11.7 million (4.7) and research and development costs by SEK 9.6 million (6.8). Sales costs include amortization on those parts of the acquisitions that are classified as customer contracts, with the total for the year being SEK 9.8 million (4.4). Research and development costs include amortization on those parts of the acquisitions that are classified as technology, with the total for the year being SEK 2.4 million (-).

Regarding the Group's surplus value attributable to the acquisition of Mimic Technologies, SEK 272.0 million (USD 32.5 million), USD 4.2 million has been allocated to customer contracts. The remainder comprises goodwill. Customer contracts are amortized over a period of ten years. Assets are translated to SEK at the exchange rate on the balance sheet date, with translation differences being recognized in shareholders' equity through other comprehensive income.

Regarding the Group's surplus value attributable to the acquisition of Simbionix, SEK 2,598.5 million (USD 296.9 million), USD 6.8 million has been allocated to customer contracts, USD 7.9 million to technology and USD 5.5 million to brands. The remainder comprises goodwill. Customer contracts and technology are amortized over a period of ten years, brands are not amortized. Assets are translated to SEK at the exchange rate on the balance sheet date, with translation differences being recognized in shareholders' equity through other comprehensive income. The allocation was completed in the fourth quarter.

Depreciation attributable to the application of IFRS 16 amounts to SEK 7.9 million (3.8), this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 68.7 million (24.4), corresponding to a margin of 19 percent (23). Excluding acquisition costs of SEK 28.5 million, the margin was 26 percent.

EBITDA amounted to SEK 90.0 million (37.0), corresponding to a margin of 25 percent (35). Excluding acquisition costs of SEK 28.5 million, the margin was 32 percent.

In addition to an initial purchase consideration, the acquisition of Mimic Technologies also included a deferred contingent consideration linked to certain sales outcomes in 2021, 2022 and 2023. The maximum deferred contingent consideration amounted to USD 15.6 million (approximately SEK 130 million on the acquisition date). As of December 31, 2021, the deferred contingent consideration for 2021 has been calculated at SEK 3.1 million (USD 340 thousand). The remainder for 2021 of SEK 16.8 million reduced the accrued liability and was recognized as income in net financial items. The deferred contingent consideration for 2022 and 2023 is recognized as a current and non-current liability respectively in the balance sheet. These items are translated at the exchange rate on the balance sheet date, with SEK 9.3 million (-) for the year being recognized as income in net financial items in this regard.

As Surgical Science has no loan financing, other net financial items consist mainly of revaluations of internal loan receivables from the subsidiaries and the effect of IFRS 16.

Net profit for 2021 amounted to SEK 86.2 million (15.6). The positive tax receivable for the year of SEK 20.4 million (tax cost 4.1) consists of estimated tax on taxable profit for the year and a change in deferred tax assets. The cost of raising capital in connection with the acquisitions totaled SEK 13.0 million for Mimic Technologies and SEK 71.9 million for Simbionix. These have been booked directly against shareholders' equity and, as they are tax deductible, the tax calculation in the Parent Company is affected.

For 2020, Mimic Technologies' net loss was USD 3.4 million (SEK 31.3 million, pro forma, not IFRS) and Simbionix net profit was USD 5.0 million (SEK 46.5 million, pro forma, not IFRS).

Cash flow

For 2021, cash flow from operating activities amounted to an inflow of SEK 39.1 million, compared with an inflow of SEK 23.2 million for 2020. Cash flow from changes in working capital amounted to an outflow of SEK 46.7 million (5.8). Accounts payable of SEK 10.0 million in Mimic, attributable to the sellers' transaction costs, were paid off. Accounts receivable and other interim receivables have increased on the asset side, while accounts payable have decreased on the liability side. In general, accounts receivable are at their highest towards the end of the year – sales tending to be high then and being generated at the end of the period.

Cash flow from investing activities amounted to an outflow of SEK 2,732.6 million (8.7). Of this, SEK 111.4 million was attributable to the acquisition of Mimic Technologies (see also Note 10) and SEK 2,606.8 million was attributable to the acquisition of Simbionix (see also Note 11). The remainder mainly comprises development costs related to the company's software.

Cash flow from financing activities amounted to SEK 2,922.5 million (4.2). In the first quarter, two directed share issues were implemented totaling SEK 339.1 million and, in the third quarter, one directed share issue was implemented for SEK 2,700.0 million. The transaction costs for the issues amounted to SEK 84.9 million. Furthermore, following the acquisition of Mimic Technologies, SEK 24.3 million was repaid in interest-bearing loans in that company.

An outflow of SEK 7.6 million (3.8) was attributable to depreciations of lease liabilities in accordance with IFRS 16.

Financial standing

As of December 31, 2021, the Group's cash and cash equivalents amounted to SEK 316.7 million, shareholders' equity was SEK 3,585.1 million and the equity/assets ratio was 90 percent. As of December 31, 2020, the Group's cash and cash equivalents amounted to SEK 87.2 million, shareholders' equity was SEK 427.0 million and the equity/assets ratio was 88

percent. As of December 31, 2021 shareholders' equity per share amounted to SEK 70.57 (12.38).

Parent Company
In the accounts of the Parent Company, Surgical Science Sweden AB, the acquisition of the shares in Mimic Technologies and associated acquisition costs were booked during the first quarter of 2021. The initial purchase consideration amounted to USD 13.6 million, corresponding to SEK 113.7 million. In addition, a contingent consideration of USD 15.6 million was recognized as a liability, this being the maximum contingent consideration payable. The deferred contingent consideration is tied to certain sales results for 2021, 2022 and 2023. The liability for the contingent purchase consideration is currency translated at the exchange rate on the balance sheet date, with the effect being included in net financial items.

In the fourth quarter, the part of the provision for the deferred contingent consideration not falling due in 2021 (corresponding to SEK 16.8 million) was booked against the Parent Company's shares in subsidiaries. This is reversed against net financial items in the consolidated accounts.

With regard to the acquisition of Mimic, acquisition costs of SEK 6.4 million have been booked as shares in subsidiaries. These have been expensed in the Group and are included there as an administrative cost. The costs of raising capital in connection with the acquisition totaled SEK 13.0 million. These have been booked directly against shareholders' equity and, as they are tax deductible, the tax calculation in the Parent Company is affected.

The acquisition of shares in Simbionix and the associated acquisition costs were booked in the third quarter of 2021. The preliminary purchase consideration amounted to USD 305.1 million, corresponding to SEK 2,670.0 million. In the fourth quarter, the final purchase price was determined, resulting in a repayment to Surgical Science of USD 2.8 million. The final purchase consideration amounted to USD 302.2 million, corresponding to SEK 2,645.2 million.

With regard to the acquisition of Simbionix, acquisition costs of SEK 22.1 million have been booked as shares in subsidiaries. These have been expensed in the Group and are included there as an administrative cost. The costs of raising capital in connection with the acquisition totaled SEK 71.9 million. These have been booked directly against shareholders' equity and, as they are tax deductible, the tax calculation in the Parent Company is affected.

During the fourth quarter, the Parent Company, Surgical Science Sweden AB, provided a shareholder contribution, equivalent to SEK 29.3 million, to the US subsidiary Mimic Techologies, Inc. This did not increase the value of the Parent Company's holding in the subsidiary by the same amount, the corresponding amount is presented as an impairment of shares in subsidiaries in the Parent Company's income statement. The shareholder contribution and the corresponding impairment will have no effect on consolidated profit or shareholder's equity.

Research and development

The software Surgical Science uses in its simulation tools has mainly been developed in-house and is owned by the company, a marginal part of the software has been provided to the company on license. The software has been further developed and refined over a period of more than 20 years in collaboration with physicians who continuously test the system and new functions to ensure realism. Surgical Science works continuously to develop new simulation modules for further medical interventions and to improve the functionality of existing modules. An important part of product development is the development of training programs that measure physicians' skills. In collaboration with physicians, certification courses have been developed on which the user must attain a certain level to pass.

Seasonal effects

Surgical Science's sales within the Educational Products business area can fluctuate considerably between quarters, with a large portion of the sales for a particular year usually occurring the fourth quarter. This is due to most major hospitals using the calendar year as their budget year and holding off on purchases until they can see what funds remain in the budget towards the end of the year. This effect has diminished with the acquisition of Simbionix, however, as historically sales in Educational Products in that company have not experienced an equally strong fourth-quarter seasonal effect.

In the Industry/OEM business area too,the fourth quarter usually generates more sales than other quarters, with license revenues from customers increasing for the same reason as for Educational Products. This effect is less pronounced for Industry/OEM, however, as clinical products in the area of robotic surgery, for example, are less dependent on budget funds remaining towards the end of the year.

Material risks and uncertainty factors

The principle risks associated with Surgical Science's operations and industry include:

IP – Intellectual Property is of crucial importance for Surgical Science's operations and the company strives to protect these intangible assets to the greatest extent possible. This protection consists primarily of patents and protection of the source code. The company holds a number of patents. The most important asset is the company's physics engine – the source code for generating physically realistic real-time interaction between tissue/organs and instruments. In the company's interactions with medical technology customers, no rights to the background IP are transferred. Customer deliveries always comprise binary code, not source code. Should the company's source code be made public or otherwise

available to competitors, this could adversely affect the company's operations.

Market risk – Surgical Science's sales are affected by the willingness of the company's customers to invest. Within Educational Products, customers are mainly university hospitals and training centers and, within Industry/OEM, customers are mainly larger medical technology companies, which in turn sell to healthcare. The willingness to invest in healthcare is affected by a number of factors including political decisions and trends in the area. A reduced willingness to invest in healthcare can make it difficult for Surgical Science to sell its products and services. Surgical Science mainly operates in areas at the forefront of developments in healthcare, such as laparoscopy and robotic surgery, where robotic surgery in particular is growing rapidly and is predicted to continue growing at a high rate.

Competitors and technical development – Surgical Science operates in a competitive market, in which several companies are active in medical simulation. There is a risk that competitors will react more quickly to specific customer needs, capture market shares from Surgical Science or develop preferred products. The market for medical simulation is also impacted substantially by technological developments. Delays in the company's development processes or an incapacity to stay abreast of technological developments could cause reduced or lost competitiveness.

Competition in the market for the technical training of physicians also exists from other types of training such as simpler box training, practice on carcasses and in the operating room, where physicians in training practice interventions on patients under the supervision of a fully qualified physician.

Industrial collaborations – In the Industry/OEM business area, Surgical Science works with major medical technology companies in industrial collaborations, where the company licenses its software to industrial players, mainly in robot-assisted surgery. Surgical Science's license revenues depend largely on partner companies' sales. There is a risk that such cooperation will not result in an expected increase in sales, which risks impacting the company's operations and financial position negatively.

Personnel – Surgical Science is dependent on qualified personnel in various positions. The ability to retain current employees and its opportunities to recruit new personnel is crucial for the company's future development. There is a risk that Surgical Science will not succeed in retaining or recruiting individuals who have been, or who could be, of importance to the company. If key individuals leave the company or if Surgical Science is unable to recruit qualified personnel, this could have a negative impact on the company's operations, profits and financial position.

Acquisitions – Surgical Science's strategy includes both organic growth and growth through acquisitions. Risks associated with acquisitions are primarily related to integration, such as challenges in integrating new personnel and customer relationships into the company's existing operations, as well as challenges in incorporating acquired technologies, products and know-how, which could lead to difficulties in achieving anticipated synergies.

When Surgical Science acquires companies with operations similar to, or complementing, its own, the risks are associated with existing development projects failing to meet expectations, patents, technologies, products and know-how not having the protections that could reasonably be expected and that the acquired companies' sales fail to develop in a manner justifying the purchase consideration paid at the time of the acquisition, which could result in the company having to recognize impairment in the goodwill attributable to the acquisitions.

Access to capital – Surgical Science may need to raise additional capital in the future to enable growth through acquisitions, for example by securing credit and/or implementing new share issues. There is a risk that the company does not secure financing on favorable terms or at all, that future financing may have to be arranged at significantly higher costs than today or that credit facilities may not be available to the company. The capital market is affected by general market conditions and the company is therefore exposed to potential effects attributable to negative market conditions, such as fluctuations in interest rates and inflation, which may affect the company's capacity to access the capital market. The company has financed previous acquisitions through private placements. Should the company choose to raise additional capital through this procedure, shareholders who do not participate or who do not receive an allocation may be diluted.

Outlook

Surgical Science's strategy is to have two separate business areas. Educational Products focuses on customers in education and training, who use the company's in-house-developed simulators to increase patient safety through effective training, the results of which can be measured objectively. Customers have validated the simulators over many years through clinical studies. The other business area, Industry/OEM, mainly makes use of Surgical Science's software resources, which allow medical technology companies to integrate simulation into their clinical products. This makes it possible to generate a return on Surgical Science's development work over more than 20 years, and this is the area in which the company perceives the strongest future growth. The business model comprises a development fee for adaptation/integration with the customer's products (surgical robots, for example) and software licenses associated with, for example, sales per unit, installed base or usage. Surgical Science retains full copyright on its products.

Underlying growth in the market for medical simulation is favorable. The largest market for medical simulation is the US, followed by Europe and Asia. Over the next few years, growth is expected to be strongest in countries where driving forces include economic development, an increased focus on patient safety and a large population, such as China and India. The market for robot-assisted surgery is expected to grow faster than other parts of the market.

The overarching objectives for Surgical Science in 2021 were to:

- Expand the value content for existing customers in Industry/OEM who license the company's technology.
- Achieve the growth target for Educational Products with a continued local presence, increased efficiency in sales processes, as well as distributor support and management.
- Be prepared to make further acquisitions when the time is right.

In 2021, the Covid-19 pandemic continued to impact Surgical Science's revenues. With most of the world's healthcare having been focused on handling Covid-19, a large proportion of educational and training activities have been placed on hold, which has impacted Educational Products. The implementation of previously planned healthcare measures has also been affected by the pandemic, which could, as a consequence, affect Surgical Science's license revenues in the Industry/OEM business area. As markets have opened up following a period of lock-down, Surgical Science has seen a pent-up need translating into sales.

Corporate governance

Surgical Science is a Swedish public limited company governed by the Annual General Meeting of shareholders, the Board of Directors, the CEO and other senior executives of the company. The company complies with current rules and regulations in accordance with the Swedish Companies Act, the Articles of Association and the Board of Directors' rules of procedure.

The Swedish Code of Corporate Governance complements the Swedish Companies Act and is part of the relatively comprehensive self-regulation of corporate governance in Sweden. The Code is applicable to all Swedish companies listed on Nasdaq Stockholm (or other regulated markets). Surgical Science's share is traded on the Nasdaq First North Growth Market, which is a multilateral trading platform and not a regulated market. Accordingly, Surgical Science is not obliged to adhere to the Code, nor has it undertaken voluntarily to do so.

General Shareholder Meetings

Surgical Science's highest decision-making body is the General Meeting. The Annual General Meeting is held within six months from the end of the financial year. Notice of the Annual General Meeting shall be issued by advertizement in the Swedish Official Gazette (Post- och Inrikes Tidningar), as well as on the company's website. The publication of a Notice of a General Meeting shall also be advertized in Swedish financial daily Dagens Industri. Notice of a General Meeting shall be issued at the earliest six weeks and at the latest four weeks prior to the Meeting. All shareholders included in the printout of the share register and who have notified the company of their participation in time, are entitled to attend the Meeting and to vote. Shareholders unable to attend in person may be represented by a proxy.

Annual General Meeting 2021

The Annual General Meeting of Surgical Science was held on May 12, 2021. At the Meeting, ordinary Board Members Roland Bengtsson, Jan Bengtsson, Thomas Eklund and Tommy Forsell were re-elected. Henrik Falconer and Elisabeth Hansson were elected as new ordinary members. Roland Bengtsson was re-elected as the Chairman of the Board. The Annual General Meeting approved total Board fees of SEK 1,050,000 for the period until the next Annual General Meeting. The Chairman of the Board, Roland Bengtsson is to receive SEK 300,000 and the other Board Members SEK 150,000 each.

The Annual General Meeting also approved new Articles of Association, including an amendment to the range of the company's share capital. The Board of Directors was authorized to decide, during the period up until the next Annual General Meeting, to implement, on one or more occasions, new share issues corresponding to a maximum of 10 percent of the company's share capital and to decide, on one or more occasions, to implement acquisitions of treasury shares. The treasury holding may, at any given time, amount to at most 10 percent of all shares in the company.

The Board of Directors' proposal for the disposal of the profit for the year was approved. No dividend was paid for the 2020 financial year.

Annual General Meeting 2022

The Annual General Meeting of Surgical Science AB (publ) will be held on May 12, 2022.

Shareholders wishing to participate in the proceedings of the Annual General Meeting must be entered in the share register maintained by Euroclear Sweden on May 4, 2022 and shall notify the company of their intention to participate at the Annual General Meeting no later than May 6, 2022 or to cast their vote in advance, by May 6, 2022 at the latest.

Shareholders wishing to have a matter considered by the Meeting may request this in writing from the Board of Directors. Such requests for matters to be addressed shall be submitted to Surgical Science AB (publ), Att.: Chairman of the Board, Drakegatan 7A, SE-412 50 Gothenburg, Sweden and must be received by the Board of Directors no later than seven weeks prior to the Meeting and, in all instances, sufficiently early that the matter, if necessary, can be included in the notice convening the Meeting.

Nomination Committee

The following people have been appointed to be part of Surgical Science's Nomination Committee ahead of the 2022 Annual General Meeting:

Åsa Hedin, appointed by Marknadspotential AB
Anna Sundberg, appointed by Handelsbanken Fonder
Tommy Forsell, appointed by Landsnora AB
Roland Bengtsson, Chairman of the Board

The Nomination Committee was appointed in accordance with the principles adopted by Surgical Science's Annual General Meeting on May 6, 2020. The shareholders having appointed members of the Nomination Committee represented slightly more than 31 percent of all shares in the company as of September 30, 2021.

The Nomination Committee shall prepare proposals on the following matters and submit these to the Annual General Meeting for resolution: (i) proposal for chairman of the Meeting, (ii) proposal for composition of the Board of Directors, (iii) proposal for Chairman of the Board, (iv) proposal for Board fees and their distribution between the Chairman of the Board and the other Board Members, (v) proposals for fees for members of the Remuneration and Audit Committees (if applicable), (vi) proposals for auditor, (vii) proposals for remuneration of auditors, and (viii) to the extent deemed necessary, proposals for changes to the rules applicable to the Nomination Committee.

Audit Committee

Surgical Science's Board of Directors has not established an Audit Committee. As the company's shares are traded on the Nasdaq First North Growth Market, which is a multilateral trading platform and not a regulated market, the company is not obliged to establish an Audit Committee.

Remuneration Committee

Surgical Science's Board of Directors has not established a specific Remuneration Committee. The complete Board of Directors prepares matters including remunerations and other terms of employment for the company's CEO and senior executives.

Group

Surgical Science's head office is located in Gothenburg, Sweden. Surgical Science Sweden AB is the Parent Company and the Group has subsidiaries and personnel in Sweden, Israel and the USA. The Group also has its own sales or development personnel in China, France, Germany, Poland and the UK.

Proposed appropriation of profits

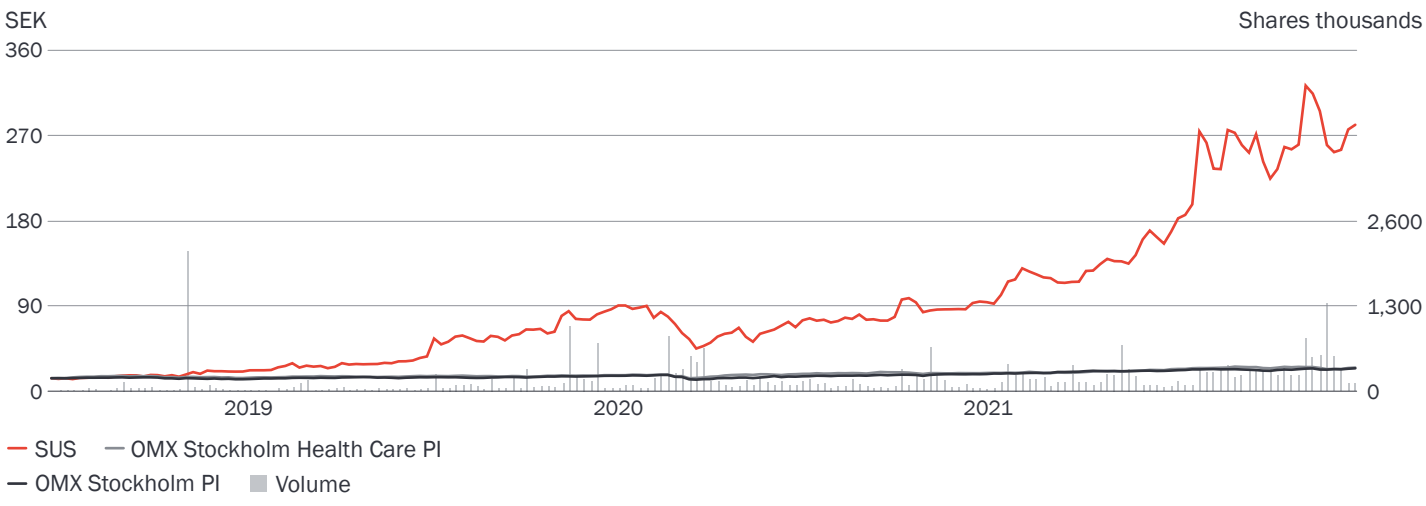
The Board of Directors and CEO propose that the available funds of SEK 3,322,867,645 be disposed of as follows:

To be carried forward: SEK 3,322,867,645

The financial statements were approved for issuance by the Parent Company's Board of Directors on April 8, 2022.

Regarding the company's earnings and position in other regards, reference is made to the subsequent income statements and balance sheets.

Share price trend and turnover since IPO



CONSOLIDATED INCOME STATEMENTS

SEK thousands	Note	2021	2020
Net sales	2	366,778	104,799
Cost of goods sold		-100,836	-16,435
Gross profit		**265,942**	**88,364**
Sales costs		-79,917	-36,658
Administration costs		-66,043	-13,771
Research and development costs		-65,707	-16,567
Other operating income and costs		2,248	-1,394
Operating profit	3, 4, 5, 6, 8, 9	**56,523**	**19,974**
Financial income		32,228	217
Financial costs		-22,947	-532
Profit after financial items		**65,804**	**19,659**
Taxes	7	20,444	-4,053
Profit for the year		**86,248**	**15,606**
Profit for the year attributable to:			
Parent Company shareholders		86,248	15,606
Earnings per share, SEK	19	2.03	0.45
Earnings per share, SEK*	19	2.02	0.45

* After dilution. See Note 19 for information regarding warrant programs.

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK thousands	Note	2021	2020
Profit for the year		**86,248**	**15,606**
Other comprehensive income			
Items that have been or that may be reclassified to profit/loss for the year			
Translation differences for the year on translation of foreign operations	7	117,592	425
Other comprehensive income for the year	18	**117,592**	**425**
Comprehensive income for the year		**203,840**	**16,031**
Comprehensive income for the year attributable to:			
Parent Company shareholders		203,840	16,031

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
ASSETS	22, 23		
Fixed assets			
Intangible fixed assets	8		
Capitalized costs for product development		28,070	24,787
Patents, trademarks, concessions		51,880	870
Customer contracts		125,753	37,247
Technology		68,327	–
Goodwill		3,019,238	260,492
Tangible fixed assets	9		
Equipment		38,393	8,548
Financial fixed assets			
Deferred tax assets	7	24,597	6,724
Other financial fixed assets		4,966	211
Total fixed assets		**3,361,224**	**338,879**
Current assets			
Inventories	13	113,107	12,459
Current receivables			
Accounts receivable	15	110,645	18,590
Tax assets		16,953	698
Other receivables		5,363	3,837
Prepaid costs and accrued income	16	54,161	10,653
Cash and cash equivalents	17	316,680	87,157
Total current assets		**616,909**	**133,394**
TOTAL ASSETS		**3,978,133**	**472,273**

SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
SHAREHOLDERS' EQUITY	18, 19		
Share capital		2,540	1,725
Other capital contributions		3,378,985	425,615
Provisions		117,732	140
Profit/loss carried forward, incl. profit for the year		85,817	-431
TOTAL SHAREHOLDERS' EQUITY		**3,585,074**	**427,049**
LIABILITIES	22, 23		
Non-current liabilities			
Deferred tax liabilities	7	48,506	9,661
Other non-current liabilities	20	112,176	4,285
Total non-current liabilities		**160,682**	**13,946**
Current liabilities	17		
Accounts payable		34,368	2,304
Tax liabilities		5,485	6,663
Other current liabilities		71,390	7,505
Accrued costs and prepaid revenues	21	121,134	14,806
Total current liabilities		**232,377**	**31,278**
TOTAL LIABILITIES		**393,059**	**45,224**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,978,133**	**472,273**

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company shareholders				
SEK thousands	Share capital	Other capital contributions	Provisions	Profit/loss carried forward, incl. profit for the year	**Total shareholders' equity**
Opening balance, January 1, 2020	**1,681**	**416,317**	**-285**	**-16,037**	**401,676**
Profit for the year				15,606	15,606
Other comprehensive income for the year			425		425
Redemption of options	44	7,813			7,857
Warrant premiums received		1,485			1,485
Closing balance, December 31, 2020	**1,725**	**425,615**	**140**	**-431**	**427,049**
Opening balance, January 1, 2021	**1,725**	**425,615**	**140**	**-431**	**427,049**
Profit for the year				86,248	86,248
Other comprehensive income for the year			117,592		117,592
Cash issues	807	3,021,555			3,022,362
Private placement	8	16,683			16,691
Issue costs		-84,868			-84,868
Closing balance, December 31, 2021	**2,540**	**3,378,985**	**117,732**	**85,817**	**3,585,074**

CONSOLIDATED CASH FLOW STATEMENTS

SEK thousands	Note	2021	2020
Operating activities			
Profit before financial items		56,523	19,974
Adjustments for non-cash items:			
Exchange rate differences		-591	1,294
Amortization and depreciation		33,517	16,976
Interest paid/received		-254	-108
Tax paid		-3,425	-9,070
Cash flow from operating activities before changes in working capital		**85,770**	**29,066**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		6,459	-5,271
Increase (-)/Decrease (+) in operating receivables		-84,573	1,861
Increase (+)/Decrease (-) in operating liabilities		31,427	-2,431
Cash flow from changes in working capital		**-46,687**	**-5,841**
Cash flow from operating activities		**39,083**	**23,225**
Investing activities			
Investments in tangible fixed assets		-3,871	-399
Investments in intangible fixed assets		-10,506	-8,295
Investment in business		-2,718,237	–
Cash flow from investing activities		**-2,732,614**	**-8,694**
Financing activities			
Amortization of non-current liabilities		-24,169	-1,321
Amortization of lease liabilities		-7,553	-3,816
New share issues		3,039,053	–
Cost of new share issues		-84,868	–
Redemption of options		–	7,857
Warrant premiums received		–	1,485
Cash flow from financing activities		**2,922,463**	**4,205**
Cash flow for the year		**228,932**	**18,736**
Cash and cash equivalents, January 1		87,157	69,217
Exchange-rate difference in cash and cash equivalents		591	-796
Cash and cash equivalents, December 31	17	**316,680**	**87,157**

PARENT COMPANY INCOME STATEMENTS

SEK thousands	Note	2021	2020
Net sales		89,626	49,449
Cost of goods sold		-18,315	-12,694
Gross profit		**71,311**	**36,755**
Sales costs		-18,658	-17,537
Administration costs		-17,371	-11,058
Research and development costs		-15,508	-12,944
Other operating income and costs		1,758	-484
Operating profit/loss	3, 4, 6, 8, 9	**21,532**	**-5,268**
Profit/loss from financial items			
Interest income and similar profit/loss items		3,648	159
Impairment of shares in subsidiaries		-32,950	-14,700
Interest costs and similar items		-10,943	-652
Profit/loss after financial items		**-18,713**	**-20,461**
Appropriations (Group contributions)		42,720	5,921
Tax on profit for the year	7	5,572	-103
Profit/loss for the year		**29,579**	**-14,643**

Because the Parent Company has no items to report under Other comprehensive income, no statement of comprehensive income has been prepared.

PARENT COMPANY BALANCE SHEETS

SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
ASSETS	22, 23		
Fixed assets			
Intangible fixed assets	8		
Capitalized costs for product development		22,416	21,106
Patents, trademarks, concessions		73	870
Tangible fixed assets	9		
Equipment		2,155	2,174
Financial fixed assets			
Participations in Group companies	12	3,234,685	338,449
Deferred tax assets	7	12,232	6,660
Total fixed assets		**3,271,561**	**369,259**
Current assets			
Inventories	13	9,530	11,988
Current receivables			
Accounts receivable	15	15,496	13,251
Receivables from Group companies	14	86,549	14,086
Tax assets		1,461	699
Other receivables		511	132
Prepaid costs and accrued income	16	15,799	1,387
Cash and bank balances	17	143,203	14,849
Total current assets		**272,549**	**56,392**
TOTAL ASSETS		**3,544,110**	**425,651**

SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
SHAREHOLDERS' EQUITY	18, 19		
Restricted shareholders' equity			
Share capital		2,540	1,725
Share premium reserve		41,095	41,095
Development expenditure fund		25,482	19,707
Non-restricted shareholders' equity	26		
Share premium reserve		3,317,457	364,087
Profit/loss carried forward		-24,167	-3,749
Profit/loss for the year		29,579	-14,643
TOTAL SHAREHOLDERS' EQUITY		**3,391,986**	**408,222**
LIABILITIES	22, 23		
Non-current provisions	24	70,686	–
Non-current liabilities	20	450	1,965
Current provisions	24	52,553	–
Current liabilities	17		
Accounts payable		3,108	1,750
Liabilities to Group companies	14	1,735	4
Other current liabilities		2,974	2,542
Accrued costs and prepaid revenues	21	20,619	11,168
Total current liabilities		**28,436**	**15,464**
TOTAL LIABILITIES		**152,124**	**17,429**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,544,110**	**425,651**

PARENT COMPANY CHANGES IN SHAREHOLDERS' EQUITY

	Restricted shareholders' equity			Non-restricted shareholders' equity			
SEK thousands	Share capital	Share premium reserve	Development expenditure fund	Share premium reserve	Profit/loss carried forward	Profit/loss for the year	**Total shareholders' equity**
Opening balance, January 1, 2020	**1,681**	**41,095**	**15,955**	**354,294**	**-3,149**	**3,152**	**413,028**
Disposal of profit carried forward					3,152	-3,152	–
Development expenditure fund			3,752		-3,752		–
Redemption of options	44			7,813			7,857
Warrant premiums received				1,980			1,980
Loss for the year						-14,643	-14,643
Closing balance, December 31, 2020	**1,725**	**41,095**	**19,707**	**364,087**	**-3,749**	**-14,643**	**408,222**
Opening balance, January 1, 2021	**1,725**	**41,095**	**19,707**	**364,087**	**-3,749**	**-14,643**	**408,222**
Disposal of loss carried forward					-14,643	14,643	–
Development expenditure fund			5,775		-5,775		–
Cash issues	807			3,021,555			3,022,362
Private placement	8			16,683			16,691
Issue costs				-84,868			-84,868
Profit for the year						29,579	29,579
Closing balance, December 31, 2021	**2,540**	**41,095**	**25,482**	**3,317,457**	**-24,167**	**29,579**	**3,391,986**

PARENT COMPANY CASH FLOW STATEMENTS

SEK thousands	Note	2021	2020
Operating activities			
Profit/loss before financial items		21,532	-5,268
Adjustments for non-cash items:			
Exchange rate differences		965	-910
Amortization and depreciation		8,325	8,493
Interest paid/received		-1	-1
Tax paid		–	–
Cash flow from operating activities before changes in working capital		**30,821**	**2,314**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		2,458	-5,235
Increase (-)/Decrease (+) in operating receivables		-75,551	1,127
Increase (+)/Decrease (-) in operating liabilities		12,927	-3,242
Cash flow from changes in working capital		**-60,166**	**-7,350**
Cash flow from operating activities		**-29,345**	**-5,036**
Investing activities			
Acquisitions of subsidiaries		-2,787,389	–
Investments in tangible fixed assets		-941	-322
Disposals of tangible fixed assets		–	72
Investments in intangible fixed assets developed in-house		-7,879	-6,077
Cash flow from investing activities		**-2,796,209**	**-6,327**
Financing activities			
Amortization of non-current liabilities		-300	-1,321
New share issues		3,039,053	–
Cost of new share issues		-84,868	–
Redemption of options		–	7,857
Warrant premiums received		–	1,980
Cash flow from financing activities		**2,953,885**	**8,516**
Cash flow for the year		**128,331**	**-2,847**
Cash and cash equivalents, January 1		14,849	17,743
Exchange-rate difference in cash and cash equivalents		23	-47
Cash and cash equivalents, December 31	17	**143,203**	**14,849**

NOTES TO THE FINANCIAL STATEMENTS

Notes to the 2021 Financial Statements for the Surgical Science Group and its Parent Company, Surgical Science Sweden AB (publ), corporate identity number 556544-8783, with registered offices at Drakegatan 7A, SE-412 50 Gothenburg, Sweden. The Parent Company's share is registered on Nasdaq First North Growth Market.

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NOTE 1 ACCOUNTING POLICIES

Compliance with standards and legislation
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups" has been applied.

The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act (1995:1554) and applying the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". Accordingly, the measurement and disclosure rules under IFRS are applied with the deviations detailed under "Parent Company's accounting policies".

Basis of valuation applied in the preparation of the financial statements
Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value.

Functional currency and reporting currency
The Parent Company's functional currency is the Swedish krona (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded off to the nearest SEK thousand unless otherwise stated.

Assumptions applied in preparing the Parent Company's financial statements and the consolidated financial statements
Preparing reports in accordance with IFRS requires applying certain key estimates for accounting purposes. In addition, management is required to make certain estimates in its application of the Group's accounting policies. The areas involving substantial estimation – complex areas or areas in which assumptions and estimates are of material significance for the consolidated accounts – are stated in Note 29.

Amended accounting policies due to new or amended IFRS
No new standards, changes and interpretations came into effect in 2021.

Classification, etc.
Non-current assets, liabilities and provisions essentially comprise amounts are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and liabilities essentially comprise amounts expected to be recovered or paid within 12 months of the balance sheet date.

Consolidation principles
The Consolidated Financial Statements include the Parent Company, Surgical Science Sweden AB (publ), and the subsidiaries that are under a controlling influence of the Parent Company. All subsidiaries are wholly owned.

Subsidiaries are reported in accordance with the acquisition method, meaning that, in the acquisition analysis, the acquired assets and liabilities identified are recognized at their fair value on the acquisition date. The difference between the cost of the shares in a subsidiary and the fair value of the acquired assets, assumed liabilities and contingent liabilities constitutes consolidated goodwill. Transaction expenditures that arise, except expenditures attributable to the issue of equity instruments or debt instruments, are recognized directly in profit or loss as they are incurred.

Intra-Group receivables and liabilities, income and costs, as well as unrealized gains or losses arising from intra-Group transactions between Group companies are eliminated in full when preparing the consolidated accounts.

Foreign currency
Transactions in foreign currencies are translated into the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate in effect on the balance sheet date. Exchange rate differences arising on translation are recognized in the Income Statement. Non-monetary assets and liabilities recognized at their historical cost are included at the exchange rate in effect on the transaction date. Non-monetary assets and liabilities recognized at fair value are translated to the functional currency at the exchange rate in effect at the time of the fair value assessment. The change in the exchange rate is then reported in the same way as other changes in the value of the asset or liability.

The functional currency is the currency in the primary economic environments where the companies within the Group conduct their operations. The companies included in the Group are the Parent Company and its subsidiaries. The Parent Company's functional and reporting currency is the Swedish krona (SEK). The Group's reporting currency is Swedish kronor (SEK).

Assets and liabilities in foreign operations, including goodwill and other Group-related surplus values, are converted to Swedish kronor at the prevailing exchange rate on the balance sheet date. Income and costs in a foreign company are translated into Swedish kronor at an average rate representing an approximation of the rates prevailing on the respective transaction dates. Translation differences arising in connection with currency translation by foreign operations are recognized in the Statement of Comprehensive Income.

The following exchange rates have been applied in the financial statements:

	Average exchange rate		Exchange rate on balance sheet date	
Currency	2021	2020	Dec 31, 2021	Dec 31, 2020
EUR	10.1449	10.4867	10.2269	10.0375
USD	8.5815	9.2037	9.0437	8.1886
ISL	2.7071	–	2.9079	–

Source: Riksbanken (Swedish central bank), X-rates

Income
Surgical Science currently sells various products and services for the simulation of evidence-based medical training.

Products include both hardware and software and are usually sold packaged with support/service agreements applicable for varying periods, usually 1-3 years. Product sales are recognized as revenue on the transfer of control to the customer, normally in connection with the delivery of both the hardware and software. Installation revenue is recognized on completion – in the ensuing month at the latest. Support/service agreements are invoiced in advance and recognized as revenue across the term of the service contract or as the consulting work is carried out.

Revenues derive partly from development work performed in implementing the company's software on various industrial customers' hardware platforms or other initial adaptation of software for these customers, and partly from license revenues associated with the use of this software. The development work is recognized as revenue as the work is performed. License revenues are recognized as revenue once the company's customers have reported their usage, which occurs at least once each quarter.

Uninvoiced service and consulting services are reported as accrued income (contract receivables), while service and consulting services that have been invoiced but have yet to be performed are reported as prepaid income (contract liabilities) in the balance sheet.

Surgical Science has identified its contracts on the basis of the five-step model in IFRS 15, making the assessment that one and the same contract may include several distinct commitments that are often attributable to several different periods. A contract may, for example, include both hardware and software, installation, training and a service agreement extending over several years. The vast majority of sales, however, comprise products and services clearly representing separate performance commitments.

Surgical Science also offers customers leases extending predominantly from three months to one year in duration. These are invoiced in advance and recognized as revenue in line with the terms of the contracts.

Approximately 11 percent (8) of Surgical Science's sales in 2021 were paid in advance. Additionally, a 30-day credit period is generally applied.

Segment reporting
Operating segments are presented from the perspective of management, meaning that they are presented in the same manner as in internal reporting. Identifying reportable segments begins with how reports are submitted and followed up by the highest executive decision-maker. The Group has identified the Group's CEO as its highest executive decision-maker. In the internal reporting to the CEO, in part, business areas and, in part, geographical segments are applied, with revenues being broken down between: the Nordic Region, the Rest of Europe, North and South America, Asia, and Other. See Note 2 for further information.

Government subsidies
Government subsidies are reported when the company has met the terms associated with those subsidies and it can be safely determined that the subsidies will be received. Subsidies received are reported as prepaid income in the Balance Sheet, while in the Income Statement they are reported in the same period as the costs covered. Government subsidies are reported in relation to the hours worked on relevant projects by the development team.

Surgical Science has not made use of any of the subsidies that were introduced and could be applied for in connection with the Covid-19 pandemic.

Leases
Lessees
Leases for premises and equipment are recognized in the balance sheet as right-of-use assets with corresponding lease liabilities, entailing an obligation to pay future lease fees associated with the right-of-use assets. A relief rule has been applied entailing current leases and low-value leases not being capitalized but instead expensed in the period in which the assets are used. The company defines current leases as contracts for which the remaining lease term is less than 12 months and low-value leases as contracts for which the cost is less than SEK 50 thousand.

Lessors
Lease fees, including any raised initial fees but excluding costs for insurance and maintenance services, are recognized as revenue on a straight-line basis over the lease term.

Financial income and costs
Financial income and costs consist of interest income on bank balances and receivables and interest-bearing securities, interest costs on loans, dividend income, exchange rate differences, realized and unrealized gains on financial investments, and derivatives used in financial operations.

Financial instruments
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. Purchases and sales of financial assets are normally recognized on the transaction date, that being the date on which the Group commits to buy or sell the asset.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through Other comprehensive income and at fair value via the Income Statement. The classification of financial assets in accordance with IFRS 9 is generally based on the company's business model for its management of financial assets and the nature of the contractual cash flows deriving from each financial asset. Surgical Science only holds financial assets measured at amortized cost and, on the asset side, these comprise accounts receivable, other receivables and other non-current holdings of securities. Liabilities include accounts payable and other liabilities measured at amortized costs, as well as liabilities for contingent purchase considerations measured at fair value.

A financial asset, or a part thereof, is removed from the Balance Sheet when the contractual rights to receive cash flows from that asset cease or have been transferred and the Group either transfers, to all intents and purposes, all of the risks and benefits associated with ownership, or neither transfers nor retains, to all intents and purposes, all of the risks and benefits associated with ownership, but no longer retains control of the asset. A financial liability is removed from the Balance Sheet when it is extinguished, that is, when the stated contractual commitments have been met, canceled or terminated.

Accounts receivable and other receivables
Receivables of this kind are recognized at amortized cost. Receivables of short maturity have been recognized at their nominal value without discounting in accordance with the amortized cost method. If the anticipated maturity is longer than 12 months, they constitute non-current receivables, and if it is shorter they constitute other receivables. Accounts receivable are initially reported at fair value and subsequently at amortized cost. Where the expected maturity of an account receivable is short, its value is recognized at the nominal amount, with no discounting. Deductions are made for doubtful receivables, which are assessed individually. Impairment of accounts receivable is reported in operating costs. Historically, Surgical Science's customer losses have been low.

Cash and cash equivalents
Cash and cash equivalents comprise cash, immediately accessible bank balances, as well as any other money market instruments with original maturities of less than three months. Items maturing at a fixed interest rate are measured at amortized cost.

Accounts payable
Accounts payable are initially reported at fair value and thereafter at amortized cost applying the effective interest method.

Intangible fixed assets
The items reported in the Consolidated Balance Sheet are goodwill, customer contracts, technology, capitalized costs for product development, patents, trademarks and concessions.

Goodwill
Goodwill represents the difference between the cost of a business and the consolidated value of the acquired assets, assumed liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units and, in accordance with IFRS, is not amortized but tested annually, or as necessary, for impairment.

Customer contracts
In the Consolidated Balance Sheet, customer contracts are recognized at cost less accumulated amortization and impairment.

Technology
In the Consolidated Balance Sheet, technology is recognized at cost less accumulated amortization and impairment.

Capitalized costs for product development
Research costs refer to expenditure on research aimed at obtaining new scientific or technical knowledge. Development costs refer to expenditure in applying research results or other knowledge to achieve new or improved products or processes.

Research expenditure is expensed in the period in which it is incurred. In the Group, development expenditure is reported as an intangible asset, to the extent that the asset is deemed able to generate future economic benefits and then only provided that completing the asset is technically and financially feasible, that the intention is, and the conditions exist for the asset to be used in the operations or sold, with it being possible to calculate the value reliably.

In the Consolidated Balance Sheet, capitalized development expenditure is recognized at cost less accumulated amortization and impairment.

Additional costs
Additional expenditures for an intangible fixed asset are added to the cost only if they increase the future economic benefits, exceeding the original assessment, and the expenditures can be calculated reliably. All other expenditures are expensed when they arise.

Amortization
Amortization is recognized in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, unless their useful lives are indeterminate. Goodwill, as well as the Simbionix brand, which are assumed to have indeterminate useful lives, are tested annually for impairment or as soon as any indications suggest that the relevant asset may have decreased in value in accordance with IFRS. Intangible assets that can be amortized are amortized from the date on which they become available for use. The estimated useful lives are:

Capitalized costs for product development	5 years
Patents, trademarks, concessions	5 years
Customer contracts and technology	10 years

Tangible fixed assets
Tangible fixed assets are recognized as an asset in the Balance Sheet if it is likely that the future economic benefits will accrue to the company and the cost of the asset can be reliably estimated.

All tangible fixed assets are reported at cost with deductions for depreciation. The cost includes costs that can be attributed directly to the acquisition of the asset. Additional costs are added to the asset's carrying amount or reported as a separate asset (depending on which is deemed more appropriate) only when it is probable that the future economic advantages associated with the asset will benefit the Group and the asset's value can be reliably measured. All other forms of repairs and maintenance are expensed in the Income Statement in the period in which they are incurred.

Depreciation
The depreciation of tangible fixed assets according to plan is based on predetermined useful lives. Depreciation is recognized on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are:

Equipment	5 years

Each asset's residual value and useful life are assessed annually.

On each Balance Sheet date, the residual values and useful lives of the assets are tested and, if necessary, adjusted. Where exceeding the estimated recoverable amount, an asset's carrying amount is immediately written down to the estimated recoverable amount. The gain or loss arising on the sale or disposal of an asset comprises the difference between the sales price and the carrying amount, less direct sales costs. This is reported either under Other operating income or Other operating costs, as relevant.

Inventories
Inventories are recognized at cost or net realizable value, whichever is lowest. Cost is calculated in accordance with weighted average prices. For semi-finished and finished products manufactured in-house, cost comprises direct production costs and a reasonable share of indirect production costs based on normal capacity.

Impairment
In connection with each reporting date, any indications of declining value among the Group's assets are assessed. Goodwill and other intangible assets not amortized on an ongoing basis are tested annually for impairment, or more frequently if there are indications that assets may have decreased in value. If this is the case, the Group assesses the asset's recoverable amount. The recoverable amount is the fair value of the asset less sales costs, or its value in use, whichever is higher. Value in use refers to the present value of all inflows and outflows attributable to the asset over the period in which it is expected to be utilized in the operations, plus the present value of the net realizable value at the end of the asset's useful life.

Where the estimated recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount. A previous write-down is reversed when the assumptions have changed that were applied to determine the asset's recoverable amount when it was written down, meaning that the write-down is no longer deemed necessary. Reversals of previous write-downs are tested individually and reported in the Income Statement. Goodwill impairment cannot be reversed in a subsequent period.

Earnings per share
The calculation of earnings per share is based on the profit for the year for the Group which is attributable to the Parent Company's shareholders and on the weighted average number of outstanding shares during the year.

Pensions
The Group has both defined-contribution and defined-benefit pension plans. The premiums for the defined-contribution pension plans are expensed on an ongoing basis without any commitments to pay additional fees. Costs are charged against consolidated earnings as the benefits are vested. The company's net obligation regarding defined-benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in exchange for their services during current and previous periods. This benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. See also Note 3.

Shareholders' equity
Transaction costs directly attributable to issues of new shares or warrants are reported under Shareholders' equity as a deduction from the issue proceeds, net of tax.

Warrants program
Share-based incentive programs are reported in accordance with IFRS 2. An outstanding warrant program exists that is aimed at the company's employees. Employees wishing to participate in stock option scheme have paid a premium corresponding to the market value of the warrant calculated applying the Black & Scholes formula. Since market value has been paid, there is no effect on the company's profit for the period, nor on its financial position. A description of the warrant program can be found under Note 19.

Income tax
Current tax costs are calculated based on the tax rules adopted as per the balance sheet date or adopted in practice in the countries where the Parent Company and its subsidiaries are active and generate taxable revenues. Management regularly evaluates the claims made in tax declarations regarding situations in which applicable tax rules are subject to interpretation and makes, where deemed appropriate, provisions for amounts that will likely have to be paid to the tax authority.

For all temporary differences between the tax base and carrying amounts of assets and liabilities in the consolidated accounts, deferred tax is reported in full in accordance with the balance sheet method. Deferred income tax is estimated applying tax rates (and tax laws), adopted or announced as of the balance sheet date, and expected to apply when the deferred tax receivable is realized or the deferred tax liability is settled.

Deferred tax is calculated on temporary differences arising from participations in subsidiaries, except where the time at which the temporary difference is

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

Total tax comprises current and deferred tax.

Taxes are recognized in the Income Statement unless the underlying transaction is recognized directly in Other comprehensive income, in which case the related tax effect is also recognized in Other comprehensive income. Current tax is the tax payable or receivable for the current year, which includes adjustment of current tax attributable to preceding periods. Deferred tax is calculated using the balance-sheet method, starting from temporary differences between the recognized and taxable values of assets and liabilities. The amounts are calculated based on how the temporary differences are expected to be settled and applying the tax rates and regulations adopted or planned as of the balance sheet date. Temporary differences are not taken into account in consolidated goodwill, nor are differences attributable to participations in subsidiaries not expected to be taxed within the foreseeable future. In the consolidated accounts, untaxed reserves are apportioned between deferred tax liabilities and shareholders' equity.

Deferred tax assets pertaining to deductible temporary differences and tax-loss carry-forwards are recognized only if it is considered probable they will entail lower future tax payments.

Contingent liabilities
A contingent liability is recognized when there is a possible obligation, attributable to past events, whose existence is confirmed only by one or more uncertain future events or when there is a obligation that is not recognized as a liability or provision owing to the fact that it is not likely an outflow of resources will be required.

Parent Company's accounting policies
The Parent Company has prepared its financial statements in accordance with the Annual Accounts Act (1995:1554) and the Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". The statements issued by the Swedish Financial Reporting Board relating to listed companies have also been applied. RFR 2 entails the Parent Company, in the Annual Report for the legal entity, being required to apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. Recommendations indicate the exceptions and the supplements to be made to the IFRS.

The differences between the accounting policies applied by the Group and those applied by the Parent Company are as follows. The Parent Company's accounting policies, as stated below, have been applied consistently to all periods presented in the Parent Company's financial statements. The principles are unchanged compared with the preceding year.

Classification and presentation
For the Parent Company, the term Balance Sheet is used, while for the Group, the term Statement of Financial Position is used. Compared with the consolidated accounts, the differences in the Parent Company's Income Statement and Balance Sheet mainly involve shareholders' equity.

Internally generated fixed intangible assets
The Parent Company capitalizes costs for internally generated assets. From non-restricted shareholders' equity, a transfer is made, corresponding to the amount capitalized over the year, to a development expenditure fund within restricted shareholders' equity. Reversals from the fund to non-restricted shareholders' equity are made in amounts corresponding to the reported amortization and impairment.

Subsidiaries
Participations in subsidiaries are reported in accordance with the cost method. This means that transaction costs are included in the carrying amounts for holdings in subsidiaries. In the consolidated accounts, transaction costs attributable to subsidiaries are charged directly against profit/loss when they are incurred. The value of a subsidiary is tested when there is an indication of a decline in value.

Financial assets and liabilities
With regard to the connection between accounting and taxation, Surgical Science has, in accordance with RFR 2, chosen not to apply IFRS 9 but instead applies a cost-based method in accordance with the Annual Accounts Act.

Income tax
In the Parent Company, untaxed reserves are reported inclusive of deferred tax liabilities. In the consolidated accounts, however, untaxed reserves are divided between deferred tax liabilities and shareholders' equity.

Group contributions
Group contributions have been reported in accordance with the alternative rule in RFR 2. Group contributions are reported as appropriations.

Leased assets
In accordance with the exemption provided in RFR 2, the Parent Company does not apply IFRS 16. Lease fees, including raised initial fees but excluding fees for insurance and maintenance services, are expensed on a straight-line basis over the lease term.

NOTE 2 OPERATING SEGMENTS

The Group's operations are divided into operating segments on the basis of the parts of the operations that the company's highest executive decision-makers monitor (referred to as the "management approach" or company management perspective).

The Group's operations are organized in such a way that Group Management monitors sales generated by the Group's various revenue streams by business area and by geographical area. As Group Management determines the distribution of resources based on this division, they constitute the Group's operating segments.

The Group's operating segments, by business area

	2021	2020
Educational Products	197,408	47,668
Industry/OEM	169,370	57,131
Net sales	**366,778**	**104,799**

The Group's operating segments, by geographic area

	2021	2020
Nordic Region	11,839	4,888
Rest of Europe	84,508	27,662
North and South America	221,274	58,813
Asia	44,000	7,829
Other	5,157	5,607
Net sales	**366,778**	**104,799**

In 2021, the Group had one customer that accounted for more than 10 percent of consolidated total sales. This customer is recognized in the North and South America segment. In 2020, the Group had two customers, each of whom accounted for more than 10 percent of consolidated total sales. These are recognized in the Europe segment and in the North and South America segment respectively.

NOTE 3 EMPLOYEES, PERSONNEL COSTS AND BOARD FEES

Average number of employees

	Total		of whom men	
	2021	2020	2021	2020
Parent Company, Sweden	41	37	29	27
Subsidiaries				
Sweden	16	16	13	13
Israel	33	–	25	–
USA	31	4	27	3
Total	**121**	**57**	**94**	**43**

Of the employees of the Swedish subsidiaries, four individuals are stationed in Germany, one individual is stationed in France and one individual is stationed in Poland. The company also has two individuals in China and one in the UK on consultancy contracts.

The employees of Mimic Technologies are included from the date on which the company was consolidated in the Surgical Science Group, which was

January 27, 2021. The employees of Simbionix Ltd and Simbionix Corp are included from the date on which the company was consolidated into the Surgical Science Group, which was August 24, 2021.

Proportion of women in senior positions

Group	2021	2020
Board of Directors	17%	0%
Management team	25%	17%

Salaries, other compensation and social security contributions

	Salaries and remunerations		Social security costs	
	2021	2020	2021	2020
Parent Company	31,914	24,587	13,463	10,158
– of which, pension costs	(–)	(–)	(4,064)	(3,460)
Subsidiaries	87,752	14,295	16,738	2,895
– of which, pension costs	(–)	(–)	(5,318)	(629)
Total	**119,666**	**38,882**	**30,201**	**13,053**
– of which, pension costs	**(–)**	**(–)**	**(9,382)**	**(4,089)**

Of the Group's pension costs, SEK 683 thousand (581) pertains to the Board of Directors and the CEO, of which SEK 683 thousand (581) pertains to the CEO.

No government subsidies were received with regard to Covid-19.

Salaries and remunerations allocated by country and between Board Members/the CEO and other employees

	Board/CEO		Other employees	
	2021	2020	2021	2020
Parent Company, Sweden	4,105	2,914	27,809	21,673
Subsidiaries				
Sweden	–	–	9,217	9,298
Israel	–	–	38,007	–
USA	–	–	40,527	4,997
Total	**4,105**	**2,914**	**115,560**	**35,968**
– of which bonuses and similar	**(1,060)**	**(866)**	**(4,224)**	**(2,021)**

Board of Directors

Board fees amounting to SEK 370 thousand were paid over the year, in accordance with the resolution by the 2020 Annual General Meeting. As Chairman of the Board, Roland Bengtsson received SEK 123 thousand and the other Board Members received SEK 62 thousand each. No pension costs or other pension obligations apply with regard to Board Members. At the Annual General Meeting on May 12, 2021, it was resolved that Board fees totaling SEK 1,050 thousand should be paid in the period until the ensuing Annual General Meeting. SEK 300 thousand is to be paid to the Chairman of the Board, Roland Bengtsson, and SEK 150 thousand to each of the other Board Members.

CEO

During the financial year 2021, compensation, including holiday pay, totaling SEK 3,736 thousand (2,555) was expensed in payments to CEO Gisli Hennermark, of which SEK 1,060 thousand (866) comprised variable remuneration. No car benefit was provided to the CEO. Premiums for customary occupational pensions in accordance with ITP have been paid. In the event of termination by the company, a notice period of 12 months applies for the CEO. In the event of resignation by the CEO, a notice period of 6 months applies. The CEO's terms of employment are set out in an agreement between the company and the CEO.

Other senior executives

During the 2021 financial year, salaries of SEK 13,922 thousand (5,800) including holiday supplements, were paid to senior executives in the Group's management team of 7 people (5), excluding the CEO, of which SEK 3,840 thousand (657) comprised variable salary components. Variable salary is based on the outcome of various parameters in comparison with established targets. Premiums for customary occupational pensions have been paid. In the event of termination by the company, a notice period of 3-6 months applies for other senior executives. In the event of resignation by a senior executive, a notice period of 3-6 months applies. No loans have been provided to senior executives.

Defined-contribution pension plans

In Sweden, the Group has defined-contribution pension plans for employees, which are paid for in full by the company. In the USA and Israel, defined-contribution plans are provided that are to some extent paid for by the subsidiary and that are partly covered by fees paid by the employees. Payments for these plans are made on an ongoing basis in accordance with the rules of each plan.

	Group		Parent Company	
	2021	2020	2021	2020
Costs for defined-contribution pension plans	9,382	4,089	4,064	3,460

Defined-benefit pension plans

In Israel, the Group also has defined-benefit pension plans for employees paid for by the company. Under the defined-benefit plan, the amounts disbursed are used as investments to be paid to employees in the future on their retirement. The company records an appropriate liability based on actuarial calculations of future benefits and updates this for each reporting period.

NOTE 4 FEES AND COMPENSATION FOR COSTS PAID TO AUDITORS

	Group		Parent Company	
	2021	2020	2021	2020
Audit assignment	629	170	155	125
Audit activities in addition to audit assignments	31	46	–	46
Tax consultancy	43	19	43	19
Other services	167	23	167	23
Total	**870**	**258**	**365**	**213**

KPMG has been the company's auditor since the 2019 Annual General Meeting.

The audit assignment pertains to the examination of the Annual Report and the accounts, as well as of the administration of the company by the Board of Directors and the CEO, other work tasks incumbent upon the company's auditor to perform, and advice or other assistance brought about by observations in conjunction with such review or performance of such other work tasks. Advice on tax issues is recognized separately. Any other work is recognized as other services.

NOTE 5 OPERATING COSTS BY NATURE

	Group	
	2021	2020
Raw materials and consumables	-65,827	-8,906
Capitalized work	10,826	12,779
Personnel costs	-151,452	-53,071
Depreciation/amortization/ impairment	-33,517	-16,976
Other external costs	-72,533	-17,257
Total	**-312,503**	**-83,431**

NOTE 6 LEASES

The Group rents office premises in the following locations:

	Lease valid until
Gothenburg, Sweden	May 31, 2023
Stockholm, Sweden	Jun 30, 2025
Shenzhen, China	Mar 31, 2023
Seattle, USA	Oct 31, 2027
Minneapolis, USA	Mar 31, 2022
Tel Aviv, Israel	Dec 31, 2022

Rent charges are CPI-linked and vary with the market as a whole. Variable charges are invoiced 1:1 retrospectively following annual reconciliation. The leases that have been entered into do not entail any restrictions. Where any remodeling and/or extension work is paid for by the Group, an individual examination is made as to whether the costs should be recognized in the balance sheet or whether they should be expensed in their entirety.

In other respects, the Group has signed leases for a company car and for certain office equipment.

The following amounts related to leases are recognized in the income statement:

	2021	2020
Depreciation of right-of-use assets		
– Properties	7,843	3,801
– Vehicles	29	15
Interest cost, lease liabilities	510	172
Lease costs for current leases and leases of low-value assets	439	213
Total	**8,821**	**4,201**

The following amounts related to leases are recognized in the balance sheet:

	Dec 31, 2021	Dec 31, 2020
Right-of-use assets		
Properties	32,588	9,868
Vehicles	197	107
Total	**32,785**	**9,975**

	Dec 31, 2021	Dec 31, 2020
Accumulated depreciation		
Properties	-7,553	-3,801
Vehicles	-43	-15
Total	**-7,596**	**-3,816**

	Dec 31, 2021	Dec 31, 2020
Lease liabilities		
Current	12,793	3,839
Non-current	12,071	2,320
Total	**24,864**	**6,159**

The maturity analysis for the lease liabilities is presented in Note 22.

Cash flow information, leases:

	2021	2020
Amortization of lease liabilities	7,872	3,816
Interest cost, lease liabilities	510	172
Lease costs for current leases and leases of low-value assets	439	213
Total	**8,821**	**4,201**

Agreed future minimum lease fees for non-cancelable contracts are distributed as follows:

	Parent Company	
	2021	2020
Within one year	2,352	2,156
Within two to five years	1,256	864
Longer than five years	–	–
Total	**3,608**	**3,020**

Expensed fees for operating leases total:

	Parent Company	
	2021	2020
Minimum lease fees	2,326	2,135
Total lease costs	**2,326**	**2,135**

The Group lets a number of VR simulators in accordance with operational leases. The future non-cancelable lease payments are as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Within one year	474	413	474	413
Between one and five years	–	39	–	39
Longer than five years	–	–	–	–
Total	**474**	**452**	**474**	**452**

Lease revenue for the year from operational leases amounts to SEK 1,253 (929) thousand in the Group and SEK 730 thousand (758) in the Parent Company.

NOTE 7 TAXES

Recognized in the Statement of income and other comprehensive income, and in the Income statement respectively.

	Group		Parent Company	
	2021	2020	2021	2020
Current tax cost				
Tax cost for the year	–	-3,576	–	–
Total current tax cost	**–**	**-3,576**	**–**	**–**
Deferred tax				
Amortization of surplus values	2,512	938	–	–
Internal gain, inventory	-14	-82	–	–
Change in untaxed reserves	2,246	-1,147	–	–
Change in tax-loss carry-forwards	15,781	–	5,595	–
Other temporary differences	-81	-185	-22	-103
Total deferred tax	**20,444**	**-477**	**5,572**	**-103**
Total reported tax cost	**20,444**	**-4,053**	**5,572**	**-103**

	Group		Parent Company	
	2021	2020	2021	2020
Reconciliation of effective tax rate				
Profit/loss before tax	65,804	19,659	24,007	-14,539
Tax according to current tax rate for the Parent Company, 20.6% (21.4)	-13,556	-4,207	-4,945	3,111
Effects of other tax rates for foreign subsidiaries	3,355	–	–	–
Utilized non-capitalized tax-loss carry-forwards from previous years	524	–	–	–
Deductible costs, not in income statement	17,483	–	17,483	–
Non-deductible costs	-7,403	-37	-6,857	-3,163
Effect of changed tax rate	–	42	–	–
IFRS 15 adjustments from previous years	-17	-51	-17	-51
Change in tax-loss carry-forwards	15, 781	–	–	–
Other temporary differences	4,277	200	-91	–
Total tax cost	**20,444**	**-4,053**	**5,572**	**-103**

Deductible costs, not in income statement for 2021 above, are attributable to transaction costs regarding share issues in connection with the acquisitions of Mimic Technologies and Simbionix.

Tax attributable to other comprehensive income

	Group					
	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Translation differences for the year on translation of foreign operations	117,592	–	117,592	425	–	425
Other comprehensive income	**117,592**	**–**	**117,592**	**425**	**–**	**425**

	Parent Company					
	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Translation differences for the year on translation of foreign operations	–	–	–	–	–	–
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**

Recognized in the statement of financial position and balance sheet, respectively

	Group		Parent Company	
	2021	2020	2021	2020
Deferred tax assets				
Deferred tax relating to capitalized tax-loss carry-forwards	24,597	6,724	12,232	6,660
Total deferred tax assets	**24,597**	**6,724**	**12,232**	**6,660**

Deferred tax assets pertaining to capitalized tax-loss carry-forwards are included in the statement of financial position as the company's established budget and forecasts assume that the company will report future taxable surpluses in the foreseeable future. The Parent Company's tax-loss carry-forwards and a certain part in Mimic have been recognized as a deferred tax asset in the financial statements. There is no time limit for these tax-loss carry-forwards. Tax-loss carry-forwards in the subsidiary Mimic Technologies, Inc. amount to USD 4.8 million as per the 2020 tax assessment. In the subsidiary Surgical Science, Inc., tax-loss carry-forwards amount to USD 2.7 million as per the 2020 tax assessment (2019: 2.8).

	Group		Parent Company	
	2021	2020	2021	2020
Deferred tax liability				
Deferred tax attributable to surplus value on acquisitions	48,506	7,386	–	–
Deferred tax attributable to untaxed reserves	–	2,275	–	–
Total deferred tax liabilities	**48,506**	**9,661**	**–**	**–**

NOTE 8 INTANGIBLE FIXED ASSETS

	Group		Parent Company	
	2021	2020	2021	2020
Capitalized development costs				
Opening cost	108,597	100,303	104,748	98,671
Capitalized costs for the year	10,506	8,294	7,879	6,077
Closing accumulated cost	**119,103**	**108,597**	**112,627**	**104,748**
Opening amortization	-83,810	-77,084	-83,642	-77,073
Amortization for the year	-7,222	-6,726	-6,569	-6,569
Closing accumulated amortization	**-91,032**	**-83,810**	**-90,211**	**-83,642**
Closing carrying amount	**28,070**	**24,787**	**22,416**	**21,106**

	Group		Parent Company	
	2021	2020	2021	2020
Patents, trademarks, concessions				
Opening cost	10,588	10,588	10,588	10,588
Capitalized costs for the year	731	–	–	–
Increase through acquisitions of operations	50,830	–	–	–
Translation differences	1,231	–	–	–
Closing accumulated cost	**63,380**	**10,588**	**10,588**	**10,588**
Opening amortization	-9,718	-8,741	-9,718	-8,741
Amortization for the year	-1,782	-977	-797	-977
Closing accumulated amortization	**-11,500**	**-9,718**	**-10,515**	**-9,718**
Closing carrying amount	**51,880**	**870**	**73**	**870**
Customer contracts				
Opening cost	43,820	43,820	–	–
Increase through acquisitions of operations	94,704	–	–	–
Translation differences	3,597	–	–	–
Closing accumulated cost	**142,121**	**43,820**	**–**	**–**
Opening amortization	-6,573	-2,191	–	–
Amortization for the year	-9,795	-4,382	–	–
Closing accumulated amortization	**-16,368**	**-6,573**	**–**	**–**
Closing carrying amount	**125,753**	**37,247**	**–**	**–**
Technology				
Opening cost	–	–	–	–
Increase through acquisitions of operations	68,968	–	–	–
Translation differences	1,759	–	–	–
Closing accumulated cost	**70,727**	**–**	**–**	**–**
Opening amortization	–	–	–	–
Depreciation for the year	-2,399	–	–	–
Closing accumulated amortization	**-2,399**	**–**	**–**	**–**
Closing carrying amount	**68,327**	**–**	**–**	**–**
Goodwill				
Opening cost	260,492	260,492	–	–
Increase through acquisitions of operations	2,658,684	–	–	–
Translation differences	100,062	–	–	–
Closing accumulated cost	**3,019,238**	**260,492**	**–**	**–**
Closing carrying amount	**3,019,238**	**260,492**	**–**	**–**

In the income statement, amortization has been distributed according to function as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Cost of goods sold	-210	-242	-210	-242
Sales costs	-10,685	-4,383	–	–
Administration costs	-775	-680	-680	-680
Research and development costs	-9,528	-6,781	-6,476	-6,622
Total amortization	**-21,198**	**-12,086**	**-7,366**	**-7,544**

The Group's goodwill is attributable to the acquisitions of subsidiaries Simball Systems AB, SenseGraphics AB, Mimic Technologies Inc, Simbionix Ltd and their operations.

Goodwill has been tested for impairment based on budget and forecasts, where the first year of the forecast is based on the company's budget and the subsequent four years are based on historical growth rates adjusted for management's forecasts for the future. The forecasts have been produced internally by company management based on historical data, management's combined experience and their best assessment of the company's development potential and market growth. The cash flows forecast after five years have been based on a conservative growth rate of 1 percent annually. The forecast cash flows have been calculated at their present value applying a discount rate of 10.2 (9.0) percent before tax. The most important variables in the forecast are growth, gross margin, sales costs and investments. The calculation is based on a continued favorable gross margin and the need for investment has been judged as relatively low. Working capital has been assumed to change in proportion to sales and the debt/equity ratio is judged as remaining unchanged as growth is assumed to take place within the framework of existing operations and using the Group's own funds. The recoverable amount, which is calculated within the Group as value in use, exceeds the carrying amount. Management believes that no reasonable changes in key variables and assumptions will lead to the units' recoverable amount being lower than the reported values.

To support the impairment tests performed by goodwill, an overall analysis has been made of the sensitivity of the variables used in the model. Assuming that the discount rate increases to 11.4 percent shows that the recoverable amounts still exceed the reported values. Other assumptions, such as gross margin, investment needs and growth rate have been assumed to remain constant. Reasonable changes in these assumptions over time are not assumed to give rise to any indication that the reported goodwill values cannot be defended.

NOTE 9 TANGIBLE FIXED ASSETS

	Group		Parent Company	
	2021	2020	2021	2020
Equipment				
Opening cost	16,190	15,100	5,423	5,467
Acquisitions for the year	3,871	399	921	322
Increase through acquisitions of operations	10,216	–	–	–
Divestments, disposals	–	-366	–	-366
Transfers	27,281	1,057	–	–
Exchange rate differences	983	–	–	–
Closing accumulated cost	**58,541**	**16,190**	**6,344**	**5,423**
Opening depreciation	-7,642	-6,029	-3,249	-2,596
Divestments, disposals	–	295	–	295
Depreciation for the year	-12,319	-4,890	-940	-948
Transfers	–	2,984	–	–
Exchange rate differences	-187	-2	–	–
Closing accumulated depreciation	**-20,148**	**-7,642**	**-4,189**	**-3,249**
Closing carrying amount	**38,393**	**8,548**	**2,155**	**2,174**

In the income statement, depreciation has been distributed according to function as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Cost of goods sold	-695	-51	-9	-9
Sales costs	-703	-747	-652	-712
Administration costs	-10,867	-4,031	-243	-215
Research and development costs	-54	-61	-36	-12
Total depreciation	**-12,319**	**-4,890**	**-940**	**-948**

NOTE 10 ACQUISITION OF BUSINESS – MIMIC

On January 20, 2021, a conditional agreement was entered into to acquire all of the shares in Mimic Technologies Inc. ("Mimic") for an initial purchase consideration of USD 18 million (approximately SEK 150 million) on a cash and debt-free basis. In addition, a maximum USD 15.6 million (approximately SEK 131 million at the time of the acquisition) may be paid as a deferred contingent consideration linked to predetermined sales levels in 2021, 2022 and 2023. Accordingly, the total purchase consideration that may be payable if all of the conditions are met, amounts to a maximum of USD 33.6 million (approximately SEK 281 million). The acquisition provides Surgical Science with an additional customer base in robotic surgery, contributes data collection/analysis technology and significantly strengthens the presence in the important US market. Mimic has offices in Seattle, Washington in the US and had 25 employees at the end of December.

In 2019, Mimic generated sales of USD 6.0 million with a marginally positive operating profit and net profit. In 2020, sales fell sharply, mainly due to Covid-19, which affected Mimic's hardware sales, but also due to the lack of license sales to the former largest customer, Intuitive. At the same time, new customers, such as Medtronic and Medicaroid, had yet to commence sales of their robots. Sales for 2020 amounted to USD 2.0 million, with a net loss of approximately USD 3.4 million.

To finance the acquisition, a private placement was conducted, in which a number of new and existing Swedish and international institutional investors subscribed for shares. The new share issue amounted to approximately SEK 322 million before transaction-related costs. The net proceeds from the private placement will be used to finance the purchase consideration in connection with the acquisition of Mimic and for strategic corporate purposes.

The subscription price for the new share issue was SEK 98.30 per share, corresponding to a premium of approximately 1 percent at the closing price of SEK 97.40 per share that day, which was determined through an accelerated book building procedure.

In accordance with, and as an integral part of the acquisition, Mimic's largest shareholder, Jeff Berkley, received shares in Surgical Science corresponding to SEK 16.7 million of the initial purchase consideration. Because the acquisition was structured as a merger, technicalities required this to be achieved through a cash reinvestment in which Jeff Berkley acquired shares in Surgical Science. For this purpose, 169,800 shares were issued. The subscription price was SEK 98.30 per share.

The Annual General Meeting of Surgical Science on May 6, 2020 authorized the Board of Directors, for the period until the end of the next Annual General Meeting, to approve, on one or more occasions, new share issues of shares corresponding to at most 10 percent of the company's share capital, with or without deviating from the preferential rights of existing shareholders. This authorization was exercized to implement the aforementioned new share issues.

For further information, please refer to the company's press releases of January 20 and January 27, 2021.

The transfer of ownership took place on January 27, 2021, once all of the terms of transfer had been met. In addition to Mimic Technologies, Inc., a dormant company, Mimic Medical Education and Development LLC, was included in the acquisition. The companies are consolidated into Surgical Science's accounts as of the closing date. Final settlement in accordance with the purchase agreement took place on April 21, 2021 when USD 205 thousand was repaid to Surgical Science. The acquisition has had the following effect on the Group's assets and liabilities.

Carrying amount of identifiable assets and liabilities at the time of acquisition

	Recognized value in Mimic as of January 26, 2021	Fair value adjustment	Fair value recognized in the Group
Intangible fixed assets	1,134	35,188	36,322
Tangible fixed assets	206		206
Non-current receivables	141		141
Deferred tax assets	9,671		9,671
Inventories	8,711	-2,508	6,202
Current receivables	5,249		5,249
Prepaid costs and accrued income	1,547		1,547
Cash and cash equivalents	2,276		2,276
Interest-bearing liabilities	-24,340		-24,340
Non-interest-bearing liabilities	-1,197		-1,197
Deferred tax liability		-7,249	-7,249
Accounts payable	-11,296		-11,296
Other current liabilities	-4,504		-4,504
Prepaid income and accrued costs	-2,450	-2,994	-5,445
Net identifiable assets and liabilities	**-14,852**	**22,437**	**7,584**
Group goodwill			236,788
Purchase consideration			**244,372**

The total transferred consideration of USD 13.6 million (SEK 113.7 million) was paid in cash. The surplus value attributable to the acquisition amounted to SEK 266.5 million. The portion of the surplus value classified as intangible fixed assets amounted to USD 4.2 million with an amortization period of ten years and was attributable to customer contracts. In the Group, the asset is translated into SEK at the exchange rate on the balance sheet date and amortization is translated at the average exchange rate. The remainder of the surplus value is attributable to goodwill, mainly reflecting synergy effects in the form of increased potential sales value per customer and increased sales potential for new customers.

The fair value of the acquired receivables is estimated to correspond to the carrying amount. It is expected that the total amount will be received.

Acquisition-related costs of SEK 6.4 million, not directly attributable to the share issue, are included in the income statement under the Group's administration costs and in the cash flow statement under operating activities. In the Parent Company, these costs have been booked against shares in subsidiaries. Costs attributable to the cash issue of SEK 13.0 million have been recognized in Shareholders' equity.

Over the slightly more than 11 months between the acquisition date and December 31, 2021, the acquired subsidiaries contributed SEK 33.3 million to the Group's revenues and negatively by SEK 6.2 million to the Group's profit after tax. Had the acquisition occurred on January 1, 2021, management estimates that the contribution to the Group's revenues for the period January – December 2021 would have been SEK 35.2 million and the contribution to the Group's profit after tax for the same period would have been a negative SEK 7.7 million.

NOTE 11 ACQUISITION OF BUSINESS – SIMBIONIX

On July 28, 2021, a conditional agreement was entered into to acquire all of the shares in Simbionix USA Corp. for a purchase consideration of USD 305 million (approximately SEK 2,670 million) on a cash and debt-free basis. The acquisition further strengthens Surgical Science's position in simulation for robotic surgery and broadens the operations with new application areas.

Simbionix generated sales of USD 45.6 million in 2019, with an operating profit of USD 8.1 million. In 2020, sales were affected by Covid-19, primarily with regard to sales of proprietary simulators. Sales for 2020 amounted to USD 40.8 million, with an operating profit of USD 5.8 million.

To finance the acquisition, a private placement was conducted, with several new and existing Swedish and international institutional investors, including: DNCA Investments, Fjärde AP-fonden, Handelsbanken Fonder, Joh. Berenberg, Gossler & Co. KG, Montanaro Asset Management and TIN Fonder, subscribing for shares. The new share issue amounted to approximately SEK 2.7 billion before transaction-related costs. The subscription price was SEK 210.00 per share.

On August 16, 2021, an Extraordinary General Meeting was held, at which the directed share issue was approved. For further information, please refer to the company's press releases of July 28 and 29, and of August 16, 2021.

The transfer of ownership of the shares in Simbionix USA Corp. and its subsidiary Simbionix Ltd took place on August 24, 2021 once all of the terms of the transfer had been met. The companies are consolidated into Surgical Science's accounts as of the closing date. Final settlement in accordance with the purchase agreement took place on December 13, 2021 when USD 2,836 thousand was repaid to Surgical Science. The acquisition has had the following effect on the Group's assets and liabilities.

Carrying amount of identifiable assets and liabilities at the time of acquisition

	Recognized value in Simbionix as of August 23, 2021	Fair value adjustment	Fair value recognized in the Group
Intangible fixed assets	2,092	176,621	178,713
Tangible fixed assets	10,284		10,284
Deferred tax assets	1,838		1,838
Deposits	3,667		3,667
Inventories	100,905		100,905
Accounts receivable	32,506		32,506
Other current receivables	3,527		3,527
Prepaid costs and accrued income	12,568		12,568
Cash and cash equivalents	38,361		38,361
Non-interest-bearing liabilities	-7,623		-7,623
Deferred tax liability	-61	-36,384	-36,445
Accounts payable	-23,579		-23,579
Other current liabilities	-26,861		-26,861
Prepaid income and accrued costs	-64,600		-64,600
Net identifiable assets and liabilities	**83,024**	**140,237**	**223,261**
Group goodwill			2,421,896
Purchase consideration			**2,645,157**

The total transferred consideration of USD 302.2 million (SEK 2,645.2 million) was paid in cash. The surplus value attributable to the acquisition amounted to SEK 2,598.5 million. The share of the surplus value classified as intangible fixed assets amounted to USD 20.2 million. Of this amount, USD 6.8 million comprises customer contracts, USD 7.9 million comprises technology and USD 5.5 million comprises brands. Customer contracts and technology are amortized over a period of ten years, while brands are not amortized. In the Group, the assets are translated into SEK at the exchange rate on the balance sheet date and amortization is translated at the average exchange rate. The remainder of the surplus value is attributable to goodwill, mainly reflecting synergy effects in the form of increased potential sales value per customer and increased sales potential for new customers.

The fair value of the acquired receivables is estimated to correspond to the carrying amount. It is expected that the total amount will be received.

Acquisition-related costs of SEK 22.1 million, not directly attributable to the share issue, are included in the income statement under the Group's administration costs and in the cash flow statement under operating activities. In the Parent Company, these costs have been booked against shares in subsidiaries. Costs attributable to the cash issue of SEK 71.9 million have been recognized in shareholders' equity.

Over the slightly more than four months between the acquisition date and December 31, 2021, the acquired subsidiaries contributed SEK 178.8 million to the Group's revenues and SEK 49.2 million to the Group's profit after tax. Had the acquisition occurred on January 1, 2021, management estimates that the contribution to the Group's revenues for the period January – December 2021 would have been SEK 407.2 million and the contribution to the Group's profit after tax for the same period would have been SEK 68.4 million.

NOTE 12 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2021	2020
Opening cost	338,449	338,551
Acquisitions during the year	2,901,286	–
Impairment of shares	-5,050	–
Divestments during the year	–	-101
Closing carrying amount	**3,234,685**	**338,449**

Companies owned by Surgical Science Sweden AB (publ):

				Carrying amount	
Company	Corp. Reg. No.	Registered office	Share in %	Dec 31, 2021	Dec 31, 2020
SenseGraphics AB	556659-3512	Gothenburg, Sweden	100	325,079	325,079
Mimic Technologies, Inc.	602 100 810	Seattle, USA	100	234,017	–
Simbionix, Corp	02 0530 940	Seattle, USA	100	2,667,269	–
– Simbionix, Ltd.	51 251814 3	Airport City, Israel	100		
Surgical Science, Inc.	20-8758443	Minnesota, USA	100	6,658	6,658
Surgical Science Incentive AB	559107-8448	Gothenburg, Sweden	100	50	50
Simball Systems AB	559115-4702	Gothenburg, Sweden	100	50	5,100
Medicinsim AB	556935-1231	Gothenburg, Sweden	100	1,562	1,562
Total				**3,234,685**	**338,449**

NOTE 13 INVENTORIES

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Raw materials and consumables	93,508	10,702	8,253	10,702
Finished goods and goods for sale	19,599	1,757	1,277	1,286
Total	**113,107**	**12,459**	**9,530**	**11,988**

NOTE 14 RECEIVABLES AND LIABILITIES FROM GROUP COMPANIES

	Parent Company	
Receivables from	Dec 31, 2021	Dec 31, 2020
Surgical Science, Inc.	17,498	10,434
Mimic Technologies, Inc.	6,694	–
Simbionix Ltd.	24,710	–
Simball Systems AB	107	150
Surgical Science Incentive AB	458	459
SenseGraphics AB	37,081	3,043
Total	**86,549**	**14,086**

	Parent Company	
Liabilities to	Dec 31, 2021	Dec 31, 2020
Mimic Technologies, Inc.	35	–
Simbionix, Corp.	104	–
Simbionix Ltd.	1,592	–
Medicinsim AB	4	4
Total	**1,735**	**4**

NOTE 15 ACCOUNTS RECEIVABLE

Accounts receivables are recognized after taking customer losses for the year into account. No customer losses (–) were established as having been incurred in the Parent Company in 2021, nor were any provisions made for such. No provisions for customer losses (–) were made in the Group. Established customer losses amounted to SEK 112 thousand (–).

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Accounts receivable	110,645	18,590	15,496	13,251
Age structure accounts receivable				
Not due	70,372	15,749	11,242	10,653
Past due 0-30 days	19,602	551	2,633	551
Past due 31-90 days	15,475	641	552	641
Past due 91-180 days	4,015	208	–	208
Past due >180 days	1,181	1,441	1,069	1,198
Total	**110,645**	**18,590**	**15,496**	**13,251**

NOTE 16 PREPAID COSTS AND ACCRUED INCOME

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Rent and other property costs	1,085	878	661	577
Prepaid insurance	1,386	587	893	587
Other prepaid costs	4,862	239	495	223
Accrued income	46,828	8,949	13,750	–
Total	**54,161**	**10,653**	**15,799**	**1,387**

NOTE 17 CASH AND CASH EQUIVALENTS

In the cash flow statement, cash and cash equivalents comprise the following sub-components:

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Cash in hand and bank deposits	316,680	87,157	143,203	14,849
Total	**316,680**	**87,157**	**143,203**	**14,849**

No current investments were made (–).

The Group does not have an overdraft facility (–).

NOTE 18 SHAREHOLDERS' EQUITY

Share capital

There is only one class of shares, all shares carry the same rights and have a quota value of SEK 0.05 per share (0.05). As of December 31, 2021, the registered share capital amounted to SEK 2,540,062 (1,724,738).

	Dec 31, 2021	Dec 31, 2020
Opening number of shares	34,494,760	6,724,352
Shares issued during the year	16,306,476	174,600
Split 5:1	–	27,595,808
Closing number of shares	**50,801,236**	**34,494,760**

Other capital contributions

Refers to shareholders' equity contributed by shareholders

Provisions

Provisions comprise translation reserves including all exchange rate differences arising in translating the financial reports from operations abroad that have prepared their own financial statements in a currency other than the one

that the Group's financial reports are presented in. The Parent Company and the Group present their financial reports in Swedish kronor.

Accumulated exchange rate differences in shareholders' equity

	Group	
	2021	2020
Opening balance	140	-285
Exchange rate difference for the year in foreign subsidiaries, net after tax	117, 592	425
Total	**117, 732**	**140**

The disclosure requirement in accordance with Chapter 5, Section 14 of the Annual Accounts Act regarding the specification of changes in shareholders' equity compared with the previous year's balance sheet is stated in the statement of changes in shareholders' equity.

Profit/loss brought forward
Profit/loss brought forward includes profits/losses incurred in the Parent Company and its subsidiaries.

Restricted funds
Restricted funds in the Parent Company may not be reduced through dividends.

Share premium reserve
Funds in the share premium reserve from before 2006 are classified as restricted shareholders' equity.

Development expenditure fund
The capitalized amount with regard to development costs generated in-house is to be transferred from unrestricted shareholders' equity to a development expenditure fund in restricted shareholders' equity. The fund is depleted as capitalized costs are amortized or impaired. This is handled similarly to a revaluation fund.

Non-restricted shareholders' equity
Together with profit/loss for the year, profit/loss brought forward in the Parent Company (that is, the share premium reserve, profit/loss brought forward from previous years and profit/loss for the year after deductions for dividends paid), constitute unrestricted shareholders' equity, that is, the amount available for dividends to shareholders.

In 2019, Surgical Science's Board of Directors adopted a new dividend policy, see also page 34. No dividend was paid for the 2020 financial year, nor is it proposed that any be paid for the 2021 financial year.

NOTE 19 EARNINGS PER SHARE

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

Earnings per share	2021	2020
Consolidated profit for the year, SEK thousands	86,248	15,606
Weighted average number of shares, before dilution	42,488,247	34,370,387
Dilution effect of options program	181,035	–
Weighted average number of shares after dilution	42,669,282	34,370,387
Earnings per share before dilution, SEK	2.03	0.45
Earnings per share after dilution, SEK	2.02	0.45

Warrants program
Surgical Science's Annual General Meeting on May 6, 2020 resolved to establish an incentive program for company employees. The incentive program allowed company employees to acquire warrants for a premium of SEK 6.60 each. Each warrant entitles the holder to subscribe for one share in the company for SEK 85.10 during the period May 15 – July 15, 2023. An initial 225,000 warrants were subscribed within the warrants program.

The incentive program includes 300,000 warrants at most. During the period January – December 2021, both the average share price for the period and the closing price as of the balance sheet date exceeded the exercise price for the warrants program. The dilution effect for the year has been calculated at 181,035 and for the balance sheet date to 209,177 shares. Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 15,000 and the number of shares by 300,000, corresponding to the dilution of the total number of shares and votes by about 0.6 percent.

NOTE 20 NON-CURRENT LIABILITIES

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Lease liability	12,071	2,320	–	–
Deferred contingent consideration	70,686	–	–	–
Other non-current liabilities	29,419	1,965	450	1,965
Total	**112,176**	**4,285**	**450**	**1,965**

All non-current liabilities have maturities 1-5 years from the balance-sheet date. All other non-current liabilities are non-interest-bearing in both the Group and the Parent Company.

NOTE 21 ACCRUED COSTS AND PREPAID REVENUES

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Personnel-related items	27,342	5,481	9,351	4,807
Other accrued costs	76,840	4,385	5,330	3,252
Deferred income	16,952	4,940	5,938	3,109
Total	**121,134**	**14,806**	**20,619**	**11,168**

NOTE 22 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Capital risk
The Group's goal for the capital structure is to secure the Group's capacity to continue operating so that it can continue to generate returns for shareholders and benefit for other stakeholders as well as establishing an optimal capital structure to keep the costs of capital down. In order to maintain or adjust the capital structure, the Group may make changes in dividends to shareholders, repay capital to shareholders, issue new shares or sell/buy assets.

Surgical Science's Board of Directors takes the view that the company should maintain a strong capital base to enable a continued high pace of growth, both organically and through acquisitions. The objective is for the Group to be able to meet its financial commitments during both upswings and downswings, without significant unforeseen costs and without risking the Group's reputation. Liquidity risks are managed centrally for the entire Group by the finance department.

Financial Policy
Surgical Science maintains a Group policy for its financial operations, which defines financial risks and states how the company is to manage these risks. The policy also states which reports are to be prepared.

Terms and conditions
Maturity structure, financial liabilities:

	Within 1 year	2 years	3 years	4 years	>4 years	Total
Dec 31, 2020						
Accounts payable	2,304	–	–	–	–	2,304
Lease liabilities	3,839	1,641	679	–	–	6,159
Other liabilities	524	393	393	393	786	2,489
Dec 31, 2021						
Accounts payable	34,368	–	–	–	–	34,368
Lease liabilities	12,793	4,226	3,231	2,362	2,252	24,864
Other liabilities	52,853	70,986	150	–	–	123,989

Surgical Science currently has no credit frameworks (–). The Group did not have any interest-bearing liabilities during the year. The interest costs recognized for the year refer to default interest on accounts payable and interest costs on tax accounts.

Credit risks
The Group's financial assets are recognized at SEK 439.5 million (115.0), of which SEK 316.7 million (87.2) relates to cash and cash equivalents. The Group has traditionally experienced low credit losses and this was also true of 2021. The risk is limited by means of creditworthiness checks and advance payments by new customers, as well as through close customer follow-up in collaboration between the finance and marketing functions. Furthermore, an individual assessment was made of accounts receivable regarding payment capacity and creditworthiness as per the balance sheet date.

Currency risks
Currency risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates. This risk is related to changes in expected and contracted payment flows (transaction exposure), revaluation of foreign subsidiaries' assets and liabilities in foreign currency (translation exposure) and financial exposure in the form of currency risks in payment flows in loans and investments. The company is affected by variations in exchange rates. The objective is to minimize the impact of these changes where practicable.

Changes in USD and EUR have the greatest impact on the Group.

External sales by the US subsidiary are made entirely in USD. The inflow is matched against the subsidiary's outflow in the form of costs, which are also mainly in USD.

Of the external sales by the Swedish operations, 46 percent (41) are made in EUR, 40 percent (40) in USD, and 14 percent (19) in other currencies, predominantly SEK, DKK, NOK and GBP. Most of the costs for the Swedish units are in SEK, with some costs also being in EUR and USD. As far as possible, this outflow is matched against the inflow in each currency.

Of the external sales by the Israeli operations, 27 percent are in EUR, 70 percent in USD, and 3 percent in other currencies, predominantly in ILS, NOK and DKK. Most of the costs of the Israeli unit are in ILS, although some costs are also in EUR and USD.

NOTE 23 FAIR VALUE AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Group
Financial assets and liabilities are measured at amortized cost. Liabilities for deferred contingent considerations based on sales are measured at fair value. The carrying amounts of SEK 439.5 million (115.0) and SEK 317.6 million (15.3) respectively are considered reasonable approximations of the fair value of the Group's assets and liabilities (other items excluding deferred contingent considerations based on sales) in the balance sheet. No forward hedging has been arranged for the currency components included in the above amounts.

Parent Company
Financial assets and liabilities are measured at amortized cost. Liabilities for deferred contingent considerations based on sales are measured at their probable outcome. The carrying amounts of SEK 245.3 million (42.2) and SEK 137.9 million (8.3) are considered reasonable approximations of the fair value of the Group's assets and liabilities in the balance sheet. No forward hedging has been arranged for the currency components included in the above amounts.

	Loans and account receivables			
	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Assets in the balance sheet				
Loans and contract receivables	112,436	18,735	102,087	27,470
Cash and cash equivalents	316,680	87,157	143,203	14,849
Total	**429,116**	**105,892**	**245,290**	**42,319**

	Financial liabilities			
	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Liabilities in the balance sheet				
Accounts payable	34,368	2,304	4,839	1,754
Other liabilities	148,852	8,648	123,993	2,489
Total	**183,220**	**10,952**	**128,832**	**4,243**

There are also accrued income and accrued costs, which are classified as financial assets and financial liabilities, respectively. See Notes 16 and 21.

NOT 24 PROVISIONS

	Parent Company	
	2021	2020
Opening current provisions	–	–
Current provisions	52,553	–
Closing current provisions	**52,553**	**–**

	Parent Company	
	2021	2020
Opening non-current provisions	–	–
Non-current provisions	70,686	–
Closing non-current provisions	**70,686**	**–**

The above current and non-current provisions relate to the deferred contingent consideration that arose in connection with the acquisition of Mimic Technologies, Inc., see Note 10.

NOTE 25 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Floating charges	16,109	12,600	12,600	12,600
Contingent liabilities	11,015	–	–	–
Total	**27,124**	**12,600**	**12,600**	**12,600**

Of the floating charges above, as of 31 Dec 2021 and 31 Dec 2020, SEK 10,000 thousand is held in the Group's own custody.

NOTE 26 DISPOSAL OF THE COMPANY'S PROFIT

Proposal for the disposal of the company's profit

2021, SEK	
Share premium reserve	3,317,455,697
Profit/loss brought forward	-24,166,954
Profit for the year	29,578,902
Amount at the disposal of the Annual General Meeting	**3,322,867,645**
To be carried forward	3,322,867,645

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

Related-party relationships
The Parent Company has a related party relationship with its subsidiaries (see Note 12). Of the Parent Company's total income and purchases, respectively, SEK 11,954 thousand (5,326) pertains to income from the subsidiaries and SEK 3,669 thousand (2,927) pertains to purchases by the subsidiaries.

Internal pricing between the Group's companies is set based on the "arm's length" principle (i.e. between parties that are independent of each other, well-informed and with an interest in the transactions).

Transactions with key persons in executive positions
In addition to his Board fees, Board Member Thomas Eklund received consulting fees of SEK 248 thousand for his work on acquisition strategies in 2021. The cost has been recognized under administration costs.

Other remuneration is included in the note "Employees, personnel costs and Board fees" (see Note 3).

NOTE 28 EVENTS AFTER THE BALANCE SHEET DATE

On January 25, 2022, Surgical Science presented new financial targets, see the administration report.

No other events have occurred after the balance sheet date that would, in material respects affect the assessment of the financial information in this report.

NOTE 29 CRITICAL ASSESSMENTS AND ESTIMATES

Recovery of the value of development costs
There are no indications of further impairment as of December 31, 2021. The projects that have been capitalized can with reasonable certainty be assumed to generate revenue-generating products in the near future. For further information, see Note 1 Accounting policies.

Impairment testing of goodwill
When calculating the recoverable amount of cash-generating units for assessing any need for impairment of goodwill, several assumptions about future conditions and estimates of parameters have been made. An account of these can be found in Note 8.

CERTIFICATION

The Board of Directors and the CEO certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the Consolidated Financial Statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July, 2002 on the application of international accounting standards. The Annual Report and Consolidated Financial Statements give a true and fair view of the Parent Company's and the Group's position and results. The Administration Report for the Parent Company and the Group provides a true and fair view of the development of operations, position and earnings of the Parent Company and the Group and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The Annual Report and Consolidated Financial Statements were approved for issue by the Board of Directors and the CEO on April 8, 2022. The consolidated statement of income and other comprehensive income, the consolidated balance sheet, and the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting of May 12, 2022.

Gothenburg, Sweden, April 8, 2022

Gisli Hennermark
CEO

Thomas Eklund
Board Member

Jan Bengtsson
Board Member

Elisabeth Hansson
Board Member

Tommy Forsell
Board Member

Henrik Falconer
Board Member

Roland Bengtsson
Chairman of the Board

Our audit report was submitted on April 8, 2022

KPMG AB

Jan Malm
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Surgical Science Sweden AB (publ), corp. id 556544-8783

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Surgical Science Sweden AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 39-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-38 and 69-72. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Surgical Science Sweden AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

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

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

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

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

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

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

Gothenburg, Sweden, April 8, 2022

KPMG AB

Jan Malm
Authorized Public Accountant

BOARD OF DIRECTORS

Roland Bengtsson, Chairman of the Board

Born 1955. MSc, University of Gothenburg. Board Member since 2005, Chairman of the Board 2011-2015 and since 2017.

Other assignments: Board Member of Semelin Kapitalförvaltning AB, Stiftelsen Eken and a number of smaller, privately owned companies.

Shareholding in Surgical Science: 6,394,617 shares through Semelin Kapitalförvaltning AB

Thomas Eklund

Born 1967. Master, Business Administration, Stockholm School of Economics. Board Member since 2017.

Other assignments: Chairman of the Board of Sedana Medical AB, Mabtech AB and Immedica AB. Board Member of Biotage AB and Boule Diagnostics AB.

Shareholding in Surgical Science: 1,000 shares

Elisabeth Hansson

Born 1975. Board Member since 2021.

Other assignments: Board Member of GHP Specialty Care and Mentor International. CFO SJ AB.

Shareholding in Surgical Science: 1,300 shares

Henrik Falconer

Born 1973. Board Member since 2021.

Other assignments: Board Member of the Society of European Robotic Gynecological Surgery (SERGS). Chief Physician and Head of the Gynecological Cancer Section, Karolinska University Hospital. Head of Robot Gynecological Surgery since 2013.

Shareholding in Surgical Science: 209 shares

Tommy Forsell

Born 1953. Board Member since 2019.

Other assignments: Chairman of the Board of Landsnora Software AB and Diamond Head AB. Board Member of Landsnora Technologies AB, Tracklib Holdings and Tebrito AB and Deputy Board Member of Forsell Consultant AB and Winterstorm Technologies AB.

Shareholding in Surgical Science: 2,788,370 shares through Landsnora Software AB

Jan Bengtsson

Born 1944. Technology licentiate, Chalmers University of Technology and Business Administration, University of Gothenburg. Board Member since 2005, Chairman of the Board 2005-2011.

Other assignments: Chairman of the Board of Rosenblad Design AB, Rosenblad Design Group Inc. and Marknadspotential AB. Board Member of Swede Ship Marine Aktiebolag, Arctic Engineering AB and ZMek Fastighet & Förvaltning AB.

Shareholding in Surgical Science: 8,356,075 shares through Marknadspotential AB

Shareholding including holdings of spouse, children not yet of legal age and closely related companies.

SENIOR EXECUTIVES

Gisli Hennermark

Born 1972. MBA, Stockholm School of Economics. CEO since 2015, employed since 2017.

Other assignments: Board Member of Panasari AB, Espansari AB and Zipreneur AB.

Shareholding in Surgical Science: 363,200 shares and 97,500 options

Anna Ahlberg

Born 1970. MBA, Gothenburg School of Economics and Commercial Law. CFO since 2018, employed since 2018.

Other assignments: Board Member of Irisity AB and of companies within the Surgical Science Group.

Shareholding in Surgical Science: 22,500 shares and 32,500 options

Ran Bronstein

Born 1964. M.Sc, The Hebrew University of Jerusalem. President R&D since 2021, employed by Simbionix since 1998.

Other assignments: –

Shareholding in Surgical Science: 21,638 shares

Anders Larsson

Born 1973. Studies in Computer Science, University of Gothenburg. CTO since 1999, employed since 1999.

Other assignments: –

Shareholding in Surgical Science: 47,500 shares and 37,500 options

Inbal Mazor

Born 1969. B.Sc., Tel Aviv University and MBA Marketing, Bar-Ilan University. VP Products & Marketing since 2021, employed by Simbionix since 2000.

Other assignments: –

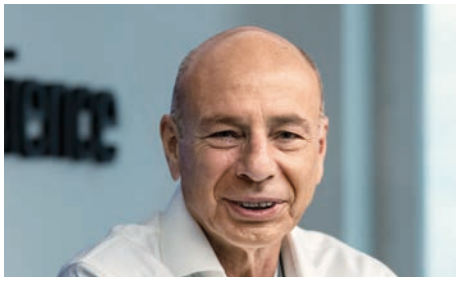
Shareholding in Surgical Science: 18,543 shares

Boaz Tal

Born 1968. L.L.B. and BA in Accountancy and Economics, both from the Tel Aviv University. COO since 2021, employed by Simbionix since 2006.

Other assignments: –

Shareholding in Surgical Science: 18,543 shares



Doron Zilberman

Born 1962. Vice President for International Sales since 2021, employed by Simbionix since 2000.

Other assignments: –

Shareholding in Surgical Science: 5,150 shares

Jan Östman

Born 1967. M.Sc, Luleå University of Technology, MBA, University of Washington Foster School of Business, USA. President Surgical Science North America since 2021, employed since 2018.

Other assignments: –

Shareholding in Surgical Science: 3,750 options

Shareholding including holdings of spouse, children not yet of legal age and closely related companies.

SHAREHOLDER INFORMATION

Annual General Meeting 2022

The Annual General Meeting of Surgical Science AB (publ) will be held on May 12, 2022. For further information, see www.surgicalscience.com.

Distribution of the Annual Report

Surgical Science's Annual Report is available in Swedish and English. The Annual Report can be downloaded from www.surgicalscience.com and printed copies will be sent to shareholders who so requests and who state their postal address.

Reports 2022

Interim report January-March:
Wednesday, May 11

Interim report January–June:
Thursday, August 25

Interim report January-September:
Thursday, November 10

Investor relations

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gisli.hennermark@surgicalscience.com

Anna Ahlberg, CFO
Phone: +46 70-855 38 35
anna.ahlberg@surgicalscience.com

Auditors

KPMG AB has been the company's auditor since the 2019 Annual General Meeting, with Jan Malm as principal auditor. Jan Malm, born 1960, is an Authorized Public Accountant and a member of FAR, the sector association for auditors in Sweden.

KPMG
Norra Hamngatan 22
Box 11908
SE-404 39 Göteborg
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Certified Adviser

The company's Certified Adviser is Erik Penser Bank
Phone: +46 8 463 83 00
e-mail: certifiedadviser@penser.se

This is a translation of the Swedish version of the annual report. When in doubt, the Swedish wording prevails.

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