
INTERIM REPORT

JANUARY – MARCH 2022

SURGICAL SCIENCE SWEDEN AB (PUBL)



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 device companies that develop surgical 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, France 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.

A STRONG START TO THE YEAR

FIRST QUARTER OF 2022 (JAN – MAR)

- Net sales amounted to SEK 159.1 million (37.2), corresponding to an increase of 328 percent compared with the corresponding period in the preceding year.
- Simbionix is included in the amount of SEK 115.2 million. For comparable units, sales increased by 32 percent.
- Operating profit amounted to SEK 20.0 million (2.2).
- Net profit amounted to SEK 16.5 million (1.5), corresponding to earnings per share of SEK 0.32 (0.04).
- Cash flow from operating activities amounted to an inflow of SEK 11.1 million (outflow 8.9). As of March 31, 2022, cash and cash equivalents amounted to SEK 329.9 million (263.7).

Key figures

	January – March		Full-year
	2022	2021	2021
Net sales, SEK million	159.1	37.2	366.8
Operating profit (EBIT), SEK million	20.0	2.2	56.5
Adjusted EBIT, SEK million	25.5	4.0	68.7
Adjusted EBIT margin, %	16.0	10.6	18.7
Profit after financial items, SEK million	17.9	-2.0	65.8
Net profit, SEK million	16.5	1.5	86.2
No. employees at end of period	224	83	209
Equity/assets ratio, %	89.9	78.3	90.1
Earnings per share, SEK	0.32	0.04	2.03
Shareholders' equity per share, SEK	72.32	19.86	70.57
Share price on the balance sheet date, SEK	204.50	115.40	281.50
Market cap. on balance sheet date, SEK million	10,388.9	4,378.8	14,300.5

For definitions, see page 15.

A MESSAGE FROM THE CEO

Growth remained strong during the first quarter of 2022. Sales of SEK 159 million entail growth of slightly more than 30 percent for comparable units. Growth was driven by Educational Products, where customers are now increasing their investments due to the pent-up demand following Covid-19. Although Industry/OEM experienced some delays in license revenue due to customers' component issues, the area otherwise performed well. We expect license revenues to be adjusted upwards over the upcoming quarters as customers in robotic surgery get the simulators they have ordered delivered. Profitability, in terms of the adjusted EBIT margin, strengthened to 16 percent, which is a good figure for the first quarter of the year.

The gross margin of 65 percent was slightly lower than we sought. To better understand the dynamics, we have now begun to report the various revenue streams (see Note 2). When license revenue in the Industry/OEM business area is lower than normal, this has a direct impact on the gross margin. Supply chains remain messy and customers in robotic surgery are burdened by delays due to shortages of components, affecting the hardware required for our simulation software. Although it is difficult to obtain full visibility of the issues, we are receiving indications that license revenue will increase in the upcoming quarters. The key messages are 1) that the robot surgery segment continues to grow as expected, although our revenue curve here is more sluggish 2) that we have managed to parry cost increases in simulator production such that the gross margin, adjusted for the dip in license sales, is holding up well.

The quarter included very strong sales for Educational Products at SEK 96.5 million. The quarter's sales of simulators to medical technology companies, primarily in vascular surgery, were also favorable. The unusually high order backlog from late 2021 remains following the first quarter of 2022. In other words, reported revenue corresponds roughly to sales and we still have a good order book to work through in the upcoming quarters. Development projects in Industry/OEM



The driving force for growth in the quarter was Educational Products, where customers are now increasing their investments after Covid.

maintained a high pace, generating revenues of approximately SEK 12.5 million. These projects, most of which are in robotic surgery, provide the foundation for future license revenues. The comparison quarter in 2021 saw good performance and we are therefore satisfied with revenue growth of slightly more than 30 percent. In principle, all parts of the company have performed well, with the exception of the delays in license revenue. A positive shift in exchange rates accounts for about half of the growth – had exchange rates been static, growth would have been about 16 percent.

Profitability in terms of adjusted EBIT increased to SEK 25.5 million, entailing a margin of 16 percent. Compared with reported operating profit, we have reversed amortization of SEK 5.5 million attributable to acquisitions, but included other depreciation, such as leases in accordance with IFRS 16. We believe adjusted EBIT is the best measure of how the business is performing. We believe this is at a good level for this stage of the path to our target of 40 percent by 2026. Following the acquisitions, we have harmonized our reporting of costs divided according to function, resulting in a larger proportion now being ascribed to R&D. Our cash balances were strengthened by slightly more than SEK 13 million, with the greatest difference in relation to profit being that we have increased our inventory and accounts receivable. Relatively high inventory

levels have proven to be an advantage in times of component shortages and delivery disruptions. Our accounts receivable being so high is largely attributable to the operations in the US and the transfer of invoice management from the former owner of Symbionix. The level is expected to normalize in the second quarter.

We have received a number of questions regarding the terrible war in Ukraine and our sales to Russia. The Educational Products business area has been active in the Russian market through local partnerships since more than 15 years. Although sales to Russia were highly favorable in the second half of 2021, it is not unusual for sales to vary greatly between periods and years among our approximately 60 distributor markets. As transactions normally entail advance payment prior to delivery, we currently have no outstanding invoices in Russia. In Industry/OEM, we have no Russian customers licensing our simulation technology, but continued deliveries of healthcare equipment mean that we can indirectly via our medical technology customers have limited sales in the country within this business area.

The integration with Symbionix's operations is now more or less fully implemented. Although much work has been done to introduce shared systems, processes and organization, we are happy to not have lost our focus on customers and to have continued growing our sales at the same time. The

companies' cultures have merged favorably given our shared core passion for medical simulation and conviction that we are all doing something good for the world. Respect, curiosity and perseverance are key terms characterizing us as a Group. I perceive great job satisfaction among our people and can see on a daily basis how the functional groups are encouraging one another in developing Surgical Science.

With the good start to the year that we have experienced and all of the positive signals we are receiving from customers in robotic surgery, we are pleased that our journey towards our financial targets for 2026 has begun well. Like many others at this time, we perceive the external situation as chaotic and are concerned about the effects of war, inflation, increasing protectionism and shortages of components. But we have a strong track record of finding opportunities in turbulence, and with cash balances of SEK 330 million, we aim to grow the company further and generate returns for shareholders. We have a plan and our opportunities to see it through are favorable.

Gothenburg, May 2022



Gisle Hennermark, CEO

FIRST QUARTER 2022 (JANUARY – MARCH)

Net sales

Net sales for the first quarter of the year amounted to SEK 159.1 million (37.2), an increase of 328 percent compared with the same period in the preceding year. Calculated in local currencies, sales increased by 275 percent.

Symbionix's net sales are included in sales for the first quarter of 2022 in the amount of SEK 115.2 million. For the corresponding period in 2021, the company's sales were SEK 81.3 million. Of the SEK 115.2 million, SEK 77.1 million corresponded to sales by the Educational Products business area and SEK 38.1 million corresponded to sales by the Industry/OEM business area.

Pro forma, the Group's sales for the first quarter of 2021 amounted to SEK 120.4 million, corresponding to an increase of 32 percent for comparable units. Taking exchange rate fluctuations into account, sales increased by 16 percent.

Of the sales for the quarter, SEK 96.5 million (12.9) consisted of sales within the Educational Products business area and

SEK 62.6 million (24.3) of sales within the Industry/OEM business area.

In Educational Products, sales were particularly good in Asia, including China and India, as well as in the UK.

Within Industry/OEM, the largest source of income consisted of license revenues deriving from a number of customers. However, with the acquisition of Symbionix, the area now includes a greater hardware element, as Symbionix sells more of its own simulators to medical technology companies than Surgical Science did previously.

As of this quarter, Surgical Science commences reporting a new segment, revenue by revenue stream, in which revenue is divided between revenue from proprietary simulators (both hardware and software), development revenue and license revenue.

For revenues per segment, see Note 2 on page 14.

Costs and results

The cost of goods sold amounted to SEK 56.4 million (6.0), corresponding to a gross margin of 65 percent (84). The gross margin is affected by the distribution of revenues,

as the different revenue streams, “proprietary simulators containing hardware”, “development revenues” and “license revenues”, have different gross margins. A higher share of license revenues means a higher gross margin. Following the acquisition of Symbionix, the gross margin has decreased, see explanation provided in previous reports.

Sales costs amounted to SEK 29.1 million (10.6), corresponding to 18 percent (28) of sales. Sales costs include amortizations of surplus values classified as customer contracts in connection with acquisitions, see also below under amortization.

Administration costs amounted to SEK 15.2 million (10.9), corresponding to 10 percent (29) of sales. The figure for the preceding year included acquisition costs of SEK 6.3 million attributable to the acquisition of Mimic Technologies.

In connection with the acquisition of Symbionix, it was communicated that structural investments in IT systems would be necessary as Symbionix was included in the IT environment of the seller, 3D Systems. These projects, such as new ERP and CRM systems, are ongoing. The quarter included SEK 2.3 million attributable to these projects, with SEK 0.4 million being charged against profit and the remainder being an investment.

Research and development costs for the quarter amounted to SEK 40.0 million (8.8), corresponding to 25 percent (24) of sales. Of the development costs, SEK 1.1 million (2.4) have been capitalized as an intangible asset in the Swedish companies and, to a lesser extent in the US companies. Research and development costs include amortizations of surplus values classified as technology in connection with acquisitions, see also below under amortization.

To the extent that the development department works on projects invoiced as development revenues, the appurtenant costs are included under Cost of goods sold.

During the quarter and with the harmonization of the Group's way of reporting different cost types, certain payroll expenses were reclassified from sales costs to research and development costs. The amount reclassified totaled SEK 4.3 million.

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

Operating profit for the first quarter amounted to SEK 20.0 million (2.2), corresponding to an operating margin of 13

percent (6).

Depreciation and amortization burdened profit by SEK 12.4 million (5.3) in total. Depreciation and amortization burdened the cost of goods sold by SEK 0.4 million (0.1), sales costs by SEK 4.1 million (1.9), administration costs by SEK 3.9 million (1.6) and research and development costs by SEK 4.0 million (1.7). Sales costs include amortization of SEK 3.7 million (1.1) on those parts of the company's acquisitions that are classified as customer contracts, while research and development costs include amortization of SEK 1.8 million (-) on those parts of the company's acquisitions that are classified as technology. Depreciation attributable to the application of IFRS 16 amounts to SEK 3.5 million (1.4), this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 25.5 million (4.0), corresponding to a margin of 16 percent (11).

EBITDA amounted to SEK 32.4 million (7.6), corresponding to a margin of 20 percent (20).

As Surgical Science has no loan financing, net financial items consist mainly of revaluations of internal loan receivables from the subsidiaries, the effects of IFRS 16 and the revaluation of the deferred contingent consideration (recognized in liabilities) attributable to the acquisition of Mimic Technologies.

Net profit for the quarter amounted to SEK 16.5 million (1.5). For the corresponding period in 2021, Symbionix's net profit was USD 1.2 million (SEK 10.3 million pro forma, not IFRS). The tax expense for the quarter of SEK 1.4 million (positive tax receivable 3.5) consists of estimated tax on profit for the period and a change in deferred tax assets. In both Sweden, Israel and in the US, tax-loss carry-forwards from previous year/s may be utilized.

Cash flow

During the period January – March 2022, cash flow from operating activities amounted to a net inflow of SEK 11.1 million, compared with a net outflow of SEK 8.9 million for the corresponding period in 2021. Cash flow from changes in working capital amounted to a net outflow of SEK 13.2 million (13.7). Accounts receivable and other interim receivables have increased on the asset side, while accounts payable and other current liabilities have increased on the liability side.

Cash flow from investing activities amounted to an inflow of SEK 2.2 million (115.9), mainly comprising investments in development costs related to the company's software. The figure for the preceding year included SEK 113.7 million for the acquisition of Mimic Technologies.

Cash flow from financing activities amounted to an inflow of SEK 1.6 million (300.4), of which an outflow of SEK 3.4 million (1.4) was attributable to amortizations of lease liabilities in accordance with IFRS 16. The figure for the preceding year included the two private placements in the amount of SEK 339.1 million, that were conducted in connection with the acquisition of Mimic Technologies.

Financial standing

As of March 31, 2022, the Group's cash and cash equivalents amounted to SEK 329.9 million, shareholders' equity was SEK 3,674.0 million and the equity/assets ratio was 90 percent.

As of March 31, 2021, the Group's cash and cash equivalents amounted to SEK 263.7 million, shareholders' equity was SEK 753.8 million and the equity/assets ratio was 78 percent. As of March 31, 2022, shareholders' equity per share amounted to SEK 72.32 (19.86).

Parent Company

The Parent Company, Surgical Science Sweden AB, holds shares in the subsidiaries, and Surgical Sciences' Gothenburg-based Swedish operations are conducted directly within the Parent Company. Several Group-wide functions are also organized within the Parent Company. Due to internal transactions between the various Group companies, it is not possible to draw general conclusions from the Parent Company's figures regarding sales and operating costs.

As Surgical Science has no loan financing, net financial items consist mainly of revaluations of internal loan receivables from the subsidiaries and the revaluation of the deferred contingent consideration (recognized in liabilities) attributable to the acquisition of Mimic Technologies.

The Parent Company has tax-loss carry-forwards outstanding, which is why there is no tax expense.

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 subsequently a software license per unit. Surgical Science retains full copyright on its product.

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.

In 2022, Surgical Science's overarching objectives 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 portion 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.

THE COMPANY IN BRIEF

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 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 Symbionix, with principal operations in Tel Aviv, Israel was completed in August 2021. Symbionix 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.

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.

Financial targets

On January 25, 2022, Surgical Science presented new financial targets. For further information, see the press release on the company's website.

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.

Strategy

Surgical Science will continue to develop its proprietary educational 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 knowledge acquired by the surgeon through training with the company's products also transfers to the actual operating room. Surgical Science advocates mandatory simulations in surgeon training and for future surgeons to be certified before performing their first operation on a human patient.

Besides developing proprietary products, a strategic priority is to work with simulation solutions for medical device companies that develop surgical 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 the 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. 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.

OTHER INFORMATION

Organization and personnel

At the end of the period, there were 224 (83) employees, of whom 57 (17) were women and 167 (66) were men. Of these, 49 (47) were employed in Sweden, 111 (-) in Israel, 53 (26) in the US and the remaining 11 (10) people in China, Germany, France, Poland, the UK and Costa Rica.

Information on transactions with related parties

No transactions materially impacting the company's earnings or financial position were conducted with related parties during the quarter.

Proposed appropriation of profits

The Board of Directors and the CEO have proposed to the Annual General Meeting to be held on May 12, 2022 that no dividend be paid for the 2021 financial year, that is, SEK 0.00/share.

Risk management

Surgical Science works continuously to identify, assess and manage risks in various systems and processes. Risk

analyses of the regular operations are performed continuously and in connection with major events.

The most significant strategic and operational risks affecting Surgical Science's operations and sector are described on page 42 of the company's 2021 Annual Report. The principal risks and uncertainties include IP, market risks, competitors and technological development, industrial partnerships, employees, acquisitions and access to capital. To all intents and purposes, the risks reported by the company and outlined in the Annual Report, are judged to have remained unchanged.

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 Symbionix, however, as historically sales in Educational Products in that company have not been subject to an equally strong seasonal effect regarding the fourth quarter.

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.

Annual General Meeting and Annual Report

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

Surgical Sciences' 2021 Annual Report can be downloaded from Surgical Sciences' website and print copies will be mailed to shareholders who request this and submit their postal address. The Annual Report is available in English and Swedish.

Events after the balance sheet date

There have been no significant events to report following the end of the period.

Assurance

The Board of Directors and the CEO provide their assurance that this interim report provides a fair overview of the company's operations, position and earnings and describes any significant risks and uncertainties that the company might face.

Gothenburg, May 11, 2022

Board of Directors

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

Financial reports

Interim reports and other financial reports are available at www.surgicalscience.com.

The following reports are planned for release:

Interim Report, January – June 2022: Thursday, August 25, 2022

Interim Report, January – September 2022: Thursday, November 10, 2022

Year-end Report 2022: Wednesday, February 22, 2023

Other dates:

Annual General Meeting 2022: Thursday, May 12, 2022

Marketplace and Certified Adviser

Shares in Surgical Science Sweden AB (publ) have been traded on Nasdaq First North Growth Market since June 19, 2017. The company's Certified Adviser is Erik Penser Bank (phone: +46 8-463 83 00, e-mail: certifiedadviser@penser.se).

Please address any questions to

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This is information that Surgical Science Sweden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on May 11, 2022 at 7:30 a.m. (CET).

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

CONDENSED CONSOLIDATED INCOME STATEMENTS

SEK thousands	January – March		Full-year
	2022	2021	2021
Net sales	159,137	37,203	366,778
Cost of goods sold	-56,366	-6,040	-100,836
Gross profit	102,771	31,163	265,942
Sales costs	-29,148	-10,595	-79,917
Administration costs	-15,198	-10,894	-66,043
Research and development costs	-40,002	-8,814	-65,707
Other operating income and costs	1,595	1,383	2,248
Operating profit	20,018	2,243	56,523
Financial income and costs	-2,113	-4,237	9,281
Profit after financial items	17,905	-1,994	65,804
Taxes	-1,426	3,518	20,444
Net profit	16,479	1,524	86,248
Attributable to			
Parent Company shareholders	16,479	1,524	86,248
Earnings per share, SEK	0.32	0.04	2.03
Earnings per share, SEK*	0.32	0.04	2.02
Amortization of intangible assets	-7,830	-3,696	-21,198
Depreciation of tangible assets	-4,524	-1,650	-12,319

* After dilution. See Note 4 for information regarding warrant programs.

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK thousands	January – March		Full-year
	2022	2021	2021
Net profit	16,479	1,524	86,248
Other comprehensive income			
<i>Items that have been or can be reclassified to net profit</i>			
Translation differences on translation of foreign operations	72,484	-925	117,592
Total other comprehensive income	72,484	-925	117,592
Comprehensive income	88,963	599	203,840
Comprehensive income attributable to			
Parent Company shareholders	88,963	599	203,840

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
ASSETS			
Fixed assets			
Capitalized expenditure for product development	26,867	25,114	28,070
Patents, trademarks, concessions	53,356	1,830	51,880
Customer contracts	122,265	70,724	125,753
Technology	66,486	–	68,327
Goodwill	3,091,767	497,280	3,019,238
Tangible fixed assets	38,551	20,425	38,393
Deferred tax assets	24,797	20,008	24,597
Other financial fixed assets	4,379	358	4,966
Total fixed assets	3,428,468	635,739	3,361,224
Current assets			
Inventories	117,310	19,117	113,107
Accounts receivable	120,630	23,096	110,645
Other current receivables	39,039	9,695	22,990
Prepaid costs and accrued income	52,712	11,783	53,487
Cash and cash equivalents	329,915	263,722	316,680
Total current assets	659,606	327,413	616,909
TOTAL ASSETS	4,088,074	963,152	3,978,133
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, attributable to Parent Company shareholders	3,674,037	753,762	3,585,074
Non-current liabilities	165,694	147,007	160,682
Current liabilities	248,343	62,383	232,377
Total liabilities	414,037	209,390	393,059
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,088,074	963,152	3,978,133

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

SEK thousands	Attributable to Parent Company shareholders				Total shareholders' equity
	Share capital	Other capital contributions	Provisions	Profit and loss carried forward, incl. profit for the period	
Opening balance, January 1, 2021	1,725	425,615	140	-431	427,049
Profit for the period, Jan – Mar				1,524	1,524
Other comprehensive income for the period			-925		-925
Cash issue	164	322,228			322,392
Private placement	8	16,683			16,691
Issue costs		-12,969			-12,969
Closing balance, March 31, 2021	1,897	751,557	-785	1,093	753,762
Profit for the period, Apr – Dec				84,724	84,724
Other comprehensive income for the period			118,517		118,517
Cash issue	643	2,699,327			2,699,970
Issue costs		-71,899			-71,899
Closing balance, December 31, 2021	2,540	3,378,985	117,732	85,817	3,585,074
Opening balance, January 1, 2022	2,540	3,378,985	117,732	85,817	3,585,074
Profit for the period, Jan – Mar				16,479	16,479
Other comprehensive income for the period			72,484		72,484
Closing balance, March 31, 2022	2,540	3,378,985	190,216	102,296	3,674,037

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

SEK thousands	January – March		Full-year
	2022	2021	2021
Operating activities			
Profit before financial items	20,018	2,243	56,523
Adjustment for non-cash items, etc.	7,569	4,828	32,926
Interest paid/received	–	–	-254
Tax paid	-3,328	-2,286	-3,425
Cash flow from operating activities before changes in working capital	24,259	4,785	85,770
Changes in working capital			
Increase (-)/Decrease (+) in inventories	-4,203	-456	6,459
Increase (-)/Decrease (+) in operating receivables	-26,190	-3,816	-84,573
Increase (+)/Decrease (-) in operating liabilities	17,198	-9,389	31,427
Cash flow from changes in working capital	-13,195	-13,661	-46,687
Cash flow from operating activities	11,064	-8,876	39,083
Investing activities			
Investments in tangible fixed assets	-1,150	-90	-3,871
Investments in intangible fixed assets	-1,055	-2,074	-10,506
Investment in business	–	-113,717	-2,718,237
Cash flow from investing activities	-2,205	-115,881	-2,732,614
Financing activities			
Changes in long-term debts	4,917	-24,340	-24,169
Amortization of lease liabilities	-3,363	-1,358	-7,553
New share issues	–	339,083	3,039,053
Cost of new share issues	–	-12,969	-84,868
Cash flow from financing activities	1,554	300,416	2,922,463
Cash flow for the period	10,413	175,659	228,932
Opening cash and cash equivalents	316,680	87,157	87,157
Exchange-rate difference in cash and cash equivalents	2,822	906	591
Closing cash and cash equivalents	329,915	263,722	316,680

KEY FIGURES, GROUP

	January – March		
	2022	2021	2021
Net sales growth, %	327.8	89.3	250.0
Gross margin, %	64.6	83.8	72.5
EBITDA margin, %	20.3	20.4	24.5
Operating margin, %	12.6	6.0	15.4
Profit margin, %	10.4	4.1	23.5
Equity/assets ratio, %	89.9	78.3	90.1
Shares outstanding at end of period	50,801,236	37,944,236	50,801,236
Shares outstanding at end of period*	50,977,120	38,022,523	51,010,413
Average shares outstanding	50,801,236	37,120,492	42,488,247
Average shares outstanding*	50,972,916	37,200,475	42,669,282
Shareholders' equity per share, SEK	72.32	19.86	70.57
Shareholders' equity per share, SEK*	72.07	19.82	70.28
Dividend per share, SEK	0.00	0.00	0.00**
Share price on the balance sheet date, SEK*	204.5	115.40	281.50
Average number of employees	220	74	121

* After dilution. See Note 4 for information regarding warrant programs. | ** Proposal by the Board of Directors' to the 2022 Annual General Meeting. | See page 15 for definitions of key figures.

CONSOLIDATED INCOME STATEMENTS BY QUARTER

	Jan – Mar 2022	Oct – Dec 2021	Jul – Sep 2021	Apr – Jun 2021	Jan – Mar 2021	Oct – Dec 2020	Jul – Sep 2020	Apr – Jun 2020
SEK thousands								
Net sales	159,137	197,694	95,319	36,562	37,203	39,595	24,929	20,621
Cost of goods sold	-56,366	-63,354	-26,410	-5,032	-6,040	-7,070	-3,418	-2,755
Gross profit	102,771	134,340	68,909	31,530	31,163	32,525	21,511	17,866
Sales costs	-29,148	-40,688	-16,272	-12,362	-10,595	-10,434	-7,765	-8,565
Administration costs	-15,198	-16,077	-31,842	-7,230	-10,894	-4,108	-2,864	-3,839
Research and development costs	-40,002	-33,045	-14,378	-9,470	-8,814	-4,457	-2,899	-3,888
Other operating income and costs	1,595	-51	1,154	-238	1,383	-883	-682	-737
Operating profit	20,018	44,479	7,571	2,230	2,243	12,643	7,300	838
Financial income and costs	-2,113	15,949	-4,699	2,268	-4,237	-173	-62	-621
Profit after financial items	17,905	60,428	2,872	4,498	-1,994	12,470	7,238	217
Taxes	-1,426	6,465	11,496	-1,035	3,518	-1,910	-1,295	-430
Net profit	16,479	66,893	14,368	3,463	1,524	10,560	5,943	-213
Attributable to								
Parent Company shareholders	16,479	66,893	14,368	3,463	1,524	10,560	5,943	-213
Earnings per share, SEK	0.32	1.32	0.33	0.09	0.04	0.31	0.17	-0.01
Earnings per share, SEK*	0.32	1.32	0.32	0.09	0.04	0.31	0.17	-0.01
Average shares outstanding	50,801,236	50,801,236	44,093,249	37,944,236	37,120,492	34,494,760	34,494,760	34,494,760
Average shares outstanding*	50,972,916	51,008,175	44,288,101	38,058,730	37,200,475	34,507,403	34,494,760	34,494,760
Shares outstanding at end of period	50,801,236	50,801,236	50,801,236	37,944,236	37,944,236	34,494,760	34,494,760	34,494,760
Shares outstanding at end of period*	50,977,120	51,010,413	50,994,903	38,090,143	38,022,523	34,521,049	34,494,760	34,494,760

* After dilution. See Note 4 for information regarding warrant programs. | 5:1 share split implemented in May 2020. Share data comparison figures have been recalculated.

PARENT COMPANY INCOME STATEMENTS

SEK thousands	January – March		
	2022	2021	2021
Net sales	21,759	14,025	89,626
Cost of goods sold	-6,935	-3,303	-18,315
Gross profit	14,824	10,722	71,311
Sales costs	-5,603	-3,956	-18,658
Administration costs	-6,111	-2,683	-17,371
Research and development costs	-4,168	-3,590	-15,508
Other operating income and costs	1,224	1,102	1,758
Operating profit	166	1,595	21,532
Impairment of shares in subsidiaries	-	-	-32,950
Financial income and costs	-2,408	-4,299	-7,295
Profit after financial items	-2,242	-2,704	-18,713
Appropriations (Group contributions)	-	-	42,720
Taxes	-3	3,223	5,572
Net profit	-2,245	519	29,579
Amortization of intangible assets	-1,971	-1,842	-7,366
Depreciation of tangible assets	-165	-237	-959

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

CONDENSED PARENT COMPANY BALANCE SHEETS

SEK thousands	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
ASSETS			
Fixed assets			
Capitalized expenditure for product development	21,313	21,294	22,416
Patents, trademarks, concessions	46	671	73
Tangible fixed assets	2,059	2,027	2,155
Participations in Group companies	3,234,685	588,852	3,234,685
Deferred tax assets	12,229	9,883	12,232
Total fixed assets	3,270,332	622,727	3,271,561
Current assets			
Inventories	8,399	12,565	9,530
Accounts receivable	13,139	7,224	15,496
Current receivables from Group companies	80,038	51,530	86,549
Other current receivables	1,198	4,286	1,972
Prepaid costs and accrued income	5,311	1,483	15,799
Cash and bank balances	160,148	190,343	143,203
Total current assets	268,233	267,431	272,549
TOTAL ASSETS	3,538,565	890,158	3,544,110
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	3,389,740	734,855	3,391,986
Long-term provisions	72,408	115,914	120,163
Total non-current liabilities	450	1,965	450
Current provisions	50,684	20,458	3,075
Other current liabilities	25,283	16,966	28,436
Total liabilities and provisions	148,825	155,303	152,124
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,538,565	890,158	3,544,110

NOTE 1 ACCOUNTING PRINCIPLES

As regards the Group, this interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting and, as regards the Parent Company, in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Unless stated otherwise below, the accounting principles applied for the Group and the Parent Company are the same as those applied in preparing the most recent annual report.

Disclosures in accordance with IAS 34.16A appear not only in the financial statements and the accompanying notes, but also in other parts of the interim report.

NOTE 2 GROUP OPERATING SEGMENTS

Revenue by business area	January – March		Full-year
	2022	2021	2021
SEK thousands			
Educational Products	96,568	12,926	197,408
Industry/OEM	62,569	24,277	169,370
Net sales	159,137	37,203	366,778

Revenue by geographic area	January – March		Full-year
	2022	2021	2021
SEK thousands			
Europe	36,706	6,664	65,394
North and South America	87,324	25,419	221,274
Asia	33,007	4,511	44,000
Other	2,100	609	36,110
Net sales	159,137	37,203	366,778

Revenue by revenue stream	January – March		Full-year
	2022	2021	2021
SEK thousands			
Simulators, hardware and software*	111,002	N/A	N/A
Development revenue	12,452	N/A	N/A
License revenue	35,683	N/A	N/A
Net sales**	159,137	N/A	N/A

* incl. support agreement

** Surgical Science began applying the operating segment sales by revenue stream as of January 1, 2022.

NOTE 3 FINANCIAL INSTRUMENTS

	Mar 31,	Mar 31,	Dec 31,
SEK thousands	2022	2021	2021
Financial assets	474,449	299,269	439,518
Financial liabilities	286,829	172,050	317,593

The Group's financial assets and liabilities are valued at amortized cost, with the exception of the deferred contingent consideration recognized as a liability and measured at fair value. The carrying amount is considered to be a reasonable approximation of the fair value of the Group's assets and liabilities in the balance sheet.

NOTE 4 WARRANT 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. Within the warrants program, 225,000 warrants were subscribed.

The incentive program includes 300,000 warrants at most. During the period January – March 2022, 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 rolling 12-month period has been calculated at 185,462 shares, for the quarter January-March 2022 at 171,680 shares and for the balance sheet date at 175,884 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.

DEFINITIONS OF KEY FIGURES

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 depreciation, 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 conveys a deeper understanding of the company's profitability.

Profit margin

Profit for the year as a percentage of net sales. Over time, this key figure conveys a deeper understanding of the company's profitability.

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 period.

Average number of shares after dilution

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

Earnings per share

Profit for the period in relation to the weighted average of the number of shares during the period.

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 period. 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.

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