

YEAR-END REPORT 2024



One of the biggest challenges within healthcare globally is reducing injuries that occur during care. Medical education and training are key, especially as a large part of the training can now be performed outside the operating room. Surgical Science is a world leader in the development 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. Alongside proprietary products, Surgical Science works with

simulation solutions for medical device 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 and Cleveland in the US. Through sales offices in the US and China, as well as a global network of distributors, a presence is maintained in most markets. Shares in Surgical Science Sweden AB (publ) are traded on Nasdaq First North Growth Market.

STRONG END TO THE YEAR

Fourth quarter 2024 (Oct – Dec)

- Net sales amounted to SEK 251.5 (227.3) million, an increase of 11 percent compared with the corresponding period in the preceding year.
- License revenue amounted to SEK 76.4 (75.9) million and accounted for 30 (33) percent of net sales.
- The gross margin was 68 (71) percent.
- Operating profit amounted to SEK 39.1 (37.7) million.
- Net profit amounted to SEK 36.3 (98.0) million, corresponding to earnings per share of SEK 0.71 (1.92).
- Cash flow from operating activities amounted to SEK 56.7 (39.6) million. Net cash (cash and cash equivalents less loans) as at December 31, 2024 amounted to SEK 732.7 million (634.4).
- On December 19, a recommended offer was announced to acquire Intelligent Ultrasound in the UK for a value of approximately SEK 65 million on a cash and debt-free basis. See page 7 for further information.

Full year 2024

- Net sales amounted to SEK 884.1 (882.9) million, an increase of 0 percent compared with the preceding year.
- License revenue amounted to SEK 271.7 (277.7) million and accounted for 31 (31) percent of net sales.
- The gross margin was 68 (69) percent.
- Operating profit amounted to SEK 144.3 (189.2) million.
- Net profit amounted to SEK 131.6 (234.0) million, corresponding to earnings per share of SEK 2.58 (4.59).
- Cash flow from operating activities amounted to SEK 137.2 (238.3) million.

Key figures

	January – December		October – December	
	2024	2023	2024	2023
Net sales, SEK million	884.1	882.9	251.5	227.3
Operating profit (EBIT), SEK million	144.3	189.2	39.1	37.7
Adjusted EBIT, SEK million	168.7	213.6	45.3	43.8
Adjusted EBIT margin, %	19.1	24.2	18.0	19.3
Profit after financial items, SEK million	158.1	268.3	39.4	118.4
Net profit, SEK million	131.6	234.0	36.3	98.0
No. employees at end of period	274	260	274	260
Equity/assets ratio, %	88.1	92.4	88.1	92.4
Earnings per share, SEK	2.58	4.59	0.71	1.92
Equity per share, SEK	94.63	85.16	94.63	85.16
Share price on the balance sheet date, SEK	155.90	182.50	155.90	182.50
Market value on balance sheet date, SEK million	7,955.0	9,312.3	7,955.0	9,312.3

For definitions, see page 21.



A MESSAGE FROM THE CEO

We can look back on an eventful and positive fourth quarter for Surgical Science and a good end to 2024. The year started weakly with a tough business environment in Educational Products. A turnaround came in Q2 and sales and market conditions have since steadily improved during the year to end with record sales for the group of SEK 252 (227) million.

Educational Products grew by 2 percent during the quarter to SEK 125 million. The strong recovery in the segment mentioned in previous reports was also evident in Q4, with Asia growing by 29 percent and Europe by 20 percent, while North and South America contracted by 20 percent. We're cautiously optimistic about developments in Educational Products. On the one hand, we're seeing a clear increase in customer activity and requests for quotes in all our markets. On the other hand, the global budgetary climate for hospitals and training centers remains strained, prolonging the time it takes to convert quotes into orders. The team has a very high level of activity and a key priority is to develop and optimize our sales channels to ensure our now very broad product portfolio has the best global reach.

On December 19, we announced our intention to acquire UK-based Intelligent Ultrasound. The company, which had sales of just under SEK 120 million and 48 employees in 2024, is a leader in ultrasound simulation and has a broad product portfolio. The acquisition makes Surgical Science the market leader in ultrasound simulation, which is an exciting area with great potential. We see a lot of users who need training in order to use ultrasound to ensure efficiency and quality of diagnostics. In Industry/OEM, we can also see several major application areas combining ultrasound with other technologies. The acquisition also means that we will open a sales office and establish ourselves directly in the UK market, where we see good growth opportunities both in Educational Products and Industry/OEM.

After the end of the quarter, we announced that we had won a procurement amounting to SEK 52 million in a Southeast Asian country. The order is for a virtual reality solution to train military medical personnel in emergency situations, and is expected to be delivered over 18 months with work starting in Q1



2025. This breakthrough order is exciting and holds great potential as it relates to a new, innovative product for a new and potentially large customer segment.

Industry/OEM, which has performed strongly throughout 2024, continued to perform well in the fourth quarter. Sales amounted to SEK 127 million with an increase of 21 percent. License revenue in robotic surgery increased by 1 percent to SEK 76 million. In January, a new letter of intent was signed with our main customer, Intuitive. This agreement, where prices are set for the next four years, means that Intuitive will equip and ship all new da Vinci 5 systems with simulation from Surgical Science. We have in our existing contract had a significant portion of subscription revenue. Starting January 2025, the revenue model will be entirely subscription-based. The new agreement is fully in line with our 2026 financial targets regarding Intuitive.

In the fourth quarter, we also signed several other major development orders for large robotic surgery companies that will result in invoiced revenue in 2025.

“The acquisition of Intelligent Ultrasound makes Surgical Science the market leader in ultrasound simulation, which is an exciting area with great potential.”

In Industry/OEM, excluding robotic surgery, we saw continued strong growth with simulator sales increasing by 124 percent to SEK 43 million. Our customer base is growing, including many of the world's largest medical device companies. These companies are also increasingly adopting simulation as a training and sales tool, resulting in more repeat business and more opportunities per customer.

Sales costs increased by SEK 7 million to SEK 50 million and administration costs by SEK 3 million to SEK 22 million. The cost increases are partly of an investment nature, such as the cost of additional demo equipment and sales representatives, and partly linked to commissions to distributors. During the quarter, we continued to invest in our ability to cater for the increase in demand, with research and development costs increasing by SEK 5 million to SEK 52 million.

After the end of the quarter, the decision was made to expand the production capacity of our existing premises in Tel Aviv, in order to continue to grow and handle the increased volumes. Regarding the tariffs that may be imposed by the new US administration, we do not believe that these will affect Surgical Science to any great extent. The main reason is that the free trade agreements in place between the US and Israel appear to be unaffected by the envisaged trade tariffs. Most of Surgical Science's production takes place in Israel.

The gross margin was 68 (71) percent. License revenue made up a lower share of total sales than the corresponding period in the preceding year, which had a negative effect on the gross margin. Operating profit was SEK 39 million (16 percent margin) and the group had a strong cash flow with net cash increasing by SEK 66 million for the quarter.

A key task during my initial period at Surgical Science has been to ensure an appropriate organizational structure to enable us to reach our goals and continue to grow and scale the company. As I mentioned in the Q3 report, the focus has been on strengthening delivery capacity in R&D and developing our sales and distribution channels to cover the market better. We're reorganizing R&D to increase our capacity to handle development projects and our ability to respond to customer requests faster. We've also reorganized the sales function into a regional division to get closer to our customers and distributors, and to more effectively leverage shared resources.

The management team has been reshaped and reduced from eight to five members to create clearer ownership and ensure quicker decision-making. Niclas Olsson has been appointed to the new role of Chief Revenue Officer with responsibility for all sales for both our business areas and Ariel Ben Moshe to Chief R&D Officer. Our objectives and strategic priorities for 2025 have been defined and rolled out across the organization.

We can look back on an eventful year that started out challenging in Educational Products and ended with record sales for the company in a single quarter. We now have two growing business areas. We have significantly advanced our positions in Industry/OEM and strengthened our position as market leader in a dynamic and growing market.

Since Q1 2024, we've had clear quarterly growth in sales and now sense ongoing increasing demand in the market. Our plans for 2025 are to deliver continued strong growth in terms of sales and profitability in both Educational Products and Industry/OEM. Sales growth will be achieved through underlying market growth, new product launches, expansion of our partnerships with robotic surgery and medical device companies, and investments in the sales and development organizations. We remain positive about our growth prospects for the group in both the short and long term.

I'd like to thank Surgical Science's global team for all their progress and achievements in 2024, and for the exceptionally high level of dedication that all our amazing employees contribute with on a daily basis to fulfilling our mission to improve patient safety and save lives using medical simulation.

I'd like to thank our customers and shareholders for the trust you all place in Surgical Science.

Gothenburg, February 2025



Tom Englund, CEO

Fourth quarter 2024 (October – December)

Net sales

Net sales for the fourth quarter of the year amounted to SEK 251.5 million (227.3), an increase of 11 percent compared with the same period in the preceding year. Calculated in local currencies, sales also increased by 11 percent.

Of the sales for the quarter, SEK 125.0 (122.7) million consisted of sales within the Educational Products business area and SEK 126.5 (104.6) million within the Industry/OEM business area.

Educational Products

Sales within Educational Products increased by 2 percent. Simulator sales amounted to SEK 107.1 (106.0) million and service revenue to SEK 18.0 (16.7) million.

As of 2024, note 2 on page 18 has been revised and expanded. Sales by region have also been separated into the respective business areas. In general, sales vary markedly between different countries and periods within Educational Products – when a major procurement is completed in one country, it is quite natural for there to be lower sales in that market in subsequent periods. It can therefore be difficult to draw general conclusions from comments for individual countries between periods.

Asia showed a marked increase on the same quarter last year as well as on the last quarter. The increase is entirely attributable to sales in China, while the Indian market was weaker in the quarter. The outlook for the Chinese market for 2025 is positive.

Sales in Europe were also higher than both the comparison period and the preceding quarter. A major deal in Romania is the primary reason for the increase compared to the preceding quarter, which was also the case in the fourth quarter of 2023.

The North and South America region reported weaker sales than in both the comparison period and the preceding quarter. Brazil had its strongest quarter of the year, which was also the case in the comparison period. The US had a weaker quarter.

The region “Other” was at the same level as in the previous year, which was somewhat weaker compared to the preceding quarter.

Industry/OEM

Industry/OEM showed growth of 21 percent.

License revenue for the fourth quarter amounted to SEK 76.4 (75.9) million, which is an increase of 1 percent compared with the same period in the preceding year. Sales accounted for 30 (33) percent of the company’s total revenue.

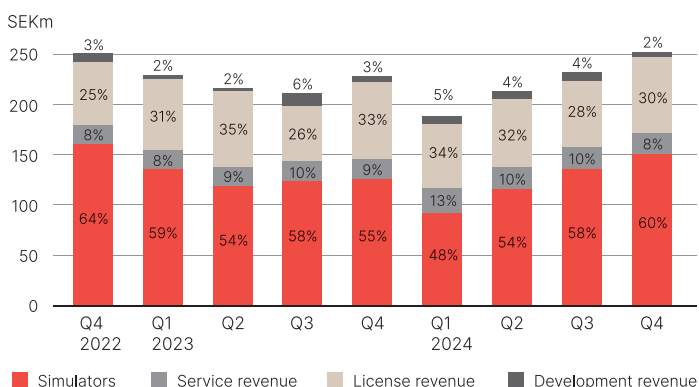
Customers who have just started selling the products from which Surgical Science earns license revenue buy the licenses in packages, which means that this revenue varies more between quarters. Sales of new license packages to these customers have been weaker in 2024 compared to the previous year.

License revenues that are tied to the installed base can also vary between quarters. Subscriptions are usually renewed once a year and the number of subscriptions to be renewed each quarter varies.

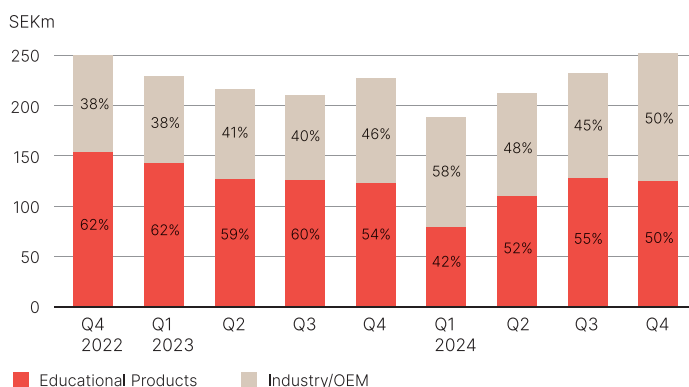
The financial goals for 2026 state that the company expects license revenue to increase progressively towards the end of the period.

Development revenue was lower in the fourth quarter than in the corresponding quarter in the preceding year (SEK 4.7 million compared with SEK 6.2 million). These revenues partly include revenue from robotic projects, as well as from the adaptation or development of software linked to the sale of simulators, see below.

Revenue by revenue stream



Revenue by business area



Sales of simulators to medical device companies for product-specific training continued to develop well and revenues were the highest ever achieved in a single quarter at SEK 42.5 (19.0) million. This has been a focus area since the establishment of the new strategy at the end of 2022 and the expansion of the sales force, with a clear focus on offering several different products to the major key customers. Revenues are diversified between different customers and projects and, in several cases, Surgical Science's product development team has been able to combine products such as interventional ultrasound with new solutions to suit the customers' needs.

Simulator revenues within Industry/OEM vary significantly more between quarters than the corresponding sales within Educational Products. These projects have longer lead times and usually include a number of simulators where adaptations for product-specific training of, for example, an OEM company's specific instrument are included.

Service revenue for the installed base, which is mainly linked to longer agreements with specific OEM customers where Surgical Science takes care of the shipping and servicing of their simulators (currently primarily in the US), amounted to SEK 3.0 (3.5) million.

Costs and results

The cost of goods sold amounted to SEK 81.5 (64.9) million corresponding to a gross margin of 68 (71) percent. License revenue made up a lower share of total sales than the corresponding period in the preceding year, which had a negative effect on the margin. Similarly, a lower proportion of direct sales and a higher number of service cases had a slightly negative impact on the margin compared with the preceding year.

Sales costs amounted to SEK 50.0 (42.5) million corresponding to 20 (19) percent of sales. The quarter's costs include items that are more seldom in nature of about SEK 5 million, attributable to the withdrawal of new demo machines, provisions for a couple of accounts receivable, and higher commissions, which

vary depending on the country in which sales are made. Five new people also started during the quarter, in Japan, China, the US, and Sweden. Bonuses paid to sales staff for sales are also normally slightly higher in Q4, which was also the case this year.

Administration costs amounted to SEK 22.3 (19.8) million corresponding to 9 (9) percent of sales. Costs were slightly higher due to costs for both the previous and current CEO.

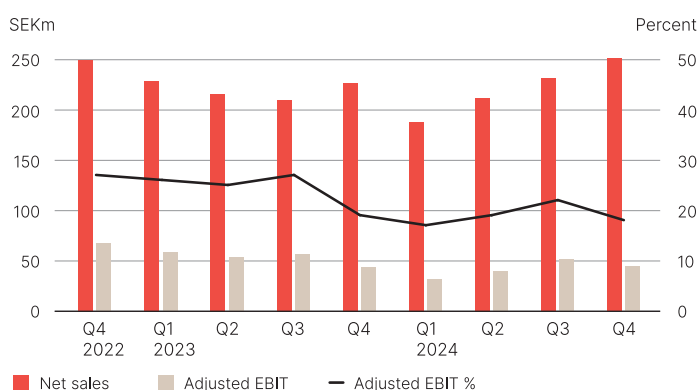
Research and development costs for the year amounted to SEK 51.7 (46.2) million, corresponding to 21 (20) percent of sales. Of the development costs, SEK 10.2 (7.9) million has been capitalized as an intangible asset. Most of the increase in costs is due to an increase in the number of staff compared to the same period in the preceding year. Compared with the third quarter, development revenues were lower, which means that a smaller share of costs is in the cost of goods sold and thus a higher share is placed on the line for research and development costs. Total costs adjusted for the effects of development revenues and capitalizations in the fourth quarter were in line with the third quarter.

Outstanding warrant programs were charged against other operating costs for the quarter in the amount of SEK 1.5 (0.9) million. The amount represents a calculation of IFRS2 regarding the parts of the programs attributable to Israel and the US and is allocated across each program's term.

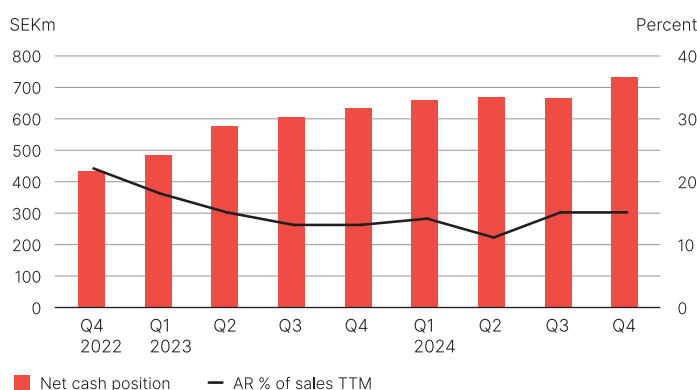
Other items under "Other operating income and operating costs" are mainly attributable to the revaluation of operating assets and operating liabilities in a foreign currency.

Operating profit for the fourth quarter amounted to SEK 39.1 million (37.7), corresponding to an operating margin of 16 (17) percent.

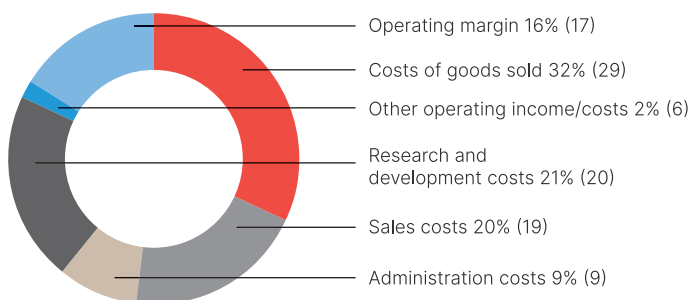
Adjusted EBIT



Net cash position/Accounts receivable



Costs/margin as a percentage of sales



Depreciation and amortization burdened profit by SEK 16.3 (14.1) million in total. Depreciation and amortization burdened the cost of goods sold by SEK 0.5 (0.5) million, sales costs by SEK 4.9 (4.8) million, administration costs by SEK 5.8 (4.4) million, and research and development costs by SEK 5.1 (4.4) million. Sales costs include amortization of SEK 4.0 (4.0) million on those parts of the company's acquisitions that are classified as customer contracts, while research and development costs include amortization of SEK 2.1 (2.1) 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 4.9 (3.8) million, this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 45.3 (43.8) million, corresponding to a margin of 18 (19) percent.

EBITDA amounted to SEK 55.5 (51.8) million, corresponding to a margin of 22 (23) percent.

Net financial items for the quarter amounted to SEK 0.3 (80.8) million and consisted mainly of interest income on bank balances of SEK 7.4 (3.9) million. Other items include interest expenses of SEK 3.6 (0.0) million, revaluation of internal loan liabilities to subsidiaries of SEK -4.2 (6.9) million, and the effect of IFRS 16 of SEK 0.8 (-0.2) million. The comparative figure includes an item of SEK 70.2 million attributable to the reversal of the recorded contingent consideration relating to the acquisition of Mimic Technologies.

Net profit for the quarter amounted to SEK 36.3 (98.0) million. The tax expense for the quarter of SEK 3.2 (20.5) million consists of estimated tax on profit for the period and a change in deferred tax assets. Loss carry-forwards remain in the US for 2024, attributable to Mimic Technologies.

Cash flow

During the period October to December 2024, cash flow from operating activities amounted to SEK 56.7 million, compared with SEK 39.6 million for the corresponding period in 2023. Cash flow from changes in working capital amounted to SEK -2.2 (-14.8) million. Inventories and accounts receivables

increased slightly compared with the preceding quarter. The amounts are impacted substantially by currency fluctuations and in local currency both items decreased slightly. Current liabilities increased.

Cash flow from investing activities amounted to SEK -12.1 (-11.8) million, mainly comprising investments in development related to the company's software.

Cash flow from financing activities amounted to SEK 240.0 (9.0) million, where SEK 4.1 (8.7) million was attributable to changes in lease liabilities in accordance with IFRS 16. In connection with the offer to acquire Intelligent Ultrasound in December, a short-term loan of GBP 17 million was taken out, which had a positive impact on cash flow from financing activities of SEK 235.4 million.

The exchange rate difference in cash and cash equivalents amounted to SEK 17.2 (-8.5) million. Net cash flow for the quarter, including currency effects in liquid assets, was SEK 301.8 (28.3) million.

Acquisition of Intelligent Ultrasound

On December 19, a recommended offer was announced to acquire Intelligent Ultrasound in the UK for approximately SEK 630 million, corresponding to a value of approximately SEK 65 million on a cash and debt-free basis. The valuation implies a sales multiple of approximately 0.5 times Intelligent Ultrasound's sales.

Intelligent Ultrasound is an established specialist in medical ultrasound simulation, founded in 2004 and based in Cardiff, UK. The company develops ultrasound simulation for training healthcare staff and other medical specialists within a wide range of areas and has a portfolio of innovative products and an installed base of more than 1,700 systems in over 800 medical institutions worldwide.

Through its acquisition of Intelligent Ultrasound, Surgical Science will establish a strong presence in the UK with a new research and development facility and a commercial organization.

Surgical Science's ultrasound simulation business will more than double on a pro forma basis for 2023, from sales of around SEK 90 million to around SEK 222 million.

In connection with the offer to acquire Intelligent Ultrasound, a short-term loan of GBP 17 million (SEK 235.4 million as at December 31) was taken out.

In the balance sheet for December 31, 2024, there is approximately SEK 3.4 million attributable to costs for the acquisition. The acquisition is expected to be included in Surgical

Science's consolidated financial statements as of March 31, 2025. Total acquisition costs are estimated at SEK 25 million.

On February 6, 2025, the outcome of the court proceedings and the general meeting of Intelligent Ultrasound's shareholders held on February 6 in relation to the acquisition of Intelligent Ultrasound was announced. All the proposed resolutions were adopted by the required majority and, accordingly, the terms of Surgical Science's recommended cash acquisition were approved.

On February 18, 2025, it was announced that the acquisition of Intelligent Ultrasound has come into force, that Surgical Science owns all shares in the company and that the share will be delisted on February 19. Intelligent Ultrasound will be consolidated into Surgical Science from the accession date.

Surgical Science will now conduct a review of Intelligent Ultrasound's operations. Subject to the completion of that review, Surgical Science anticipates that efficiency gains achieved through the transition of Intelligent Ultrasound to a private company, improved alignment of corporate costs, and a review of resource requirements are expected to result in annual cost savings of between GBP 1.5 million and GBP 2.0 million (equivalent to between SEK 20.9 million and SEK 27.8 million).

For further information, please refer to the press releases of December 19, 2024, and January 15, February 6, and February 18, 2025.

Full year 2024

Net sales

Net sales for 2024 amounted to SEK 884.1 (882.9) million, an increase of 0 percent compared with the preceding year. Calculated in local currencies, sales increased by 1 percent.

Of the sales for the year, SEK 442.5 (518.4) million consisted of sales within the Educational Products business area, a decrease of 15 percent. Sales within the Industry/OEM business area amounted to SEK 441.6 (364.4) million, an increase of 21 percent.

For revenues by segment, see Note 2 on page 19. License revenues decreased by 2 percent and amounted to SEK 271.7 (277.7) million, which is 31 (31) percent of the company's total revenue.

Costs and results

The cost of goods sold amounted to SEK 286.2 (270.0) million corresponding to a gross margin of 68 (69) percent.

Sales costs amounted to SEK 175.3 (167.5) million corresponding to 20 (19) percent of sales. Administration costs amounted to SEK 77.1 (72.5) million corresponding to 9 (8) percent of sales.

Research and development costs for the year amounted to SEK 196.1 (181.6) million, corresponding to 22 (21) percent of sales. Over the year, development costs of SEK 38.3 (33.0) million were capitalized as an intangible asset.

Operating profit for 2024 amounted to SEK 144.3 (189.2) million, corresponding to an operating margin of 16 (21) percent.

Depreciation and amortization burdened profit by SEK 60.5 (55.6) million in total. Depreciation and amortization burdened the cost of goods sold by SEK 2.0 (1.6) million, sales costs by SEK 19.1 (18.9) million, administration costs by SEK 19.7 (17.5) million, and research and development costs by SEK 19.7 (17.6) million. Sales costs include amortization of SEK 16.0 (16.1) million on those parts of the company's acquisitions that are classified as customer contracts, while research and development costs include amortization of SEK 8.3 (8.4) 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 16.0 (15.4) million, this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 168.7 (213.6) million, corresponding to a margin of 19 (24) percent.

EBITDA amounted to SEK 204.8 (244.8) million, corresponding to a margin of 23 (28) percent.

Net financial items amounted to SEK 13.8 (79.1) million and consisted mainly of interest income on bank balances of SEK 24.0 (8.5) million. Other items include interest expenses of SEK 4.8 (0.0) million, revaluation of internal loan liabilities to subsidiaries of SEK -4.2 (1.3) million, and the effect of IFRS 16 of SEK -0.8 (-0.6) million. The comparative figure includes an item of SEK 70.2 million attributable to the reversal of the recorded contingent consideration relating to the acquisition of Mimic Technologies.

Net profit for 2024 amounted to SEK 131.6 (234.0) million. The tax expense for the year of SEK 26.4 (34.3) million consists of estimated tax on profit for the year and a change in deferred tax assets. Loss carry-forwards remain in the US for 2024, attributable to Mimic Technologies.

Cash flow

For 2024, cash flow from operating activities amounted to SEK 137.2 million, compared with SEK 238.3 million for 2023. The item "Tax paid" includes a tax payment of SEK 9.4 million in Israel, attributable to 2022. Cash flow from changes in working

capital amounted to SEK -65.9 (-5.7) million. Both inventories and accounts receivable have increased. Current liabilities have also increased. All items are substantially impacted by currency fluctuations, which move in the opposite direction.

Cash flow from investing activities amounted to SEK -47.5 (-44.1) million, mainly comprising investments in development related to the company's software.

Cash flow from financing activities amounted to SEK 227.7 (15.8) million. In the second quarter, the deferred contingent consideration (for 2023) for the acquisition of Mimic Technologies was paid, amounting to USD 1.1 million. In connection with the offer to acquire Intelligent Ultrasound in December, a short-term loan of GBP 17 million was taken out, which had a positive impact on cash flow from financing activities of SEK 235.4 million. SEK -2.2 (-1.3) million is attributable to changes in lease liabilities in accordance with IFRS 16. The comparative figure includes the redemption of the 2020_23 warrant program in the second quarter of 2023, which meant that the company received SEK 19.1 million.

Net cash flow for the year, including currency effects in liquid assets, was SEK 333.8 (200.6) million.

General comments on the accounts

Surgical Science's operations are structured into two business areas; Educational Products and Industry/OEM.

Sales within Educational Products consist of sales of the company's proprietary simulators (hardware and software) to the hospital market, as well as of service revenue related to the installed base of these simulators. The revenue from simulators is mainly of a one-off nature, while service revenue recurs throughout the term of each contract.

Sales within Industry/OEM consist of license revenue from the company's software and are primarily attributable to the robotic surgery area. Revenue consists partly of revenue linked to each robot's serial number (fixed for each unit) and partly of recurring revenue linked to the installed base or use of the software, for example. Development revenue is also included, which is obtained when Surgical Science works to adapt the company's software to the customer's hardware platform. The area also includes the sale of simulators to OEM customers, primarily in the vascular area but also in ultrasound and laparoscopy, for example, as well as service revenue related to the installed base of these simulators.

The gross margin is affected by the distribution of revenues, as the different revenue streams, "proprietary simulators containing hardware", "service revenues", "development revenues" and "license revenues", have different gross margins. A higher share of license revenue has a positive impact on the gross margin.

Surgical Science applies a functionally arranged income statement in which the gross margin also includes the salaries of employees working with production, quality control, quality assurance and support, in addition to direct materials and spare parts. In addition, the salaries of development department employees working on development revenue-generating projects are included. Shared costs, such as premises and IT, are distributed in accordance with an allocation template for all the different functions.

Other operating income and operating costs consist predominantly of exchange rate fluctuations on operating assets and operating liabilities in foreign currencies.

As Surgical Science had no loan financing for the majority of 2024, net financial items consist mainly of interest on bank balances and revaluations of internal loan receivables/liabilities in respect of subsidiaries, as well as the effect of IFRS 16. The comparative figures for 2023 also include the revaluation of the contingent consideration (recognized as a liability) attributable to the acquisition of Mimic Technologies.

In Sweden and the US, utilizable tax-loss carry-forwards from previous years affected tax in 2023. Loss carry-forwards remained in the US for 2024, attributable to Mimic Technologies.

Exposure to foreign currency

Surgical Science is mainly exposed to USD, ILS, and EUR. Exposure varies depending on how large a proportion of the revenues and costs are made up of these currencies in relation to the company's total revenues and costs.

Surgical Science's revenue for 2024 as a whole had the following approximate distribution in different currencies: USD 83 (82) percent, EUR 14 (16) percent, SEK 2 (2) percent, other (e.g. ILS, GBP) 1 (0) percent.

Costs for 2024 as a whole had the following approximate distribution in different currencies: USD 29 (28) percent, ILS 49 (51) percent, SEK 18 (17) percent, other (e.g. EUR, GBP) 4 (4) percent.

A change of 10 percent in SEK against USD, EUR, and ILS would result in a change in sales of 10 percent and a change in operating profit of approximately 15 percent. The company has not hedged its flows by way of hedging agreements.

Financial position

As at December 31, 2024, the group's net cash amounted to SEK 732.7 million, equity to SEK 4,828.6 million, and the equity/assets ratio was 88 percent. As at December 31, 2023, the group's net cash amounted to SEK 634.4 million, equity to SEK 4,345.2 million, and the equity/assets ratio was 92 percent. As at December 31, 2024, equity per share amounted to SEK 94.63 (85.16).

Parent company

The parent company, Surgical Science Sweden AB, holds shares in subsidiaries and the portion of Surgical Sciences' Swedish operations that are primarily conducted in Gothenburg. 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.

Outlook

Surgical Science's strategy is to have two separate business areas. The focus of Educational Products is on customers in education and training, who use the company's proprietary simulators to increase patient safety through effective, generic training, the results of which can be measured objectively. Customers have validated the simulators over many years by way of clinical studies. The other business area, Industry/OEM, primarily makes use of Surgical Science's software resources, which enable medical device companies to integrate product-specific simulation into their clinical products. This makes it possible to generate a return on Surgical Science's development work, which has been ongoing for 25 years. The company perceives the strongest future growth to be in this area. In robotic surgery, the principal business model involves a development fee for customization/integration with the customer's products and then a software license for each unit or based on the installed base or on usage. Surgical Science retains full copyright over 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 quicker than other parts of the market.

The overarching objectives for Surgical Science in 2024 were to:

- Continue expanding the value content for existing customers in robotic surgery who license the company's technology.
- Establish broader collaborations in several product areas with major key customers within Industry/OEM.
- Grow sales within Educational Products by at least 10 percent and continue to expand the product portfolio through further product launches.
- Improve the gross margin by streamlining production and procurement as well as increasing the average sales price within Educational Products.

- Ensure a high level of employee commitment by continuing to build and maintain the culture and the company's core values.
- Be prepared to make further acquisitions when the time is right.

Surgical Science has an organization where a sizable portion of its employees are global leaders in software development for 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 to continue to launch new applications for its proprietary products within Educational Products. To remain a world leader in realistic real-time simulations of medical procedures, improving the core technology is critical. In 2024, Surgical Science invested more than ever in this area.

The company in brief

Operations

Surgical Science was founded in 1999 and works with simulation technologies. The foundation of the company is its proprietary software and hardware for simulating interactions between instruments and anatomy. Based on its proprietary technology, 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 worked with simulation solutions for medical device companies that develop surgical instruments for clinical applications (such as robot-assisted surgery) – this work is conducted within the Industry/OEM business area.

Mission and vision

Surgical Science's overall purpose is to improve patient safety and outcomes in healthcare through validated, customized medical simulation training. The vision is that all patients who are on their way to the operating room should feel reassured that their surgeon has been trained and objectively certified in a safe, simulated environment before the procedure.

Financial targets

The target is for Surgical Science to generate sales of SEK 1,500 million by 2026. Achieving this target may entail supplementary acquisitions. The Educational Products business area is expected to grow by an average of 10 to 15 percent annually over the period. With an extended and broadened product portfolio, the products will have different growth rates. For example, Surgical Science offers certain niche products in order 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 in the market. During the period, other application areas are also expected to be digitalized, which, alongside expanded application areas for simulation, will result in increased revenues.

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

Strategy

Surgical Science will continue to develop its proprietary educational products to be 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 the development of 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 by way of training with the company's products also transfers to the actual operating room. Surgical Science advocates mandatory simulations in surgeon training and for the certification of future surgeons 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 instruments for clinical use. As a result of the more than 25 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 with regard to new technologies. This is evident in, for example, regulatory authorities' requirements for verified training solutions for surgeons when granting approval for the clinical use of new surgical robots, for instance.

Other information

Organization and personnel

At the end of the year, there were 274 (260) employees, of whom 75 (72) were women and 199 (188) were men. Of these, 64 (57) were employed in Sweden, 138 (136) in Israel, 54 (53) in the US, and the remaining 18 (14) mainly in Germany and China.

Information on transactions with related parties

In addition to his board fees, board member Thomas Eklund received consultancy fees of SEK 248 thousand in the second quarter for his work on the company's strategies during 2024.

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

Proposed appropriation of profits

The board of directors intends to propose to the annual general meeting that no dividend be paid in 2024, that is SEK 0.00 per share.

Risk management

Surgical Science works on an ongoing basis to identify, assess and manage risks in various systems and processes. Risk analyses of day-to-day operations are performed on an ongoing basis and in connection with major activities.

The most significant strategic and operational risks affecting Surgical Science's operations and industry are described on pages 65 and 66 of the company's 2023 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 between quarters, with the fourth quarter of the year usually being the strongest. This is because many major hospitals use the calendar year as their budget year and hold off on purchases until they can see what funds remain in the budget towards the end of the year.

Also in the Industry/OEM business area, 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 there being remaining budget funds 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 15, 2025. Shareholders wishing to have a matter considered by the meeting may request this in writing from the board. Such requests for matters to be addressed shall be submitted to Surgical Science Sweden

AB (publ), Att: Chair of the board, Drakegatan 7A, SE-412 50 Gothenburg, Sweden and must be received by the board 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.

Surgical Science's 2024 annual report is expected to be available for download from Surgical Science's website during the week of April 14 to 17.

Events after the balance sheet date

On January 15, 2025, it was announced that Surgical Science had signed a letter of intent with its largest customer, Intuitive. This means that Surgical Science will move to a fully subscription-based revenue model with Intuitive and that all da Vinci 5 robots (Intuitive's new surgical system) will be equipped with simulation software from Surgical Science. See also the press release of January 15, 2025.

On February 3, 2025, the nomination committee in Surgical Science submitted its proposal for election of the board ahead of the annual general meeting on May 15. All existing members are proposed for re-election. It is proposed to elect Gisli Hennermark as new chairman of the board, the current chairman Roland Bengtsson has declined re-election.

On February 4, 2025, it was announced that Surgical Science had won a procurement contract amounting to SEK 52 million to supply products to the defense ministry of a Southeast Asian country. The order is for 30 units of the new and enhanced TraumaVR product, including development work, and is expected to be delivered and recognized as revenue over a period of 18 months. The procurement is the one mentioned as ongoing in the quarterly reports for Q2 and Q3 2024. This is a breakthrough order for a new product for a new and potentially very large customer segment. See also the press release of February 4, 2025.

On February 6, 2025, the outcome of the court proceedings and the general meeting of Intelligent Ultrasound's shareholders held on February 6 in relation to Surgical Science's recommended cash acquisition was announced. All the proposed resolutions were adopted by the required majority and, accordingly, the terms were approved.

On February 18, 2025, it was announced that the acquisition of Intelligent Ultrasound has come into force, that Surgical Science owns all shares in the company and that the share will be delisted on February 19. Intelligent Ultrasound will be consolidated into Surgical Science from the accession date.

For further information on the acquisition of Intelligent Ultrasound, please refer to the press releases of December 19, 2024, and January 15, February 6, and February 18, 2025.

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

Assurance

The board and CEO provide their assurance that this year-end 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, February 19, 2025

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–March 2025: Wednesday, May 14

Interim report January–June 2025: Thursday, August 21

Interim report January–September 2025: Thursday, November 13

Year-end report 2025: Thursday, February 19, 2026

Other dates:

Annual general meeting 2025: Thursday, May 15

Stock market 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 Carnegie Investment Bank AB (publ).

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 February 19, 2025, at 07:30 (CET).

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

Condensed consolidated income statements

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Net sales	884,087	882,853	251,549	227,293
Cost of goods sold	-286,189	-269,974	-81,474	-64,864
Gross profit	597,897	612,879	170,076	162,429
Sales costs	-175,260	-167,514	-49,898	-42,502
Administration costs	-77,119	-72,509	-22,338	-19,750
Research and development costs	-196,110	-181,569	-51,656	-46,247
Other operating income and costs	-5,087	-2,135	-7,056	-16,275
Operating profit	144,320	189,152	39,128	37,655
Financial income and costs	13,773	79,112	295	80,784
Profit after financial items	158,093	268,264	39,423	118,439
Taxes	-26,446	-34,292	-3,159	-20,478
Net profit	131,646	233,972	36,264	97,962
Attributable to				
Parent company shareholders	131,646	233,972	36,264	97,962
Earnings per share, SEK	2.58	4.59	0.71	1.92
Earnings per share, SEK*	2.58	4.59	0.71	1.92
Amortization of intangible assets	-36,892	-33,893	-9,296	-8,496
Depreciation of tangible assets	-23,623	-21,720	-7,030	-5,632

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

Consolidated statement of income and other comprehensive income

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Net profit	131,646	233,972	36,264	97,962
Other comprehensive income				
<i>Items that have been or can be reclassified to net profit</i>				
Translation differences on translation of foreign operations	344,546	-148,584	341,692	-273,199
Total other comprehensive income	344,546	-148,584	341,692	-273,199
Comprehensive income	476,192	85,388	377,956	-175,237
Comprehensive income attributable to				
Parent company shareholders	476,192	85,388	377,956	-175,237

Condensed consolidated statement of financial position

SEK thousands	Dec 31, 2024	Dec 31, 2023
ASSETS		
Non-current assets		
Capitalized expenditure for product development	98,457	65,529
Patents, trademarks, and concessions	61,759	57,522
Customer contracts	92,445	101,559
Technology	57,055	60,005
Goodwill	3,615,848	3,328,683
Other intangible fixed assets	2,189	1,959
Tangible fixed assets	101,534	76,618
Deferred tax assets	16,331	14,836
Other financial fixed assets	8,049	4,770
Total non-current assets	4,053,666	3,711,481
Current assets		
Inventories	179,583	154,451
Accounts receivable	136,702	110,603
Other current receivables	43,652	18,849
Prepaid expenses and accrued income	97,914	72,923
Cash and cash equivalents	968,155	634,366
Total current assets	1,426,007	991,192
TOTAL ASSETS	5,479,673	4,702,673
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders	4,828,639	4,345,212
Non-current liabilities	138,313	122,524
Liabilities to credit institutions	235,408	–
Other current liabilities	277,314	234,937
Total liabilities	651,035	357,461
TOTAL EQUITY AND LIABILITIES	5,479,673	4,702,673

Consolidated changes in equity

SEK thousands	Attributable to parent company shareholders				Total equity
	Share capital	Other capital contributions	Provisions	Profit and loss carried forward, incl. profit for the period	
Opening balance January 1, 2023	2,540	3,378,985	581,135	273,791	4,236,451
Profit for the year				233,972	233,972
Other comprehensive income for the year			-148,584		-148,584
Warrants program IFRS 2			4,226		4,226
Redemption warrants program	11	19,136			19,147
Closing balance December 31, 2023	2,551	3,398,121	436,777	507,763	4,345,212
Opening balance January 1, 2024	2,551	3,398,121	436,777	507,763	4,345,212
Profit for the year				131,646	131,646
Other comprehensive income for the year			344,546		344,546
Warrants program IFRS 2			7,235		7,235
Closing balance December 31, 2024	2,551	3,398,121	788,557	639,409	4,828,639

Condensed consolidated cash flow statements

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Operating activities				
Profit before financial items	144,320	189,153	39,128	37,655
Adjustment for non-cash items, etc.	67,711	61,094	23,853	20,026
Interest paid/received	18,768	8,246	7,071	6,285
Tax paid	-27,686	-14,549	-11,177	-9,608
Cash flow from operating activities before changes in working capital	203,113	243,944	58,875	54,358
Changes in working capital				
Increase (-)/Decrease (+) in inventories	-11,556	-19,567	12,066	20,018
Increase (-)/Decrease (+) in operating receivables	-20,238	31,905	25,626	-33,314
Increase (+)/Decrease (-) in operating liabilities	-34,094	-17,991	-39,899	-1,467
Cash flow from changes in working capital	-65,888	-5,653	-2,206	-14,763
Cash flow from operating activities	137,225	238,291	56,668	39,595
Investing activities				
Investments in tangible fixed assets	-6,104	-10,456	-469	-3,443
Investments in intangible fixed assets	-41,426	-33,673	-11,658	-8,309
Cash flow from investing activities	-47,530	-44,129	-12,126	-11,752
Financing activities				
Change in non-current liabilities	-5,525	-2,042	488	270
Change in liabilities to credit institutions	235,408	-	235,408	-
Change in lease liabilities	-2,230	-1,259	4,145	8,696
Redemption warrants program	-	19,148	-	-
Cash flow from financing activities	227,653	15,847	240,041	8,966
Cash flow for the period	317,348	210,008	284,582	36,809
Opening cash and cash equivalents	634,366	433,733	666,324	606,060
Exchange-rate difference in cash and cash equivalents	16,441	-9,375	17,248	-8,503
Closing cash and cash equivalents	968,155	634,366	968,154	634,366

Key figures, group

	January – December		October – December	
	2024	2023	2024	2023
Net sales growth, %	0.1	10.0	10.7	-9.1
Gross margin, %	67.6	69.4	67.6	71.5
EBITDA margin, %	23.2	27.7	22.0	22.8
Operating margin, %	16.3	21.4	15.6	16.6
Profit margin, %	14.9	26.5	14.4	43.1
Equity/assets ratio, %	88.1	92.4	88.1	92.4
Shares outstanding at end of period	51,026,236	51,026,236	51,026,236	51,026,236
Shares outstanding at end of period*	51,026,236	51,044,111	51,026,236	51,044,111
Average shares outstanding	51,026,236	50,929,361	51,026,236	51,026,236
Average shares outstanding*	51,026,236	50,940,778	51,026,236	51,026,236
Equity per share, SEK	94.63	85.16	94.63	85.16
Equity per share, SEK*	94.63	85.13	94.63	85.13
Dividend per share, SEK	0.00**	0.00	0.00**	0.00
Share price on the balance sheet date, SEK	155.90	182.50	155.90	182.50
Average number of employees	256	249	259	252

* After dilution. See Note 4 for information regarding warrant programs. | ** Proposal by the board to the 2025 annual general meeting. | See page 21 for definitions of key figures.

Consolidated income statements by quarter

SEK thousands	Oct–Dec 2024	Jul–Sep 2024	Apr–Jun 2024	Jan–Mar 2024	Oct–Dec 2023	Jul–Sep 2023	Apr–Jun 2023	Jan–Mar 2023
Net sales	251,549	231,828	212,466	188,243	227,293	210,246	216,237	229,077
Cost of goods sold	-81,474	-70,816	-68,982	-64,918	-64,864	-65,221	-69,498	-70,392
Gross profit	170,076	161,012	143,484	123,325	162,429	145,025	146,740	158,685
Sales costs	-49,898	-42,617	-42,290	-40,456	-42,502	-37,042	-41,022	-46,949
Administration costs	-22,338	-18,040	-20,998	-15,744	-19,750	-20,649	-15,444	-16,665
Research and development costs	-51,656	-50,575	-48,841	-45,039	-46,247	-40,810	-48,452	-46,059
Other operating income and costs	-7,056	-3,995	2,075	3,890	-16,275	4,169	5,716	4,255
Operating profit	39,128	45,786	33,430	25,976	37,655	50,693	47,538	53,267
Financial income and costs	295	7,239	4,376	1,862	80,784	1,741	-5,176	1,761
Profit after financial items	39,423	53,025	37,806	27,838	118,439	52,434	42,362	55,029
Taxes	-3,159	-10,002	-9,238	-4,046	-20,478	-5,031	-3,573	-5,210
Net profit	36,264	43,023	28,568	23,792	97,962	47,403	38,789	49,819
Attributable to								
Parent company shareholders	36,264	43,023	28,568	23,792	97,962	47,403	38,789	49,819
Earnings per share, SEK	0.71	0.84	0.56	0.47	1.92	0.93	0.76	0.98
Earnings per share, SEK*	0.71	0.84	0.56	0.47	1.92	0.93	0.76	0.98
Average shares outstanding	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	50,863,736	50,801,236
Average shares outstanding*	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	50,912,736	50,908,441
Shares outstanding at end of period	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	51,026,236	50,801,236
Shares outstanding at end of period*	51,026,236	51,026,236	51,026,236	51,026,236	51,044,111	51,026,236	51,089,265	50,913,801

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

Parent company income statements

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Net sales	126,574	104,777	44,103	52,966
Cost of goods sold	-55,459	-22,882	-23,167	-6,012
Gross profit	71,115	81,895	20,936	46,954
Sales costs	-18,915	-20,197	-6,247	7,548
Administration costs	-21,441	-15,253	-6,972	9,351
Research and development costs	-28,960	-24,090	-7,943	-7,426
Other operating income and costs	-5,257	-4,331	-591	-1,511
Operating profit	-3,457	18,023	-817	54,916
Financial income and costs	7,800	22,377	-4,495	23,554
Profit after financial items	4,343	40,400	-5,312	78,470
Appropriations (group contributions)	63,557	52,956	63,557	52,956
Taxes	-14,437	-19,586	-12,448	-19,586
Net profit	53,464	73,770	45,797	111,840
Amortization of intangible assets	-7,978	-6,384	-1,972	-1,583
Depreciation of tangible assets	-957	-897	-219	-265

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	Dec 31, 2024	Dec 31, 2023
ASSETS		
Non-current assets		
Capitalized expenditure for product development	30,664	26,697
Other intangible fixed assets	1,075	1,176
Tangible fixed assets	1,687	2,484
Participations in group companies	3,131,505	3,133,116
Total non-current assets	3,164,931	3,163,473
Current assets		
Inventories	6,659	8,678
Accounts receivable	27,761	11,815
Current receivables from group companies	71,845	101,970
Other current receivables	1,940	960
Prepaid expenses and accrued income	14,089	4,622
Cash and bank position	659,075	331,041
Total current assets	781,370	459,086
TOTAL ASSETS	3,946,300	3,622,559
EQUITY AND LIABILITIES		
Equity	3,567,762	3,506,675
Liabilities to credit institutions	235,408	–
Current receivables from group companies	78,112	68,826
Other current liabilities	65,019	47,058
Total liabilities	378,539	115,884
TOTAL EQUITY AND LIABILITIES	3,946,300	3,622,559

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 and revenue stream

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Educational Products	442,496	518,433	125,044	122,715
- Simulators, hardware and software	364,345	451,000	107,092	106,049
- Service and support revenue	78,151	67,433	17,952	16,666
Industry/OEM	441,591	364,420	126,505	104,578
- Simulators, hardware and software	126,716	48,753	42,506	18,978
- Service and support revenue	12,095	11,367	2,968	3,497
- License revenue	271,657	277,729	76,363	75,887
- Development revenue	31,123	26,571	4,668	6,216
Net sales	884,087	882,853	251,549	227,293

Revenue by business area and geographic area

SEK thousands	January – December		October – December	
	2024	2023	2024	2023
Educational Products	442,496	518,433	125,044	122,715
- Europe	92,900	121,351	33,981	28,408
- North and South America	207,011	234,038	42,718	53,553
- Asia	111,149	121,594	38,497	29,957
- Other	31,436	41,450	9,848	10,797
Industry/OEM	441,591	364,420	126,505	104,578
- Europe	59,893	28,086	26,380	6,910
- North and South America	355,988	317,935	96,436	90,459
- Asia	21,140	14,680	2,866	5,800
- Other	4,570	3,719	823	1,409
Net sales	884,087	882,853	251,549	227,293

Note 3. Financial instruments

SEK thousands	Dec 31, 2024	Dec 31, 2023
Financial assets	1,119,923	756,431
Financial liabilities	445,069	166,016

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. Warrants programs

Warrants 2022_25

Surgical Science's annual general meeting on May 12, 2022 resolved to establish an incentive program for company employees. Each warrant entitles the holder to subscribe for one share in the company for SEK 175.70 during the period June 10 to July 10, 2025. The company subsidizes the warrants program so that participants receive warrants as a benefit. Participants are required to pay tax on this benefit, with the premium being calculated at SEK 28.74 per warrant.

During the current period, the average share price for the period, the closing price on the balance sheet date, and the average share price for the rolling 12-month period were all below the exercise price for the warrant program, whereby the program did not entail any dilution effect. Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 10,000 and the number of shares by 200,000, corresponding to the dilution of the total number of shares and votes by slightly less than 0.4 percent.

Incentive program costs

Preliminarily, the incentive program is estimated to entail social security contributions of SEK 0.9 million, as well as costs of SEK 5.8 million in accordance with the accounting rules under IFRS2. For 2024, the program has impacted profits negatively by SEK 1.4 (1.4) million. The amount comprises the IFRS2 cost attributable to Israel and the US and is distributed across the term of the program until July 2025.

Warrants 2023_26

Surgical Science's annual general meeting on May 17, 2023 resolved to establish an incentive program for company employees. Each warrant entitles the holder to subscribe for one share in the company for SEK 294.70 during the period June 15 to July 15, 2026. The company subsidizes the warrants program so that participants receive warrants as a benefit. Participants are required to pay tax on this benefit, with the premium being calculated at SEK 36.43 per warrant.

During the current period, the average share price for the period, the closing price on the balance sheet date, and the average share price for the rolling 12-month period were all below the exercise price for the warrant program, whereby the program did not entail any dilution effect. Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 13,000 and the number of shares by 260,000, corresponding to the dilution of the total number of shares and votes by about 0.5 percent.

Incentive program costs

Preliminarily, the incentive program is estimated to entail social security contributions of SEK 0.5 million, as well as costs of SEK 9.0 million in accordance with the accounting rules under IFRS2. For 2024, the program has impacted profits negatively by SEK 2.5 (3.6) million. The amount comprises the IFRS2 cost attributable to Israel and the US and is distributed across the term of the program until July 2026.

Warrants 2024_27

Surgical Science's annual general meeting on May 16, 2024 resolved to establish two incentive programs for company employees. Each warrant entitles the holder to subscribe for one share in the company for SEK 170.50 during the period June 14 to July 14, 2027. The company subsidizes the warrants programs so that participants receive warrants as a benefit. Participants are required to pay tax on this benefit, with the premium being calculated at SEK 33.31 per warrant.

During the current period, the average share price for the period, the closing price on the balance sheet date, and the average share price for the rolling 12-month period were all below the exercise price for the warrant program, whereby the program did not entail any dilution effect. Fully exercised, the two incentive programs will increase Surgical Science's share capital by SEK 16,400 and the number of shares by 328,000, corresponding to the dilution of the total number of shares and votes by about 0.6 percent.

Incentive program costs

Preliminarily, the incentive programs are estimated to entail social security contributions of SEK 1.3 million, as well as costs of SEK 10.4 million in accordance with the accounting rules under IFRS2. For 2024, the program burdened profit by SEK 4.0 million, of which SEK 0.7 million pertains to social security contributions on the Swedish participants' premiums, which were provided free of charge. The remainder of the cost, SEK 3.3 million, is attributable to the calculation of IFRS2. The amount comprises the entire IFRS2 cost for the Swedish portion of the program (SEK 2.1 million), the remainder is attributable to Israel and the US and is distributed across the term of the program until July 2027.

Programs 2022_25, 2023_26, and 2024_27

The board is authorized to adjust the program in response to organizational changes and to specific rules or market conditions in other countries. Most of the company's employees are employed outside Sweden, in the US and in Israel. For tax reasons, these employees are contractually entitled to subscribe for shares (Non-Qualified Stock Options) rather than warrants. In accordance with generally accepted practices in these markets, participants receive these shares free of charge.

DEFINITIONS OF KEY FIGURES

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

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.

Equity per share

Reported 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 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.

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.

Average number of employees

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

Net sales growth, %

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

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.

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.

Equity/assets ratio

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 the owners.

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.

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.

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