

---

# INTERIM REPORT JANUARY-SEPTEMBER 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, Surgical Science maintains a presence in most markets. Surgical Science Sweden AB (publ) is traded on Nasdaq First North Growth Market.

**surgicalscience**

# FIRST QUARTER WITH SALES ABOVE SEK 200 MILLION

## THIRD QUARTER 2022 (JUL–SEP)

- Net sales amounted to SEK 205.1 million (95.3), corresponding to an increase of 115 percent compared with the corresponding period in the preceding year.
- For comparable units, sales increased by 39 percent.
- Operating profit amounted to SEK 42.7 million (7.6).
- Net profit amounted to SEK 28.5 million (14.4), corresponding to earnings per share of SEK 0.56 (0.33).
- Cash flow from operating activities amounted to an inflow of SEK 9.5 million (51.6). As of September 30, 2022, cash and cash equivalents amounted to SEK 370.1 million (310.6).

## FIRST NINE MONTHS OF 2022 (JAN–SEP)

- Net sales amounted to SEK 552.4 million (169.1), corresponding to an increase of 227 percent compared with the corresponding period in the preceding year.
- For comparable units, sales increased by 39 percent.
- Operating profit amounted to SEK 101.3 million (12.0).
- Net profit amounted to SEK 71.5 million (19.4), corresponding to earnings per share of SEK 1.41 (0.49).
- Cash flow from operating activities amounted to an inflow of SEK 50.9 million (52.1).

### Key figures

	July – September		January – September		Full-year
	2022	2021	2022	2021	
Net sales, SEK million	205.1	95.3	552.4	169.1	366.8
Operating profit (EBIT), SEK million	42.7	7.6	101.3	12.0	56.5
Adjusted EBIT, SEK million	48.8	9.5	118.7	17.7	68.7
Adjusted EBIT margin, %	23.8	10.0	21.5	10.5	18.7
Profit after financial items, SEK million	33.7	2.9	81.2	5.4	65.8
Net profit, SEK million	28.5	14.4	71.5	19.4	86.2
No. employees at end of period	233	211	233	211	209
Equity/assets ratio, %	90.3	89.5	90.3	89.5	90.1
Earnings per share, SEK	0.56	0.33	1.41	0.49	2.03
Shareholders' equity per share, SEK	85.75	66.94	85.75	66.94	70.57
Share price on the balance sheet date, SEK	150.50	240.50	150.50	240.50	281.50
Market cap. on balance sheet date, SEK million	7,645.6	12,217.7	7,645.6	12,217.7	14,300.5

For definitions, see page 17.

---

## A MESSAGE FROM THE CEO

**The record sales of SEK 205 million for the third quarter entailed growth of 39% for comparable units. Profitability, expressed as adjusted EBIT, was SEK 49 million, meaning that almost a quarter of the sales is profit. However, cash flow was weak and our cash position increased by only about SEK 8 million during the quarter. We have solid trust in our understanding of the cash flow for the period and see no risks despite, for example, increased accounts receivable.**

With a tougher comparison quarter, it is satisfying to see the strong growth that we can present for the third quarter of 2022. Even when adjusting for the weaker SEK, Surgical Science grew by 22 percent. Educational Products is running at full steam despite the fact that markets that contributed significantly to sales in 2021 have not generated sales this year. Russia is an example of a market that we commented on as being unusually strong a year ago – commencing from the “drop” in that market and nonetheless achieving sales of SEK 138 million for the business area is impressive. An important part of sales was the approximately SEK 40 million delivered to the leading hospital chain in the US, which placed an order of approximately SEK 70 million (USD 6.7 million) at the end of May. When it comes to year-on-year comparisons, one should keep in mind that last year we also delivered to various hospitals for this customer, although not to the same extent or strategic level to which the relationship has now developed.

For Industry/OEM, the third quarter offered a stable license income of slightly more than SEK 40 million, which was, however, somewhat less than for the preceding quarter. Customers having recently launched, or who are about to launch, their surgical robots, often buy licenses in batches. Positive for our license income were a number of regulatory approvals, after the end of the period, in particular for Medtronic’s surgical robot Hugo. Development income was also lower in the third quarter compared to the preceding quarter, which is natural as the period includes vacation months, particularly in the Swedish operations. In Industry/OEM, the revenue stream that increased strongly compared with the preceding quarters was simulator sales – that is, when we deliver both hardware and software for patient-safe, product-specific training to medical device customers.



**This year’s strategy meeting decided, among other things, to pursue an ambitious plan for the Industry/OEM business area, with an increased focus on our larger key customers.**

Once a year we hold a strategy meeting including the Board of Directors and Senior Management of Surgical Science. One of the main points at this year’s meeting, which was held in Tel Aviv, was a strategy review of the Industry/OEM business area. We have now adopted an ambitious plan according to which we will focus our efforts and, put briefly, we will prioritize delivering more to our major key accounts rather than spreading ourselves too thinly. Since last spring, the business area has had a new manager in Niclas M. Olsson, who has extensive international experience of complex sales in the life science sector. He has now shaped an organization to maximize the value of simulation for our key customers. As in other parts of the company, we are applying global functions to maximize the strategic advantages of our technologies, know-how and size. Just as our hospital customers in Educational Products, we believe that medical device companies will recognize the benefits of a supplier able to cover large parts of their needs in advanced simulation.

Profitability for the third quarter is based on a favorable gross margin of 67% despite an unusually high proportion of sales from Educational Products and with Industry/OEM having a mix that contained more simulators than in the preceding quarters. In other words, we are successful in keeping our price levels up and are efficient in our purchasing and production, enabling us to keep our cost of goods sold under control, despite inflation and component shortages. Operating profit was significantly higher for the third quarter of 2022 (SEK 42.7 million) compared with the corresponding period last year (SEK 29.4 million excluding acquisition-related costs), although comparisons are difficult with Symbionix only having been part of Surgical Science for slightly more than a third of the period in 2021.

Cash flow was weak during the period. A contributing factor to this was an increase in accounts receivable, which grew by SEK 38 million to a total of SEK 171 million at the end of the quarter. With regard to major transactions, such as the one in the US that we announced in May, payment to us is sometimes postponed when, for example, there has not been time to deliver and install one of several simulators for a certain site. Historically, we have always had very low credit losses and we see no signs of this changing in the future. We have also increased our inventory by approximately SEK 11 million to a total of SEK 143 million, which affects cash flow

negatively but means that we are ready to deliver products in preparation for the final quarter of the year. Increased inventories have proven favorable in times of uncertain supply chains, so we have bought when we have been able to rather than maximizing efficiency in our inventory capital.

The entire team at Surgical Science is focused on building the company that will meet the financial targets we have set for 2026. "Perseverance" is one of the values that characterize us as individuals and, accordingly, also Surgical Science as a company. Knowing that we offer technology that will help thousands of patients receive safer care, we won't let go. We work systematically to ensure that the technology is translated into working products, our own or embedded through medical device companies, and that the desired results are achieved. It is a privilege to be part of leading such a motivated group into the final quarter of the year. The winning instinct is high and we look forward to completing 2022 as a record year for us as a company.

Gothenburg, November 2022



Gösta Hennermark, CEO

---

## THIRD QUARTER 2022 (JULY – SEPTEMBER)

### Net sales

Net sales for the third quarter of the year amounted to SEK 205.1 million (95.3), an increase of 115 percent compared with the same period in the preceding year. Calculated in local currencies, sales increased by 89 percent.

Pro forma, the Group's sales for the third quarter of 2021 amounted to SEK 148.1 million, corresponding to an increase of 39 percent for comparable units. Taking exchange rate fluctuations into account, sales increased by 22 percent. Sales for the third quarter of 2021 included Symbionix's net sales in the amount of SEK 52.7 million, the company having been consolidated within the Surgical Science group as of August 24, 2021.

Of the sales for the quarter, SEK 137.8 million (57.3) consisted of sales within the Educational Products business area and SEK 67.2 million (38.0) of sales within the Industry/OEM business area.

For the Educational Products business area, sales in the US were particularly favorable. At the end of May, Surgical

Science announced that its US operations had secured an order valued at USD 6.7 million from a major US hospital chain. The order is for a larger number of products including simulators for training endoscopy, laparoscopy and ultrasound. The plan was for the products to be delivered over the ensuing six months from the time of the order, with most of the revenue also being recognized during that time. USD 3.9 million of this order was recognized as revenue in the third quarter. In the second quarter, USD 2.1 million was recognized as revenue.

Within Industry/OEM, the largest source of income consisted of license revenues deriving from a number of customers. The area also includes sales of proprietary simulators to OEM customers, mainly in the vascular and laparoscopy areas. Development income is also included, which is obtained when Surgical Science works to adapt the company's software to the customer's hardware platform, primarily in the field of robotic surgery.

License revenue for the third quarter amounted to SEK 40.4 million, an 11-percent decrease compared with the second quarter. The customers who have just started selling the products from which Surgical Science earns licensing income, buy these licenses in packages. This means that sales vary more between periods initially. For revenues per segment, see Note 2 on page 16.



## Costs and results

The cost of goods sold amounted to SEK 67.7 million (26.4), corresponding to a gross margin of 67 percent (72). 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 the account provided in previous reports.

Sales costs amounted to SEK 33.7 million (16.3), corresponding to 16 percent (17) of sales. During the quarter, four sales resources were recruited within Industry/OEM, three in the US and one in Israel. These individuals will commence their employment in the fourth quarter. The new recruitments are in accordance with the targets set for 2022 (see further on page 7). 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 16.8 million (31.8), corresponding to 8 percent (33) of sales. The previous year's costs included non-recurring costs of SEK 21.8 million attributable to the acquisition of Symbionix.

Research and development costs for the quarter amounted to SEK 44.1 million (14.4), corresponding to 22 percent (15) of sales. Of the development costs, SEK 7.1 million (2.2) have been capitalized as an intangible asset. Research and development costs include amortizations of surplus values classified as technology in connection with acquisitions, see also below under amortization.

The warrants program that was approved by the Annual General Meeting in May burdened the profit for the quarter by SEK 2.1 million, of which SEK 0.4 million pertains to social security contributions on the Swedish participants' premiums, which were received free of charge. This cost is included on the relevant line in the income statement, based on the function in which the recipient of the premium is employed. The remainder of the cost, SEK 1.7 million, is attributable to the calculation of IFRS2 and is posted under Other operating costs. The amount comprises the entire IFRS2 cost for the Swedish portion of the program (SEK 1.3 million), the remainder is attributable to Israel and the US and is distributed across the term of the program until July 2025.

Operating profit for the third quarter amounted to SEK 42.7 million (7.6), corresponding to an operating margin of 21 percent (8).

Depreciation and amortization burdened profit by SEK 13.1 million (7.1) in total. Depreciation and amortization burdened the cost of goods sold by SEK 0.4 million (0.3), sales costs by

SEK 4.5 million (3.2), administration costs by SEK 4.2 million (1.9) and research and development costs by SEK 4.0 million (1.8). Sales costs include amortization of SEK 4.0 million (2.0) 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 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 3.7 million (1.4), this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 48.8 million (9.5), corresponding to a margin of 24 percent (10).

EBITDA amounted to SEK 55.8 million (14.7), corresponding to a margin of 27 percent (15).

Net profit for the quarter amounted to SEK 28.5 million (14.4). The tax expense for the quarter of SEK 5.2 million (positive tax receivable 11.5) 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 July – September 2022, cash flow from operating activities amounted to a net inflow of SEK 9.5 million, compared with a net inflow of SEK 51.6 million for the corresponding period in 2021. Cash flow from changes in working capital amounted to a net outflow of SEK 41.2 million (inflow 36.4). Inventories and accounts receivable have increased. On the liabilities side, accounts payable have decreased, while other short-term liabilities, as well as accrued costs and prepaid income have increased. Regarding accounts receivable, a large part of the quarter's sales was invoiced at the end of the quarter (including the US order discussed above). A large part of the Group's accounts receivable are in the US, the company's largest direct market. As sales for the quarter were highly favorable, accounts receivable increased in this market. The structure of the company's accounts receivable is favorable with no increased risk being detected in terms of customers' payment capacity. As the Group has a strong financial position with favorable cash flow, longer credit terms can be used as a means of competition in certain procurement procedures.

Cash flow from investing activities amounted to an outflow of SEK 10.0 million (2,634.7), mainly comprising investments in development costs related to the company's software. Of the figure for the preceding year, SEK 2,631.6 million is attributable to the acquisition of Symbionix.

Cash flow from financing activities amounted to an inflow of SEK 10.9 million (2,626.4), of which an outflow of SEK 3.3 million (1.4) was attributable to amortizations of lease liabilities

in accordance with IFRS 16. Of the figure for the preceding year, SEK 2,700.0 million is attributable to the private placement implemented in connection with the acquisition of Symbionix.

## FIRST NINE MONTHS OF 2022 (JANUARY – SEPTEMBER)

### Net sales

Net sales for the first nine months of the year amounted to SEK 552.4 million (169.1), an increase of 227 percent compared with the same period in the preceding year. Calculated in local currencies, sales increased by 189 percent.

Pro forma, the Group's sales for the first nine months of 2021 amounted to SEK 398.8 million, corresponding to an increase of 39 percent for comparable units. Taking exchange rate fluctuations into account, sales increased by 23 percent.

Of the sales for the period, SEK 354.1 million (84.9) consisted of sales within the Educational Products business area and SEK 198.4 million (84.2) of sales within the Industry/OEM business area.

For revenues per segment, see Note 2 on page 16.

### Costs and results

The cost of goods sold amounted to SEK 185.2 million (37.5), corresponding to a gross margin of 66 percent (78).

Sales costs amounted to SEK 96.8 million (39.2), corresponding to 18 percent (23) 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 47.3 million (50.0), corresponding to 9 percent (30) of sales. The previous year's figure includes non-recurring costs attributable to the acquisitions of Mimic Technologies and Symbionix of SEK 28.1 million. Costs attributable to the integration of IT systems following the acquisition of Symbionix amounted to SEK 4.1 million (-), with SEK 3.6 million (-) in investment.

Research and development costs for the period amounted to SEK 126.2 million (32.7), corresponding to 23 percent (19) of sales. Over the period, SEK 15.2 million (7.4) of the development costs were capitalized as an intangible asset. 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 consulting revenues, the appurtenant costs are included under Cost of goods sold.

During the period, with the harmonization of the Group's way of reporting different cost types, certain payroll expenses, for 2022 compared with 2021, were reclassified from sales costs to research and development costs. The amount totaled SEK 13.9 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 nine months amounted to SEK 101.3 million (12.0), corresponding to an operating margin of 18 percent (7).

Depreciation and amortization burdened profit by SEK 37.9 million (18.3) in total. Depreciation and amortization burdened the cost of goods sold by SEK 1.1 million (0.4), sales costs by SEK 12.9 million (7.3), administration costs by SEK 12.0 million (5.2) and research and development costs by SEK 11.9 million (5.4). Sales costs include amortization of SEK 11.5 million (5.7) on those parts of the company's acquisitions that are classified as customer contracts, while research and development costs include amortization of SEK 5.9 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 10.8 million (4.2), this being included in its entirety under administration costs.

Adjusted EBIT amounted to SEK 118.7 million (17.7), corresponding to a margin of 21 percent (10).

EBITDA amounted to SEK 139.2 million (30.3), corresponding to a margin of 25 percent (18).

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 period amounted to SEK 71.5 million (19.4). The tax expense for the period of SEK 9.7 million (positive tax receivable 14.0) 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 first nine months of 2022, cash flow from operating activities amounted to a net inflow of SEK 50.9 million, compared with SEK 52.1 million for the corresponding period in 2021. Cash flow from changes in working capital amounted to an outflow of SEK 60.8 million (inflow 23.1). On the asset

side, accounts receivable and inventories have increased, with this being offset to some extent by an increase in current liabilities on the liabilities side.

Cash flow from investing activities amounted to an outflow of SEK 21.1 million (2,754.4), mainly comprising investments in development costs related to the company's software. For 2021, an outflow of SEK 2,745.3 million was attributable to the acquisitions of Mimic Technologies and Simbionix.

Cash flow from financing activities amounted to SEK 18.4 million (2,925.3), of which an outflow of SEK 9.9 million (4.2) was attributable to amortizations of lease liabilities in accordance with IFRS 16. The figure for the preceding year included the private placements in the amount of SEK 3,039.3 million, conducted in connection with the acquisitions of Mimic Technologies and Simbionix.

## Financial standing

As of September 30, 2022, the Group's cash and cash equivalents amounted to SEK 370.1 million, shareholders' equity was SEK 4,356.1 million and the equity/assets ratio was 90 percent. As of September 30, 2021, the Group's cash and cash equivalents amounted to SEK 310.6 million, shareholders' equity was SEK 3,400.5 million and the equity/assets ratio was 89 percent. As of September 30, 2022, shareholders' equity per share amounted to SEK 85.75 (66.94).

## 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 validate 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. In robotic surgery, the principal business model involves a development fee for customization/integration with the customer's products and then a software license per unit alternatively based on the installed base or on usage. 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 surgeon has been trained and objectively certified in a secure, simulated environment before commencing the procedure.

## Financial targets

In January 2022, Surgical Science presented new financial targets.

The target is for Surgical Science to generate sales of SEK 1,500 million in 2026. Achieving this target may entail supplementary acquisitions. The 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 with regard to new technologies. This is reflected in, for example, regulatory authorities' requirements for verified surgeon training solutions when granting approval for the clinical use of, for example, new surgical robots.

# OTHER INFORMATION

## Organization and personnel

At the end of the period, there were 233 (211) employees, of whom 61 (49) were women and 172 (162) men. Of these, 55 (51) were employed in Sweden, 117 (101) in Israel, 48 (49) in the US and the remaining 13 (10) people in China, Germany, France, Poland, the UK and Costa Rica.

## Information on transactions with related parties

In addition to his Board fees, Board Member Thomas Eklund received consulting fees of SEK 248 thousand in the second quarter for his work on the company's strategies during 2022.



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

## 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.

## Nomination Committee

The following people have been appointed to be part of Surgical Science's Nomination Committee for the 2023 Annual General Meeting:

Åsa Hedin, appointed by Marknadspotential AB  
Anna Sundberg, appointed by Handelsbanken Fonder  
Celia Grip, appointed by Swedbank Robur Fonder  
Roland Bengtsson, Chairman of the Board

The Nomination Committee was appointed in accordance with the principles adopted by Surgical Science's Annual General Meeting on May 6, 2020. The shareholders who appointed members of the Nomination Committee represented

slightly more than 32 percent of all shares in the company as of September 30, 2022.

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

The Annual General Meeting of Surgical Science Sweden AB (publ) will be held in Gothenburg, Sweden on Wednesday, May 17, 2023. Shareholders wishing to submit a proposal to the Nomination Committee are welcome to do so in sufficient time prior to the 2023 Annual General Meeting so that the Nomination Committee has time to consider the proposal. Proposals shall be submitted to Surgical Science Sweden AB (publ), Att: Nomination Committee, Drakegatan 7A, SE-412 50 Gothenburg, Sweden.

## 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, November 10, 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](http://www.surgicalscience.com).

### **The following reports are planned for release:**

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

Interim report January–March 2023: Tuesday, May 16, 2023

Interim Report, January – June 2023: Thursday, August 24, 2023

Interim Report, January – September 2023: Thursday, November 9, 2023

Year-end Report 2023: Wednesday, February 21, 2024

### **Other dates:**

Annual General Meeting 2023: Wednesday, May 17, 2023

---

### **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](mailto:certifiedadviser@penser.se)).

---

### **Please address any questions to:**

Gisli Hennermark, CEO

Phone: +46 70-420 83 00

[gisli.hennermark@surgicalscience.com](mailto:gisli.hennermark@surgicalscience.com)

Anna Ahlberg, CFO

Phone: +46 70-855 38 35

[anna.ahlberg@surgicalscience.com](mailto:anna.ahlberg@surgicalscience.com)

---

*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 November 10, 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 – September		July – September		Full-year
	2022	2021	2022	2021	2021
Net sales	552,432	169,084	205,079	95,319	366,778
Cost of goods sold	-185,164	-37,482	-67,743	-26,410	-100,836
<b>Gross profit</b>	<b>367,268</b>	<b>131,602</b>	<b>137,336</b>	<b>68,909</b>	<b>265,942</b>
Sales costs	-96,793	-39,229	-33,691	-16,272	-79,917
Administration costs	-47,306	-49,966	-16,840	-31,842	-66,043
Research and development costs	-126,188	-32,662	-44,096	-14,378	-65,707
Other operating income and costs	4,338	2,299	0	1,154	2,248
<b>Operating profit</b>	<b>101,319</b>	<b>12,044</b>	<b>42,709</b>	<b>7,571</b>	<b>56,523</b>
Financial income and costs	-20,133	-6,668	-9,030	-4,699	9,281
<b>Profit after financial items</b>	<b>81,186</b>	<b>5,376</b>	<b>33,679</b>	<b>2,872</b>	<b>65,804</b>
Taxes	-9,732	13,979	-5,176	11,496	20,444
<b>Net profit</b>	<b>71,454</b>	<b>19,355</b>	<b>28,503</b>	<b>14,368</b>	<b>86,248</b>
<b>Attributable to</b>					
Parent Company shareholders	71,454	19,355	28,503	14,368	86,248
Earnings per share, SEK	1.41	0.49	0.56	0.33	2.03
Earnings per share, SEK*	1.40	0.49	0.56	0.32	2.02
Amortization of intangible assets	-23,745	-12,503	-8,104	-4,765	-21,198
Depreciation of tangible assets	-14,154	-5,748	-4,975	-2,364	-12,319

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

## CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

SEK thousands	January – September		July – September		Full-year
	2022	2021	2022	2021	2021
<b>Net profit</b>	<b>71,454</b>	<b>19,355</b>	<b>28,503</b>	<b>14,368</b>	<b>86,248</b>
<b>Other comprehensive income</b>					
<i>Items that have been or can be reclassified to net profit</i>					
Translation differences on translation of foreign operations	697,906	-132	308,606	293	117,592
<b>Total other comprehensive income</b>	<b>697,906</b>	<b>-132</b>	<b>308,606</b>	<b>293</b>	<b>117,592</b>
<b>Comprehensive income</b>	<b>769,360</b>	<b>19,223</b>	<b>337,109</b>	<b>14,661</b>	<b>203,840</b>
<b>Comprehensive income attributable to</b>					
Parent Company shareholders	769,360	19,223	337,109	14,661	203,840

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
Capitalized expenditure for product development	38,555	27,456	28,070
Patents, trademarks, concessions	63,969	2,688	51,880
Customer contracts	130,544	66,774	125,753
Technology	77,421	–	68,327
Goodwill	3,659,067	3,084,235	3,019,238
Tangible fixed assets	40,597	37,872	38,393
Deferred tax assets	27,390	31,991	24,597
Other financial fixed assets	4,518	4,280	4,966
<b>Total fixed assets</b>	<b>4,042,061</b>	<b>3,255,296</b>	<b>3,361,224</b>
<b>Current assets</b>			
Inventories	143,375	120,629	113,107
Accounts receivable	170,592	78,482	110,645
Other current receivables	30,384	13,080	22,990
Prepaid costs and accrued income	67,214	21,916	53,487
Cash and cash equivalents	370,106	310,599	316,680
<b>Total current assets</b>	<b>781,671</b>	<b>544,706</b>	<b>616,909</b>
<b>TOTAL ASSETS</b>	<b>4,823,732</b>	<b>3,800,002</b>	<b>3,978,133</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity, attributable to Parent Company shareholders	4,356,087	3,400,457	3,585,074
Non-current liabilities	194,581	176,919	160,682
Current liabilities	273,064	222,626	232,377
<b>Total liabilities</b>	<b>467,645</b>	<b>399,545</b>	<b>393,059</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>4,823,732</b>	<b>3,800,002</b>	<b>3,978,133</b>

# 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	
<b>Opening balance, January 1, 2021</b>	<b>1,725</b>	<b>425,615</b>	<b>140</b>	<b>-431</b>	<b>427,049</b>
Profit for the period, Jan – Sep				19,355	19,355
Other comprehensive income for the period			-132		-132
Cash issue	807	3,021,555			3,022,362
Private placement	8	16,683			16,691
Issue costs		-84,868			-84,868
<b>Closing balance, Sep 30, 2021</b>	<b>2,540</b>	<b>3,378,985</b>	<b>8</b>	<b>18,924</b>	<b>3,400,457</b>
Profit for the period, Oct – Dec				66,893	66,893
Other comprehensive income for the period			117,724		117,724
<b>Closing balance, December 31, 2021</b>	<b>2,540</b>	<b>3,378,985</b>	<b>117,732</b>	<b>85,817</b>	<b>3,585,074</b>
<b>Opening balance, January 1, 2022</b>	<b>2,540</b>	<b>3,378,985</b>	<b>117,732</b>	<b>85,817</b>	<b>3,585,074</b>
Profit for the period, Jan – Sep				71,454	71,454
Other comprehensive income for the period			697,906		697,906
Warrants program			1,653		1,653
<b>Closing balance, Sep 30, 2022</b>	<b>2,540</b>	<b>3,378,985</b>	<b>817,291</b>	<b>157,271</b>	<b>4,356,087</b>



# CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

SEK thousands	January – September		July – September		Full-year
	2022	2021	2022	2021	2021
<b>Operating activities</b>					
Profit before financial items	101,319	12,044	42,709	7,571	56,523
Adjustment for non-cash items, etc.	13,962	18,235	7,936	7,691	32,926
Interest paid/received	–	-4	–	-1	-254
Tax paid	-3,520	-1,290	18	–	-3,425
<b>Cash flow from operating activities before changes in working capital</b>	<b>111,761</b>	<b>28,985</b>	<b>50,663</b>	<b>15,261</b>	<b>85,770</b>
<b>Changes in working capital</b>					
Increase (-)/Decrease (+) in inventories	-24,884	-1,063	-5,492	-1,247	6,459
Increase (-)/Decrease (+) in operating receivables	-65,858	-20,816	-43,522	-20,370	-84,573
Increase (+)/Decrease (-) in operating liabilities	29,919	45,013	7,810	57,968	31,427
<b>Cash flow from changes in working capital</b>	<b>-60,823</b>	<b>23,134</b>	<b>-41,204</b>	<b>36,351</b>	<b>-46,687</b>
<b>Cash flow from operating activities</b>	<b>50,938</b>	<b>52,119</b>	<b>9,459</b>	<b>51,612</b>	<b>39,083</b>
<b>Investing activities</b>					
Investments in tangible fixed assets	-5,637	-969	-2,697	-547	-3,871
Investments in intangible fixed assets	-15,446	-8,057	-7,345	-2,525	-10,506
Investment in business	–	-2,745,334	–	-2,631,617	-2,718,237
<b>Cash flow from investing activities</b>	<b>-21,083</b>	<b>-2,754,360</b>	<b>-10,042</b>	<b>-2,634,689</b>	<b>-2,732,614</b>
<b>Financing activities</b>					
Changes in long-term debts	28,239	-24,717	14,223	-220	-24,169
Amortization of lease liabilities	-9,858	-4,205	-3,285	-1,440	-7,553
New share issues	–	3,039,053	–	2,699,970	3,039,053
Cost of new share issues	–	-84,868	–	-71,899	-84,868
<b>Cash flow from financing activities</b>	<b>18,381</b>	<b>2,925,263</b>	<b>10,938</b>	<b>2,626,411</b>	<b>2,922,463</b>
<b>Cash flow for the period</b>	<b>48,236</b>	<b>223,022</b>	<b>10,355</b>	<b>43,334</b>	<b>228,932</b>
Opening cash and cash equivalents	316,680	87,157	362,253	267,341	87,157
Exchange-rate difference in cash and cash equivalents	5,190	420	-2,502	-76	591
<b>Closing cash and cash equivalents</b>	<b>370,106</b>	<b>310,599</b>	<b>370,106</b>	<b>310,599</b>	<b>316,680</b>

## KEY FIGURES, GROUP

	January – September		July – September		Full-year
	2022	2021	2022	2021	2021
Net sales growth, %	226.7	159.3	115.2	282.4	250.0
Gross margin, %	66.5	77.8	67.0	72.3	72.5
EBITDA margin, %	25.2	17.9	27.2	15.4	24.5
Operating margin, %	18.3	7.1	20.8	7.9	15.4
Profit margin, %	12.9	11.4	13.9	15.1	23.5
Equity/assets ratio, %	90.3	89.5	90.3	89.5	90.1
Shares outstanding at end of period	50,801,236	50,801,236	50,801,236	50,801,236	50,801,236
Shares outstanding at end of period*	50,900,327	50,994,903	50,900,327	50,994,903	51,010,413
Average shares outstanding	50,801,236	39,717,251	50,801,236	44,093,249	42,488,247
Average shares outstanding*	50,932,866	39,852,773	50,904,414	44,288,101	42,669,282
Shareholders' equity per share, SEK	85.75	66.94	85.75	66.94	70.57
Shareholders' equity per share, SEK*	85.58	66.68	85.58	66.68	70.28
Dividend per share, SEK	0.00	0.00	0.00	0.00	0.00
Share price on the balance sheet date, SEK*	150.50	240.50	150.50	240.50	281.50
Average number of employees	224	93	226	124	121

\* After dilution. See Note 4 for information regarding warrant programs. | See page 17 for definitions of key figures.

## CONSOLIDATED INCOME STATEMENTS BY QUARTER

SEK thousands	Jul – Sep 2022	Apr – Jun 2022	Jan – Mar 2022	Oct – Dec 2021	Jul – Sep 2021	Apr – Jun 2021	Jan – Mar 2021	Oct – Dec 2020
Net sales	205,079	188,216	159,137	197,694	95,319	36,562	37,203	39,595
Cost of goods sold	-67,743	-61,055	-56,366	-63,354	-26,410	-5,032	-6,040	-7,070
<b>Gross profit</b>	<b>137,336</b>	<b>127,161</b>	<b>102,771</b>	<b>134,340</b>	<b>68,909</b>	<b>31,530</b>	<b>31,163</b>	<b>32,525</b>
Sales costs	-33,691	-33,954	-29,148	-40,688	-16,272	-12,362	-10,595	-10,434
Administration costs	-16,840	-15,268	-15,198	-16,077	-31,842	-7,230	-10,894	-4,108
Research and development costs	-44,096	-42,090	-40,002	-33,045	-14,378	-9,470	-8,814	-4,457
Other operating income and costs	0	2,743	1,595	-51	1,154	-238	1,383	-883
<b>Operating profit</b>	<b>42,709</b>	<b>38,592</b>	<b>20,018</b>	<b>44,479</b>	<b>7,571</b>	<b>2,230</b>	<b>2,243</b>	<b>12,643</b>
Financial income and costs	-9,030	-8,990	-2,113	15,949	-4,699	2,268	-4,237	-173
<b>Profit after financial items</b>	<b>33,679</b>	<b>29,602</b>	<b>17,905</b>	<b>60,428</b>	<b>2,872</b>	<b>4,498</b>	<b>-1,994</b>	<b>12,470</b>
Taxes	-5,176	-3,130	-1,426	6,465	11,496	-1,035	3,518	-1,910
<b>Net profit</b>	<b>28,503</b>	<b>26,472</b>	<b>16,479</b>	<b>66,893</b>	<b>14,368</b>	<b>3,463</b>	<b>1,524</b>	<b>10,560</b>
<b>Attributable to</b>								
Parent Company shareholders	28,503	26,472	16,479	66,893	14,368	3,463	1,524	10,560
Earnings per share, SEK	0.56	0.52	0.32	1.32	0.33	0.09	0.04	0.31
Earnings per share, SEK*	0.56	0.52	0.32	1.32	0.32	0.09	0.04	0.31
Average shares outstanding	50,801,236	50,801,236	50,801,236	50,801,236	44,093,249	37,944,236	37,120,492	34,494,760
Average shares outstanding*	50,904,414	50,912,107	50,972,916	51,008,175	44,288,101	38,058,730	37,200,475	34,507,403
Shares outstanding at end of period	50,801,236	50,801,236	50,801,236	50,801,236	50,801,236	37,944,236	37,944,236	34,494,760
Shares outstanding at end of period*	50,900,327	50,901,538	50,977,120	51,010,413	50,994,903	38,090,143	38,022,523	34,521,049

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

## PARENT COMPANY INCOME STATEMENTS

SEK thousands	January – September		July – September		Full-year	
	2022	2021	2022	2021	2021	2021
Net sales	69,367	47,624	28,403	21,093	89,626	
Cost of goods sold	-24,160	-10,332	-11,738	-4,478	-18,315	
<b>Gross profit</b>	<b>45,207</b>	<b>37,292</b>	<b>16,665</b>	<b>16,615</b>	<b>71,311</b>	
Sales costs	-21,435	-13,116	-8,450	-4,376	-18,658	
Administration costs	-18,778	-11,565	-6,095	-4,793	-17,371	
Research and development costs	-14,136	-11,298	-4,390	-2,696	-15,508	
Other operating income and costs	1,554	1,263	-809	574	1,758	
<b>Operating profit</b>	<b>-7,588</b>	<b>2,575</b>	<b>-3,080</b>	<b>5,324</b>	<b>21,532</b>	
Impairment of shares in subsidiaries	-	-	-	-	-32,950	
Financial income and costs	-22,076	-5,077	-9,858	-3,230	-7,295	
<b>Profit after financial items</b>	<b>-29,665</b>	<b>-2,502</b>	<b>-12,938</b>	<b>2,094</b>	<b>-18,713</b>	
Appropriations (Group contributions)	-	-	-	-	42,720	
Taxes	-10	13,402	-3	9,795	5,572	
<b>Net profit</b>	<b>-29,675</b>	<b>10,900</b>	<b>-12,941</b>	<b>11,889</b>	<b>29,579</b>	
Amortization of intangible assets	-5,316	-5,525	-1,626	-1,842	-7,366	
Depreciation of tangible assets	-561	-711	-190	-236	-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	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
Capitalized expenditure for product development	20,227	22,026	22,416
Patents, trademarks, concessions	10	273	73
Tangible fixed assets	2,719	1,796	2,155
Participations in Group companies	3,234,685	3,280,852	3,234,685
Deferred tax assets	12,222	20,062	12,232
<b>Total fixed assets</b>	<b>3,269,863</b>	<b>3,325,009</b>	<b>3,271,561</b>
<b>Current assets</b>			
Inventories	10,791	11,782	9,530
Accounts receivable	20,918	9,056	15,496
Current receivables from Group companies	21,825	54,282	86,549
Other current receivables	1,892	2,097	1,972
Prepaid costs and accrued income	1,619	5,425	15,799
Cash and bank balances	227,524	134,348	143,203
<b>Total current assets</b>	<b>284,569</b>	<b>216,990</b>	<b>272,549</b>
<b>TOTAL ASSETS</b>	<b>3,554,432</b>	<b>3,541,999</b>	<b>3,544,110</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>3,363,963</b>	<b>3,373,307</b>	<b>3,391,986</b>
Long-term provisions	86,935	116,807	120,163
Total non-current liabilities	450	1,965	450
Current provisions	60,852	20,615	3,075
Current receivables from Group companies	22,220	-	-
Other current liabilities	20,012	29,305	28,436
<b>Total liabilities and provisions</b>	<b>190,469</b>	<b>168,692</b>	<b>152,124</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,554,432</b>	<b>3,541,999</b>	<b>3,544,110</b>

## 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

SEK thousands	January – September		July – September		Full-year
	2022	2021	2022	2021	
Educational Products	354,054	84,886	137,842	57,352	197,408
Industry/OEM	198,378	84,198	67,237	37,967	169,370
<b>Net sales</b>	<b>552,432</b>	<b>169,084</b>	<b>205,079</b>	<b>95,319</b>	<b>366,778</b>

### Revenue by geographic area

SEK thousands	January – September		July – September		Full-year
	2022	2021	2022	2021	
Europe	91,716	37,777	23,826	23,996	96,347
North and South America	352,862	99,985	141,485	49,987	221,274
Asia	94,921	28,819	33,154	19,442	44,000
Other	12,934	2,503	6,614	1,894	5,157
<b>Net sales</b>	<b>552,432</b>	<b>169,084</b>	<b>205,079</b>	<b>95,319</b>	<b>366,778</b>

### Revenue by revenue stream

SEK thousands	January – September		July – September		Full-year
	2022	2021	2022	2021	
Simulators, hardware and software*	397,941	N/A	155,160	N/A	N/A
Development revenue	33,083	N/A	9,567	N/A	N/A
License revenue	121,408	N/A	40,352	N/A	N/A
<b>Net sales**</b>	<b>552,432</b>	<b>N/A</b>	<b>205,079</b>	<b>N/A</b>	<b>N/A</b>

\* incl. support agreement

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

## NOTE 3 FINANCIAL INSTRUMENTS

SEK thousands	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Financial assets	553,039	401,871	439,518
Financial liabilities	281,370	357,312	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 PROGRAMS

### Warrants 2020\_23

Surgical Science's Annual General Meeting on May 6, 2020 resolved to establish an incentive program for company employees. The incentive program allowed company employees to acquire warrants for a premium of SEK 6.60 each. Each warrant entitles the holder to subscribe for one share in the company for SEK 85.10 during the period May 15 – July 15, 2023. Of the initial 300,000 warrants in the program, 225,000 were subscribed for. The remaining 75,000 warrants were canceled in May 2022.

During the period July-September 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 131,630 shares, for the quarter July-September 2022 at 103,178 shares and for the balance sheet date at 99,091 shares. Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 11,250 and the number of shares by 225,000, corresponding to the dilution of the total number of shares and votes by about 0.4 percent.

### 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 – July 10, 2025. The company subsidizes the warrants program, with participants receiving warrants as a benefit. Participants are required to pay tax on this benefit, with the premium being calculated at SEK 28.74 per warrant.

The Board of Directors 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 options free of charge.

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. As of the balance sheet date of September 30, 2022, the warrants program entailed no dilution.

### 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 the third quarter of 2022, the program burdened profit by SEK 2.1 million, of which SEK 0.4 million pertains to social security contributions on the Swedish participants' premiums, which were provided free of charge. The remainder of the cost, SEK 1.7 million, is attributable to the calculation of IFRS2. The amount comprises the entire IFRS2 cost for the Swedish portion of the program (SEK 1.3 million), the remainder is attributable to Israel and the US and is distributed across the term of the program until July 2025.



---

## 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.

## ADDRESSES

### Head office

Surgical Science Sweden AB (publ)  
Drakegatan 7A  
SE-412 50 Gothenburg  
Sweden  
Phone: +46 31 741 65 60  
e-mail: [info@surgicalscience.com](mailto:info@surgicalscience.com)

### Other offices, Sweden

Borgarfjordsgatan 6B  
SE-164 55 Kista  
Sweden  
Phone: +46 31 741 65 60

### Israel

3 Golan Street  
Airport City, 7019900  
Israel  
Phone: +972-3-911 44 44

### USA

Head office USA  
811 First Ave, Suite 408  
Seattle, WA 98104  
USA  
Phone: +1 800 918 1670

### Other offices, USA

23500 Mercantile, Suite F  
Beachwood, Ohio 44122  
USA  
Phone: +1 800 918 1670

### Sales Office China

906, Excellence Century Center Tower 3  
2030 Jintian Road, Futian District, Shenzhen  
China 518026  
Tel: +86 755 23985994

[www.surgicalscience.com](http://www.surgicalscience.com)

**surgicalscience**