Annual report 2024

surgicalscience

Surgical Science is on a mission to enhance patient safety and healthcare outcomes through medical simulation.

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

Contents

The business

5 Surgical Science in brief
8 The year in brief
9 Key figures 2024
10 A message from the CEO
12 Overview of operations and business model
21 Objective areas, trends, and strategies
27 Acquisition of Intelligent Ultrasound
30 Organization
36 Educational Products business area
40 Industry/OEM business area
45 Sustainability report
57 The share

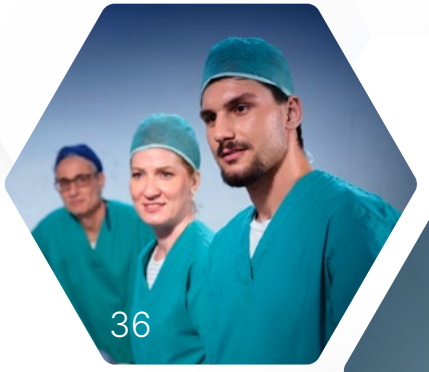
Financial report

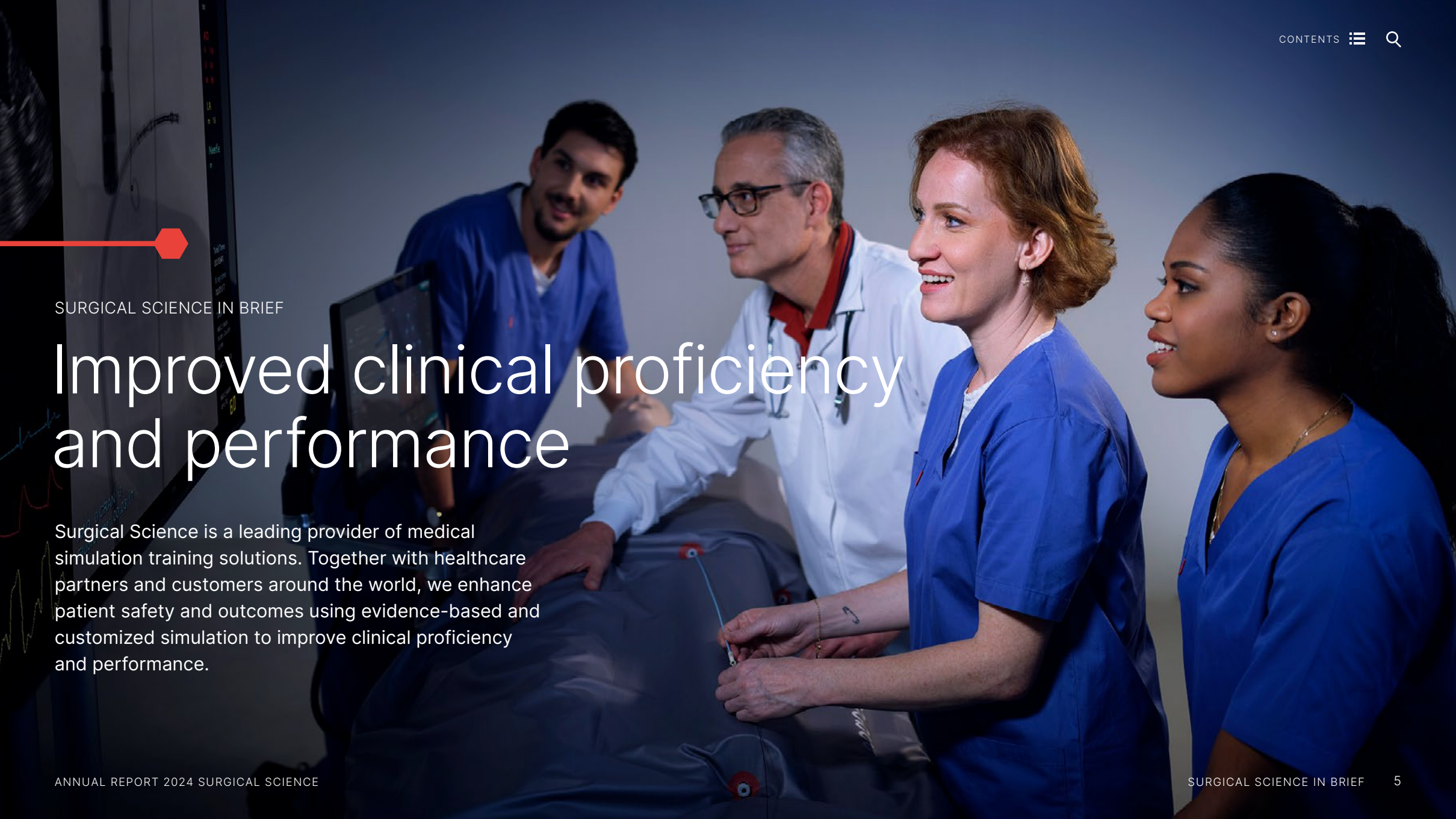
61 Consolidated income statements by quarter
62 Key figures and definitions
63 Administration report
71 Consolidated income statements
71 Consolidated statement of income and other comprehensive income
72 Consolidated statement of financial position
73 Consolidated changes in equity
74 Consolidated cash flow statements
74 Parent company income statements
75 Parent company balance sheets
76 Statement of changes in parent company's equity
77 Parent company cash flow statements
78 Notes to the financial statements
103 Auditor's report

Other information

106 Board
108 Senior executives
110 Shareholder information
111 Addresses

Throughout the annual report, the corresponding value for the preceding year is given in parentheses, unless otherwise stated.





SURGICAL SCIENCE IN BRIEF

Improved clinical proficiency and performance

Surgical Science is a leading provider of medical simulation training solutions. Together with healthcare partners and customers around the world, we enhance patient safety and outcomes using evidence-based and customized simulation to improve clinical proficiency and performance.

Surgical Science in brief

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 the world leader in the development of virtual reality simulators for evidence-based training. These simulators allow surgeons and other medical specialists to practice and improve their technical 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 Tel Aviv, Stockholm, Seattle, Cleveland, Shenzhen and, since February 2025, also Cardiff. Through its own sales force 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 in Stockholm.

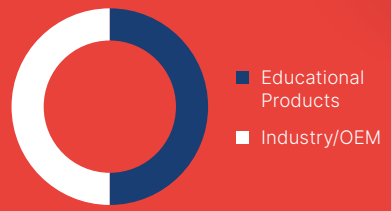
Sales 2024
SEK 884 m

Employees
274

Founded
1999

Market presence in
>90 countries

Sales by business area



>8,000
simulators delivered

>150
simulated procedures

>400
validation studies

~30
products in the portfolio

Business areas

Surgical Science's offices

History – from research to commercial phase and growth

Since 2016, Surgical Science has evolved from a research company into a commercial growth company.

1995–1999

The company is founded, research and development begins

2000–2015

Academic work, studies, and publications

2016–2017

Collaboration initiated with robotic surgery companies, listing on Nasdaq FNGM[1]

2018–present

Organic and acquisi-tion-driven growth

Future

Strengthen position as market leader and achieve the company's financial targets

Focused, long-term growth strategy through acquisitions

2019

SenseGraphics

- Customer base
- Software developers

2021

Mimic

- Customer base
- Complementary technology

2021

Simbionix

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

2024/2025

Intelligent Ultrasound

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

1. First North Growth Market, Stockholm

The year in brief

Outgoing CEO
In March, it was announced that Gisli Hennermark, CEO of Surgical Science for almost nine years, leaves his position. At the annual general meeting in May, Gisli was elected as a new member of Surgical Science's board. Gisli was employed by Surgical Science until March 2025 and is proposed to be elected as the new chair of the board at the annual general meeting in May 2025.

New CEO
In July, it was announced that Tom Englund had been appointed as the new CEO of Surgical Science. Tom Englund joins Surgical Science following his role as COO and VP of Instabee. His previous experience includes various roles within Atlas Copco, as well as the Tobii group where he was CEO of the Tobii Pro business unit and later also deputy CEO of the group. Tom joined Surgical Science in August and took over as CEO on October 1.

Weaker start but strong finish
The year started in a weak way, especially in the Educational Products business area. In the second quarter, the trend reversed and the year ended with the company's strongest sales in a single quarter. Sales for the full year amounted to SEK 884.1 (882.9) million.

Acquisition of Intelligent Ultrasound
On December 19, 2024, Surgical Science announced a recommended offer to acquire Intelligent Ultrasound in the UK. The company, which had sales of around SEK 115 million and 48 employees in 2024, is leading in ultrasound simulation.

Organization
At the end of the year, the development function was reorganized to facilitate more projects and increase the ability to respond to customer requests more quickly. At the same time, the sales function has been merged into regions for closer customer contact. The management team has also been reduced to five people for more efficient decision-making.

Sustainability
Surgical Science has been working on preparing for the potential implementation of the CSRD, and has, among other things, conducted the double materiality assessment – assessing for example how sustainability issues affect the business as well as how the business impacts people and the environment.

Key figures 2024

Sales

884

(SEK million)

Profit and profitability

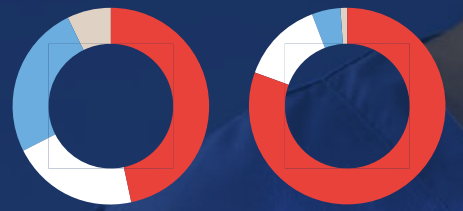
144

EBIT (SEK million)

19%

Adjusted EBIT

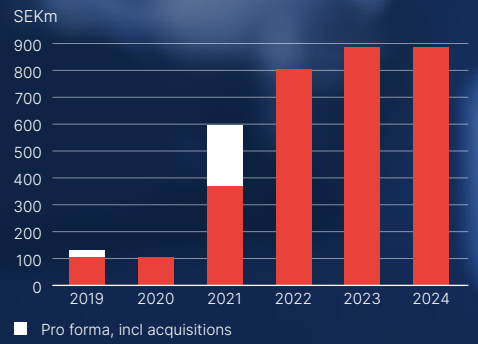
Sales by geographical area in 2024



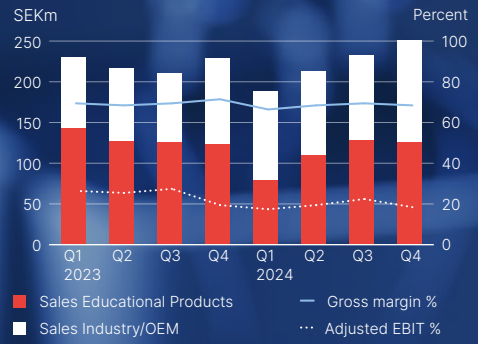
Educational Products

Industry/OEM

Annual sales



Sales and margins



Key figures

	2024	2023
Sales, SEK million	884.1	882.9
Operating profit (EBIT), SEK million	144.3	189.2
Adjusted EBIT, SEK million	168.7	213.6
Profit after financial items, SEK million	158.1	268.3
Net profit, SEK million	131.6	234.0
Number of employees at end of year	274	260
Equity/assets ratio, %	88.1	92.4
Earnings per share, SEK	2.58	4.59
Equity per share, SEK	94.63	85.16
Share price on the balance sheet date, SEK	155.90	182.50
Market value on balance sheet date, SEK million	7,955.0	9,312.3

For definitions, see page 62.

A MESSAGE FROM THE CEO

An eventful year with important progress

Surgical Science has enjoyed fantastic development in recent years and is now the world leader in medical simulation. Our team and solutions help improve the quality of patient procedures, which in turn results in better care and more lives saved.

We have an important purpose and work to make a positive impact on healthcare and patient safety. In addition to our products and staff making a real difference in the quality of care and patient safety, this aspiration fosters tremendous commitment throughout the organization. Our company has a high level of drive and ambition, strong collaboration, team spirit, and support for our joint journey.

Surgical Science has developed very positively in recent years driven by organic and acquisition-led growth and is now evidently the world leader in medical simulation with just over SEK 880 million in sales in 2024. At the end of the year, before the acquisition of Intelligent Ultrasound, we had just over 270 dedicated employees in 6 offices around the world. We have customers in more than 90 countries and have shipped more than 8,000 simulators globally.

Our products are critical in the training of physicians, surgeons, and other healthcare professionals. Advanced medical simulation is an effective, accessible, and sustainable way to teach surgery. Surgical Science has today by far the broadest and most complete product portfolio on the market for a variety of medical specialties. We take full responsibility for the entire customer journey and support our customers' success with our products and simulation.

2024 was a very eventful year for Surgical Science. The market environment was challenging in the first part of the year, with a tight budget situation for our Educational Products customers. This led to a drop in sales in Q1. The turnaround came in Q2, after which customer activity and sales increased steadily for the rest of the year.

Industry/OEM performed strongly and we continue to see a growing inflow of opportunities and business. Our customers in Industry/OEM, robotics and medical technology companies, view our products as an increasingly strategic component in their sales, marketing and training activities towards their customers. This is resulting in an increased number of customers and higher sales per customer.

A key event during the year was the acquisition of Intelligent Ultrasound. Based in Cardiff, UK, the company is a leader in ultrasound simulation with a broad product portfolio. The acquisition makes Surgical Science a market leader in ultrasound simulation, which is an exciting area with big potential. This acquisition also means that Surgical Science will establish a sales and development office in the UK, which is a strategically important market for both Educational Products and Industry/OEM.

In March, former CEO Gisli Hennermark announced his intention to leave the company. During his nine years as CEO, Gisli has been instrumental in the company's strong growth. I joined Surgical Science in August. The CEO transition was successful, allowing the company to maintain its momentum in operations and decision-making during the leadership change. In late Q4 and early 2025, the sales and development functions in the company were reorganized. This was done to meet the growing customer demand in a more efficient and scalable way. We're pleased with the results of this change, although a lot of work remains to be done.

We've had two significant events since the end of the year. In January, we were finally able to announce our plans going forward together with our key customer Intuitive, the world leader in robotic surgery. This four-year price agreement means that Surgical Science will provide simulation for every da Vinci 5 robot sold. The da Vinci 5 is Intuitive's latest and most sophisticated robot surgery system. The partnership is a testament to our performance over many years at Intuitive and symbolizes the value of simulation in robot surgery training.

In February, we announced a breakthrough order for our TraumaVR product for a defense ministry in a Southeast Asian country. TraumaVR aims to train personnel in emergency medicine, both within healthcare as well as military, police and similar professions. We see a strong global demand for this product and are planning for growth in the coming years.

We see good opportunities for growth for Surgical Science as a whole in the coming years. There are a number of macro trends which will help to increase demand for our products and services:

1) rapid digitalization and increased reliance on advanced technology in healthcare, driving the need for training among healthcare professionals

2) increased acceptance of simulation as a highly effective training tool

3) physicians and companies want to find sustainable and ethical ways to teach surgery, simulation being one of the main ways to do so

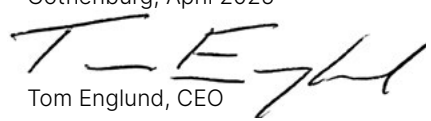
4) an explosive growth in robotic surgery, with a sharp increase in the number of procedures performed by robots and a rapidly growing number of robots on the market.

> "There are a number of macro trends which will help to increase demand for our products and services."

All these trends contribute to an increased need for training in healthcare. At Surgical Science, our strong market position makes us well-equipped to leverage the opportunities that this change brings.

I would like to thank Surgical Science's global team for all the progress and achievements in 2024, and for the exceptionally high level of dedication that all our amazing employees demonstrate every day in fulfilling our mission to improve patient safety and save lives using medical simulation. I would also like to thank our customers and shareholders for the trust you all place in Surgical Science.

Gothenburg, April 2025



Tom Englund, CEO

OVERVIEW OF OPERATIONS AND BUSINESS MODEL

Two business areas with major synergies

Surgical Science has the market's widest range of simulators for training in medical procedures and examinations.

Educational Products

Proprietary brand medical simulators – hardware and software for generic training of psycho-motor skills, instrument handling and training for a large number of procedures and examinations, prior to entering the clinical environment. Support and service.

Industry/OEM

Software consisting of simulation software for product-specific training of surgeons in robot-assisted surgery and other digitalized medical instruments. In addition, simulators for medical device companies. These are often sold under the customer's brand, with Surgical Science retaining all rights to the software.

EMERGENCY & CRITICAL CARE | GASTROENTEROLOGY | LAPAROSCOPY | OBSTETRICS AND GYNECOLOGY | ORTHOPEDICS | PULMONOLOGY

ROBOTIC SURGERY | ULTRASOUND | UROLOGY | VASCULAR SURGERY | OTHER

The challenges of surgery

Lower skilled surgeons have been shown to produce[1]

3x higher complication rates compared to higher skilled surgeons

5x higher mortality rates compared to higher skilled surgeons

Familiarization with new technologies is very time consuming even for experienced surgeons[2]

~50 practice cases are necessary for a surgeon to safely operate with new technology

2x higher-than-normal surgery revision rate when surgeons are new to a procedure

The benefits of simulation

Simulation training provides several benefits[3]

- Training without patients involved, reducing risk for errors in first operations
- Developing a significant amount of technical skills before the first surgery
- More efficient training, shortening the learning curve
- Proficiency-based training instead of volume-based – adapted to individual needs
- Offers the opportunity for standardized and objective feedback
- Cost-saving – reduces the need for supervision and expensive time in the operating room

Surgeons going through simulation training, compared to surgeons going through standard training, are

29% Faster when performing their first procedures

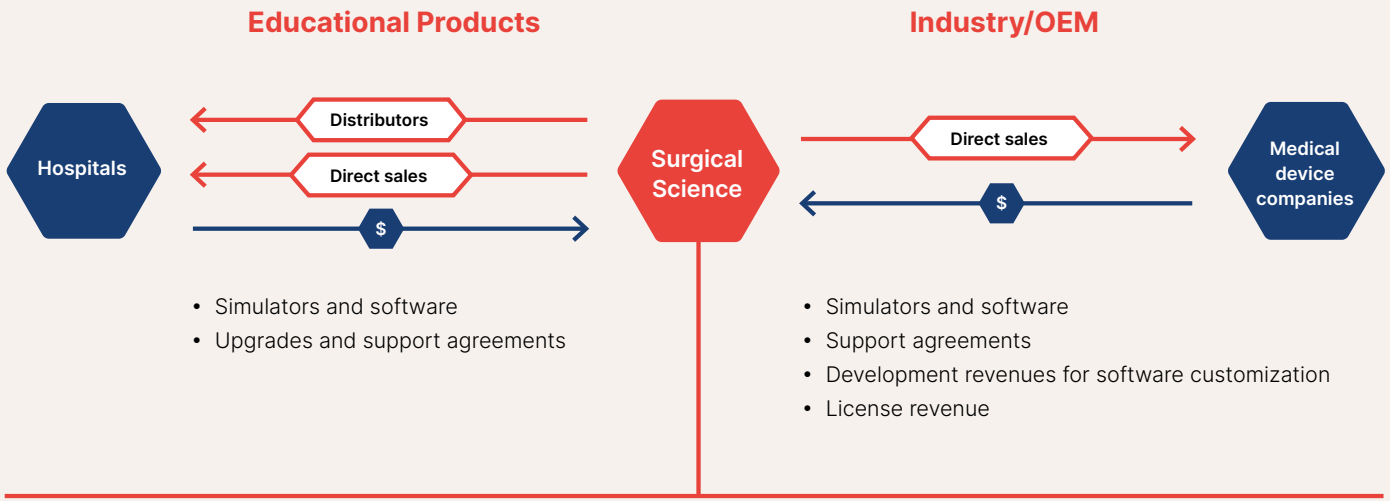
5x Less likely to make errors

9x More efficient in surgical decision-making

1. Birkmeyer John D. et al. “Surgical skill and complication rates after a bariatric surgery” The New England journal of medicine vol. 369, 15 (2013): 1434-42. doi:10.1056/NEJMsa1300625. 2. Sarpong et al. (2020). What is the Learning Curve for New Technologies in Total Joint Arthroplasty? A Review. 3. Brown et al. (2020). VR appendicectomy learning curve trajectory. J lapendo adv surg tech; Agha R.A, Fowler, A.J. (2015). The role and validity of surgical simulation. Int Surg. 4. Agha RA, Fowler AJ. The role and validity of surgical simulation. Int Surg. 2015

The synergies between the different business areas and the development projects make Surgical Science's business model scalable. The credibility that the company has generated between itself and academia is an important success factor for sales to medical device companies.

Sales channels and revenue streams



COMMON INTELLECTUAL PROPERTY RIGHTS

More than 25 years of expertise in medical simulation

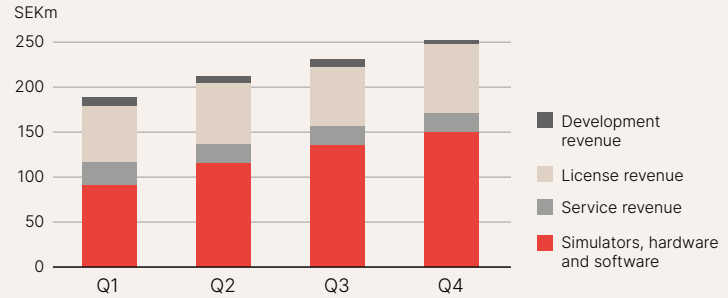
SCALABILITY AND EFFICIENCY

Shared development, service and support organization, as well as cloud platform

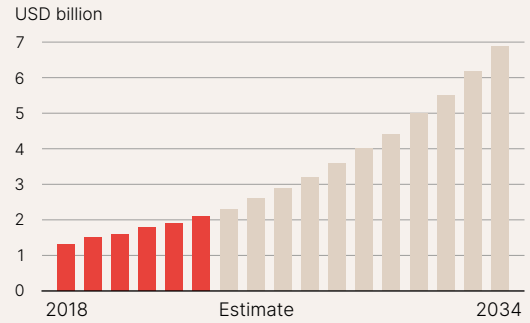
KNOWLEDGE EXCHANGE

Between industry and academia

Sales in 2024 by revenue stream



The medical simulation market is expected to grow at a CAGR of 11.4% between 2024 and 2034[1]



1. Precedence Research: Medical Simulation Market Size, Share, and Trends 2024 to 2034.

Surgical Science reports on and monitors four revenue streams. These have different margins and the distribution between them subsequently affects the company's total gross margin.

Customers and offer

Customers within Educational Products mainly comprise university hospitals, followed by other hospitals and training centers. University hospitals often have a simulator center where students and healthcare professionals can train before meeting real patients. Surgical Science sells turnkey products under its own brand, which comprises a hardware platform and software modules. The systems are sold with basic training programs, as well as supplementary training for specific areas.

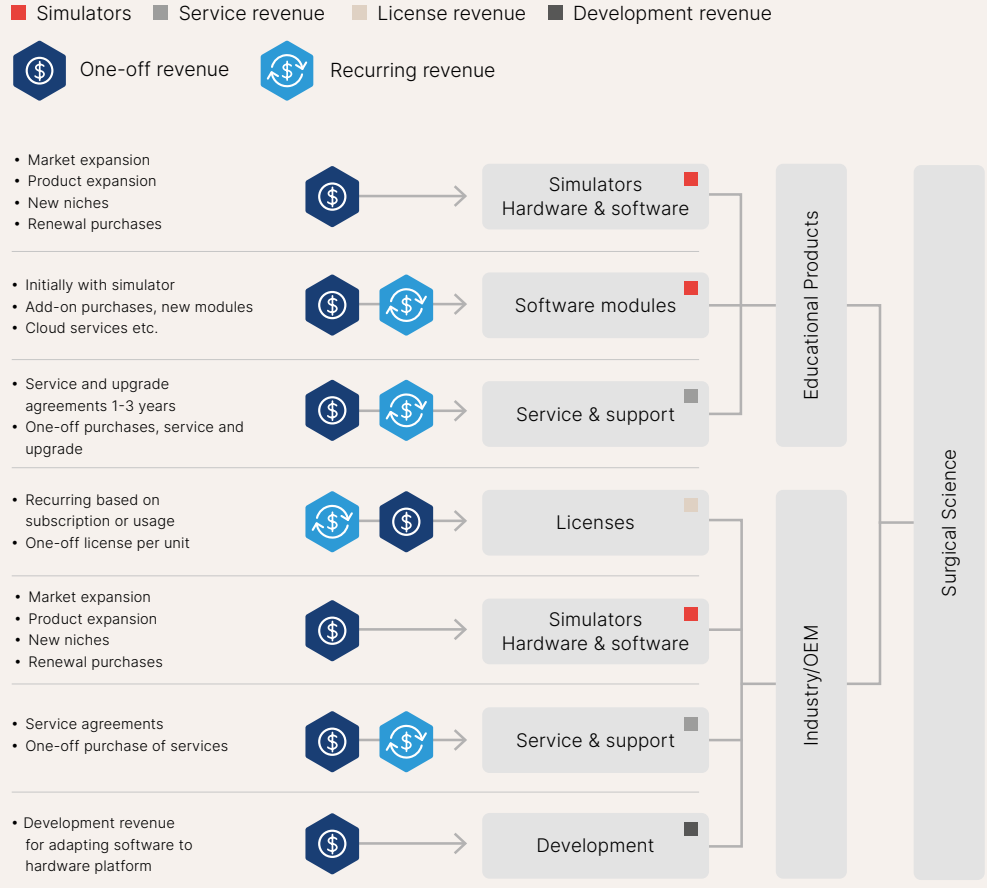
In Industry/OEM, Surgical Science offers software solutions to medical device companies requiring medical simulation for educational and marketing purposes, as well as for product development.

Revenue streams

Educational Products

In Educational Products, Surgical Science reports on two revenue streams: Simulators (hardware and software) and Service & Support. In most cases, the simulator is purchased with a one-time payment being made for the hardware and the existing version of the software. In terms of software, Surgical Science has a "library" of advanced software modules that can be purchased for each type of hardware platform. Customers can choose to initially purchase a certain number of modules and then buy additional software modules at a later time and add these to the simulator. New modules are also constantly being developed, meaning that there are opportunities for additional sales to existing customers.

Deep dive into Surgical Science's business model



Additional purchases of pure software are illustrated in the model on page 16 as "Software modules". This also includes a small amount of recurring revenue, related to subscriptions to Surgical Science's cloud solution MentorLearn. The reporting of revenue streams includes "Software modules" in Simulators.

In addition to the investment in the simulator, the hospital has the option to sign a service and upgrade agreement that gives customers access to software upgrades, which are released on a regular basis. This provides Surgical Science with recurring revenue from its installed base of simulators. If the customer chooses not to sign this type of agreement, Surgical Science instead provides a quote for any support services requested.

In many of the countries where Surgical Science operates, the purchase of the company's products and services in this area is governed by tenders. In countries such as the US, the hospital market is to a larger extent made up of private operators and here such investments are more often made with the help of various types of donations or specific grants.

In Educational Products, there is a seasonal variation, 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 toward the end of the year. The US does not have the same seasonality as other markets.

Surgical Science offers its customers the possibility to rent some of its products. However, procurement methods and rental habits differ in different markets. In many countries such as China, this payment model has not taken hold, while it is somewhat more widely used in the US market. For Surgical Science as a whole, rental income from simulators remains insignificant and is therefore not reported separately.

Industry/OEM

Within Industry/OEM, Surgical Science reports on four revenue streams: Simulators (hardware and software), Service & Support, License revenue, and Development revenue.

Within this area, operations can be further divided into "Robotics" and "Non-robotics".

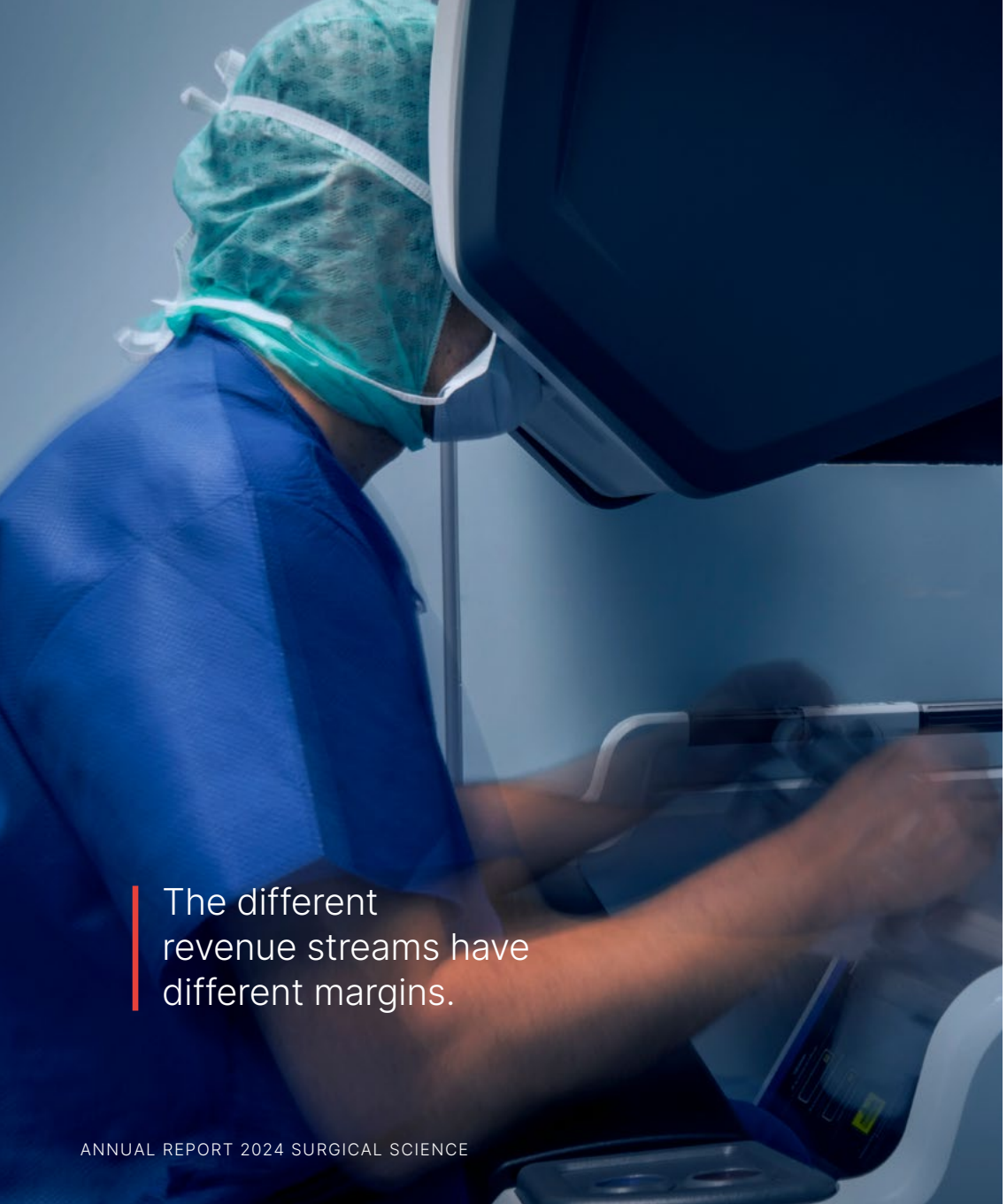
In Robotics, there are currently two revenue streams: Development revenue and License revenue. Surgical Science receives development revenue for the adaptation and development of its software to the robotics company's robot console/hardware. This development initially occurs in connection with the development of the robotics company's platform, but then also on an ongoing basis as new indications for the robot emerge (see also pages 19-20). When the medical device company then offers the simulation to its customers, Surgical Science receives license revenue. License revenues may be charged per unit or on a recurring basis, linked to the installed base or use of the software, for example. Revenue varies depending on the scope of the simulation offered. Whether simulation is included in the purchase of a product or constitutes a supplement may also vary depending on the strategy chosen by the manufacturer of the surgical robot. Surgical Science retains the full copyright to its software.

At present, deliveries within Robotics consist exclusively of software for Surgical Science. However, a concept for a new solution has been developed, enabling the simulation available on the consoles to be used more broadly with ultra-portable HMD (Head Mounted Display) solutions. An initial order for a small test project was delivered in the third quarter of 2024. This allows Surgical Science to add additional value for its customers and become even more embedded with them.

In Non-robotics there are three revenue streams: Simulators (hardware and software), Development revenue, and Service & Support. Simulators refer to the sale of Surgical Science's own simulators to OEM customers, mainly within the vascular and laparoscopic areas. Sales consist of projects that usually include a number of simulators where

Two revenue streams in Educational Products: Simulators and Service & Support.

adaptations for product-specific training of, for example, an OEM company's specific instrument are included. Development revenue is received for the adaptation. Service revenue for the installed base, which is mainly linked to longer agreements with specific customers where Surgical Science takes care of the shipping and servicing of these simulators for the OEM company, is also included in the sales figures.



Non-robotics has been a focus area since the establishment of a new strategy for this area 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. Revenue from this area can vary from quarter to quarter as projects have longer lead times and involve both development and products.

Margins

The different revenue streams have different margins and, consequently, their share of total sales affects Surgical Science's gross margin. License revenues have the highest 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.

Factors affecting Surgical Science's gross margin include:

- Share of license revenue, where a greater share has a positive impact on the gross margin.
- Product mix for proprietary simulators. Surgical Science has a very broad product offering within Educational Products, which is a competitive advantage in, for example, broader procurement processes. The volumes for some of the products are therefore small, which usually means a lower gross margin.
- Average price for proprietary simulators. This largely depends on the number of software modules sold together with the hardware, where more software means a higher price and a higher margin.
- Share of direct sales in Educational Products, where a greater share has a positive impact on the gross margin. Within Educational Products, sales are conducted both through distributors and directly to end customers by the company's own sales team. The largest market for direct sales is the US.

Surgical Science does not report gross margin by revenue stream.

Phases with different types of revenue

Development phase

With most of Surgical Science's customers in the field of robotic surgery, collaboration starts early on, during the development phase of the robot. In this phase, Surgical Science receives development revenue for the adaptation and development of its software to the robotics company's robot console/hardware. This phase can last between a couple of months up to a couple of years depending on the scope of simulation software to be provided for the robot. Surgical Science always retains the full copyright to its software.

Regulatory phase

A surgical robot is classified as a medical device and requires the necessary approvals before it can be used for commercial purposes, such as from the US Food and Drug Administration (FDA). Surgical Science's products and services are not classified as medical devices and therefore do not require this type of authorization. Simulation is also not part of the robotics company's approval, but it can play an important role in the approval process to demonstrate to the regulatory authorities how the robot is to be used in a patient-safe way.

During this phase, Surgical Science receives no revenue from the robotics company.

Start of the commercial phase

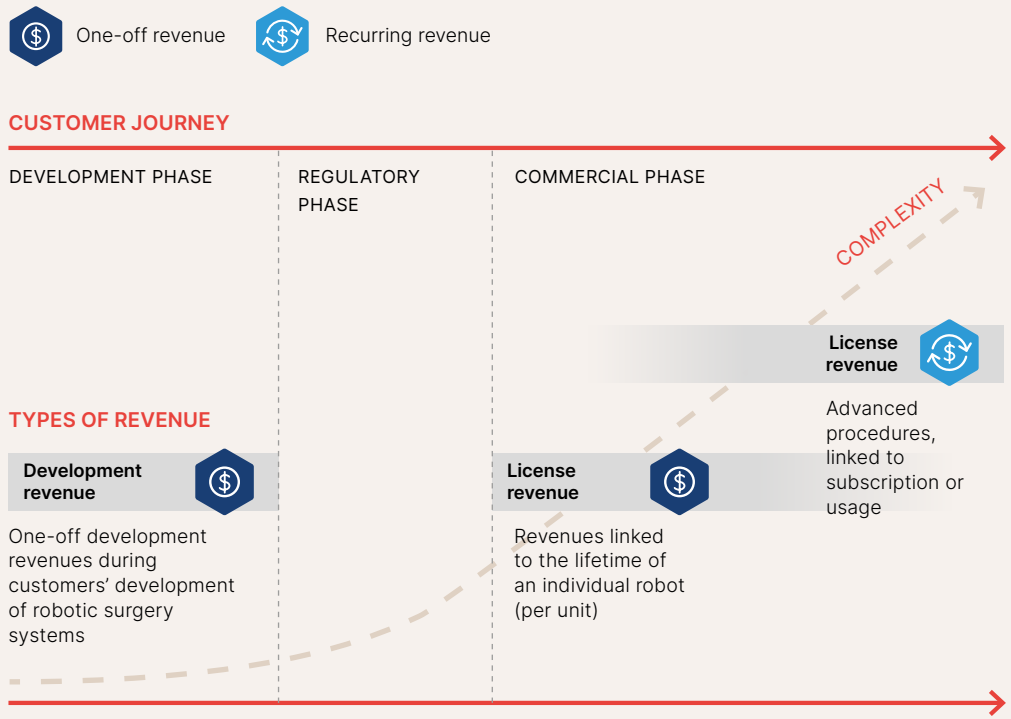
When the robotics company then offers the simulation to its customers, Surgical Science receives license revenue. License revenues may be charged per unit or on a recurring basis, linked to the installed base or use of the software, for example. Revenue varies depending on the scope of the simulation offered.

Whether simulation is included in the purchase of a product or constitutes a supplement may also vary depending on the strategy chosen by the manufacturer of the surgical robot.

Developing a new surgical robot is a huge project that requires a lot of resources, both in terms of time and money. For companies in the process of developing their first generation, their primary focus is generally on bringing a clinically patient-safe system to market in order to start generating revenue.

> Surgical Science's single most important customer group is robotic surgery companies. The customer journey for these is "perpetual", with an expectation of an increase in recurring revenue over time.

Deep dive into Surgical Science's customer journey with robotic surgery companies*



Examples of customers

INTUITIVE Johnson&Johnson Medtronic

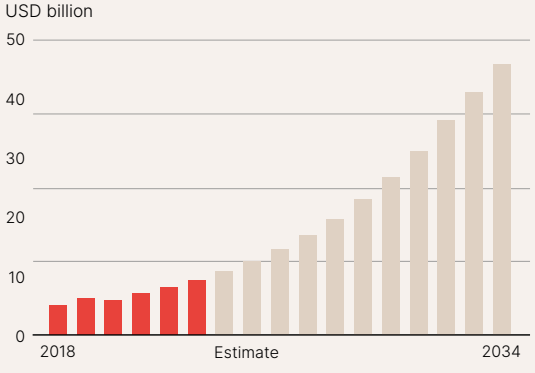
* General description, see also page 20

For Surgical Science, this means that it is usually more "basic simulation" that is delivered at the beginning, i.e. exercises more focused on hand-eye coordination in terms of using the robot's camera, moving the instruments, etc. In general, for this initial commercial phase, with more basic exercises, Surgical Science's revenues consist more of one-off revenues linked to the serial number of an individual robot, that is to say, to the lifetime of that specific robot.

Continuation of the commercial phase

As the robot becomes established on the market, the robotics company will also need to be able to provide simulation of the procedures themselves for its customers. For Surgical Science, this means a move towards providing increasingly advanced simulation. In addition, during the initial phase, the robotics company generally focuses on obtaining approval for a limited number of indications/types of procedures.

The robotic surgery market is expected to grow at a CAGR of 15.6% between 2024 and 2034[1]



80+ **companies developing equipment for robotic surgery[2]**

16+ **million procedures performed using the da Vinci robotic platform[3]**

~5% **of surgeons use current robotic technology[4]**

1. Precedence Research: Surgical Robotics Market Size, Share, and Trends 2024 to 2034. 2. Roger Smith, PhD, MBA. 3. Intuitive Surgical JP Morgan healthcare Conference 2024. 4. Medtronic. (2021). Robotic-assisted surgery opens new frontiers.

As these become established, new instruments can be developed for new indications. For Surgical Science, this means a "perpetual" need for new simulations for these new instruments and for new types of procedures.

In general, Surgical Science sees that simulation of more advanced procedures has and will have a different revenue model tied more to the installed base or usage of the software. The customer journey during the continuation of the commercial phase is therefore expected to include an increasing share of recurring revenues for Surgical Science.

Different platforms require more training

It is important to note that all surgical robots that are currently available or that are about to enter the market are different. This means that a surgeon cannot train on one type of robot and then immediately switch to using another platform. The functions are different and training on each specific platform is required. As more types of robots come onto the market, hospitals find themselves in a situation where the same surgeon may need to use several different platforms. With this, Surgical Science sees the need for training increasing further. In addition to the initial training to learn how to handle the specific robot, the surgeon will most likely also need to "warm up" on the specific platform between procedures.

Variation in license revenue

Surgical Science's license revenue continues to fluctuate between periods, which the company believes will even out over time as more customers come to the market with their robots and Surgical Science thus receives license revenue of a recurring nature from more customers. Customers who have just started selling the products from which Surgical Science earns license revenue buy the licenses in packages, which means that sales vary more between quarters. Surgical Science's revenues are not linked to the use of the licenses for these customers, but the revenue is recognized directly when the order is delivered. Only Intuitive currently reports ongoing usage, which means that Surgical Science's revenues are linked to the number of licenses used during the given period.

Every customer journey is different

The above is a general description of how Surgical Science sees and perceives robotics companies' customer journeys and is thus not a description that is applicable to all. Most of Surgical Science's customers have yet to bring their robotic platform to market and are either in the development or regulatory phase. A few have reached the initial commercial phase, while only Intuitive is in an established commercial phase, or "continuation phase".

OBJECTIVE AREAS, TRENDS, AND STRATEGIES

For better and more efficient care

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

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

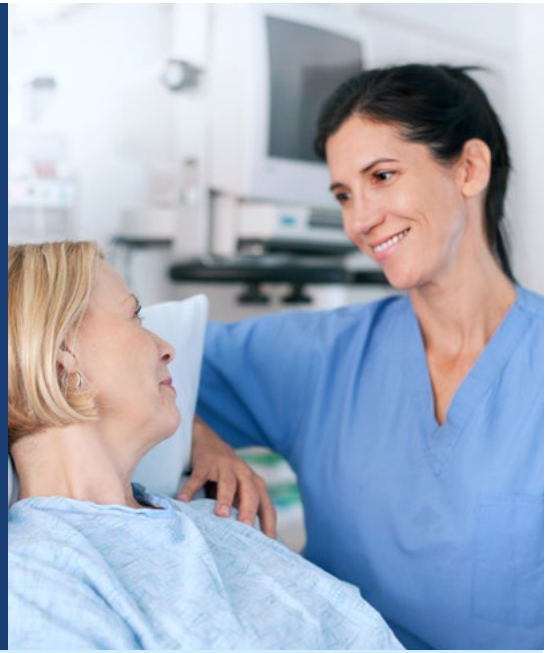
Financial targets

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

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.

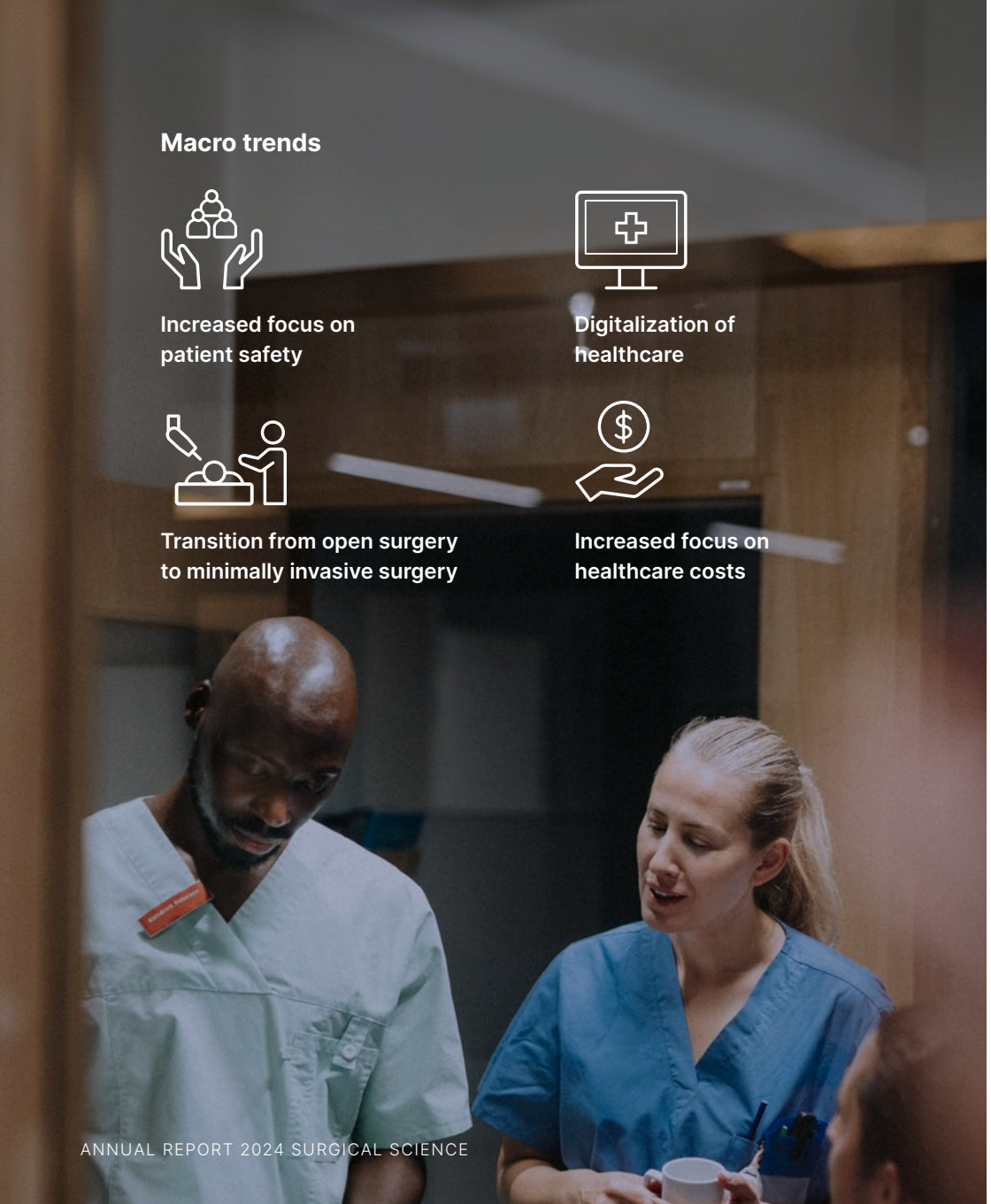
Vision

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



Financial targets

Sales 2026	Average annual growth rate for Educational Products	Adjusted EBIT 2026
SEK 1,500 m	10-15%	40%



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

Value-driving factors

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

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

> Underlying growth in the market for medical simulation is favorable. An increased focus on patient safety and healthcare costs are strong driving forces.

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

* Source: www.toerrishumanfilm.com

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

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

Scientific studies providing validation also support certification and assessment of physicians. Surgical Science is convinced that the emerging trend toward mandatory simulator training will continue, driven by increased demands from regulatory bodies, as well as from insurance companies.

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

According to calculations, only approximately 5 percent of the procedures that could be performed with robotic technology are currently performed using the method. The vast majority of the market, which is also growing strongly, remains to be penetrated. Now that challengers such as Medtronic, Medicaroid, and CMR Surgical have begun to launch their surgical robots, Surgical Science believes that competition will accelerate the implementation of new technologies.

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

Strategies

Surgical Science will continue to develop its 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 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 physician through training with the company's products also transfers to the clinical environment. Surgical Science advocates mandatory simulations in surgeon training and for future physicians to be certified before performing the first intervention 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 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. Using VR simulations in robot-assisted surgery, for example, is also an obvious choice and no supplier in this area will be able to do without a simulation solution. Another macro trend is an 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.

According to calculations, only approximately 5 percent of the procedures that could be performed with robotic technology are currently performed using the method.

Patents and trademarks

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

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

Objectives for 2025

The overarching objectives for Surgical Science in 2025 are to:

- Ensure successful integration of Intelligent Ultrasound and safeguard planned synergies.
- Establish broader partnerships and increase the number of customers in the non-robotics segment of Industry/OEM.
- Grow organic sales in Educational Products by 10-15 percent.
- Continue to expand the product portfolio through further product launches.
- Improve gross margin in Educational Products, including Intelligent Ultrasound, by streamlining the product portfolio and increasing average selling price.
- Ensure a high level of employee commitment by continuing to build and maintain the culture and the company's core values.
- Improve internal efficiency and the level of automation to respond more quickly and cost-effectively to increased customer demand and to handle more customers and business.
- 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 the world leader in realistic real-time simulations of medical procedures, improving the core technology is critical. In 2025, Surgical Science is continuing to invest more than ever in this area.

The overarching objective areas introduced on page 26 describe how the company will work in both the short and long term to achieve its objectives.

> To remain the world leader in real-time simulations of medical procedures, improving the core technology is critical.

Fulfillment of objectives for 2024

In 2024, Surgical Science's overarching objectives were to:

Target		Target fulfillment
1	Continue expanding the value content for existing customers in robotic surgery who license the company's technology.	✓
2	Establish broader collaborations in several product areas with major key customers within Industry/OEM.	✓
3	Grow sales within Educational Products by at least 10 percent.	✗
4	Continue to expand the product portfolio through further product launches.	✓
5	Improve the gross margin by streamlining production and procurement as well as increasing the average sales price within Educational Products.	✗
6	Ensure a high level of employee commitment by continuing to build and maintain the culture and the company's core values.	✓
7	Be prepared to make further acquisitions when the time is right.	✓

Overarching objective areas for Surgical Science

In the fall of 2024, Surgical Science defined the four objective areas that will be prioritized going forward. Linked to these are a number of activities, both short and long term.

1 Increase revenue and profitability

Achieve the company's financial objectives

Surgical Science is a growth company that helps to improve patient safety by supplying its solutions to more customers. Taking a long-term view of customer relationships creates opportunities to grow together with customers, strengthening the company's long-term growth prospects and facilitating the attainment of the company's short-term financial objectives.

2 A customer-focused company

Putting the customer at the center of business decisions and consistently delivering customer value and innovation

Surgical Science has achieved success by developing a world-leading and broad product portfolio that creates significant value for its customers. As the addressable market has grown to include more customer types, and the product portfolio has become more complex, the focus on customers needs to be strengthened and the customer-centric approach deepened further. A deeper understanding of customer needs facilitates the customization of products, services, and experiences in order to better meet the needs of different customer segments.

3 Efficient and scalable organization

Delivering high quality and scalability through automation and efficient processes

As the company grows, more customers are served, and the product range is expanded, it is crucial that this is done in a way that is scalable. This means that tasks and responsibilities are clearly allocated to establish efficient internal workflows and processes. Scalability is also about building the right systems and infrastructure to automate core processes, making it possible to expand operations with the same or almost the same resources.

4 Build a great organization

A committed, efficient, and effective team

Building a strong organization is crucial, not only to deliver on the company's objectives quicker, but also to ensure a positive, flexible, and sustainable working environment. Surgical Science already has a well-functioning organization with a strong and positive corporate culture. Continued progress requires greater clarity around objectives, better communication, and improved knowledge sharing between teams and offices. Streamlined processes are essential when it comes to eliminating bottlenecks, increasing productivity, and optimizing workflows. Leadership development will also be a prioritized area.

ACQUISITION OF INTELLIGENT ULTRASOUND

On December 19, a recommended offer to acquire Intelligent Ultrasound in the UK was announced. The company develops ultrasound simulation for training clinicians and other medical specialists in a wide range of fields.

Background Intelligent Ultrasound

Intelligent Ultrasound is an established specialist in medical ultrasound simulation, founded in 2004 and based in Cardiff, UK. The company also has a sales office in Alpharetta, USA.

Intelligent Ultrasound has been listed on AIM in the UK since 2014. In October 2024, the company completed the sale of its Clinical AI business to GE Healthcare for GBP 40.5 million. This left the medical simulation business, which Surgical Science has now acquired. The revenue model includes direct sales of proprietary simulators, hardware/software upgrades, and support packages. The company has its own commercial organization in the UK and the US, while distributors are responsible for sales in other geographical areas. The installed base consists of over 1,800 systems at more than 800 medical institutions worldwide.

Between 2014 and 2023, Intelligent Ultrasound demonstrated an average revenue growth of 18.4%. Following sales of GBP 10.0 million in 2023, 2024 was a weaker year, mainly due to budgetary issues impacting spending by the UK's NHS. Sales

Intelligent Ultrasound in brief

INTELLIGENT ULTRASOUND®

- Founded in 2004
- Ultrasound simulation for training clinicians and other medical specialists in a wide range of fields
- Previously listed on AIM in the UK
- Based in Cardiff, UK with a sales office in Alpharetta, USA

Examples of products

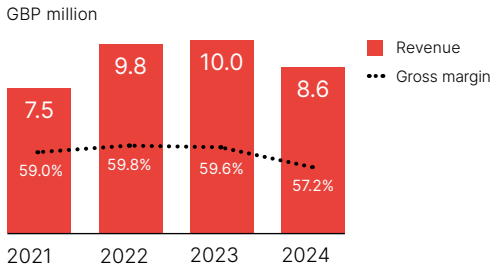
Employees

48

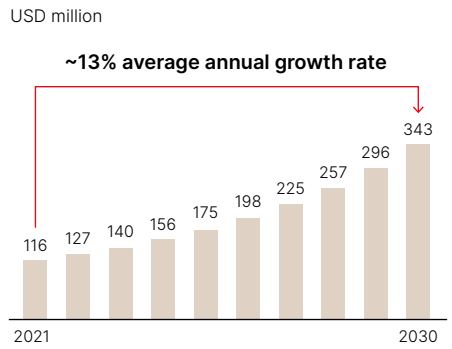
Installed systems

1,800

Key financial ratios[1]



Ultrasound simulation is expected to grow at a CAGR of around 13% between 2021 and 2030[2]



1. From continuing operations (simulation activities + NeedleTrainer). The gross margin includes sales of third-party products.
2. Global Ultrasound Intelligence. (2023). Ultrasound market intelligence report. M Intelligence.

for 2024 were GBP 8.6 million with an operating loss of GBP 2.7 million.

Rationale for the acquisition

Strategic portfolio enhancement

Intelligent Ultrasound's product portfolio consists of innovative, proprietary ultrasound simulation solutions in areas such as cardiac anatomy, echocardiography, point-of-care ultrasound, emergency medicine, intensive care, and neonatal care, as well as the NeedleTrainer product, which complements Surgical Science's product offering in this area.

Innovation-led expansion

Intelligent Ultrasound will be integrated into Surgical Science's development organization to benefit from synergies between the technologies. Cardiff will be another of Surgical Science's development sites in addition to Tel Aviv, Gothenburg, Seattle, and Stockholm. Intelligent Ultrasound adds complementary technology with the ability to utilize real volumetric ultrasound data.

Larger commercial footprint in the UK and US

Following the acquisition, direct sales will be established in the UK market of all Surgical Science products. It is difficult to find strong distributors as most companies whose products could complement Surgical Science's products through a distributor sell directly in this market.

Surgical Science has not previously had a successful solution in relation to the market potential and the assessment is that a direct sales presence will create significant opportunities for Surgical Science's entire product suite in this market.

In addition, the commercial footprint in the US will expand.

Economies of scale

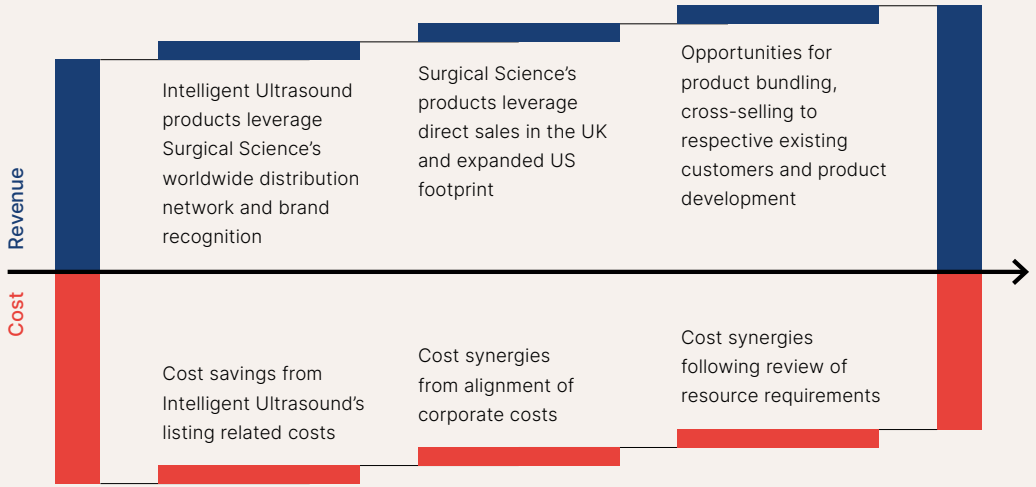
With greater scale comes the opportunity to increase customer value through efficiencies that leverage the shared capabilities and sales channels within Surgical Science.

Attractive price

Following Intelligent Ultrasound's sale of its AI business to GE Healthcare for GBP 40.5 million, Surgical Science is buying an asset in the strategic vertical ultrasound for a sales multiple (2023) of around 0.5x. As at December 31, 2024, Intelligent Ultrasound's cash position was GBP 39.7 million.

Surgical Science's ultrasound simulation business more than doubles for 2024, from sales of around SEK 90 million to around SEK 205 million.

Example of identified revenue and cost synergies



Revenue growth

Surgical Science's revenue from the ultrasound simulation business more than doubles from SEK ~90 million to SEK ~205 million[1]

Potential synergies through leverage of combined sales channels and network, product bundles, and product development

Cost savings

Expected cost savings of SEK ~20.3-27.0 million (GBP ~1.5-2.0 million) annually[2] from listing-related costs, reduced corporate costs and evaluation of resource requirements

1. For 2024; GBP/SEK = 13.5. 2. Subject to the ongoing integration process.

Valuation and costs

On December 19, 2024, Surgical Science announced a recommended offer to acquire Intelligent Ultrasound for approximately SEK 630 million on a fully diluted basis, 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.

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, 2024) was taken. 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 approximately SEK 25 million for Surgical Science.

On February 6, 2025, the outcome of the court proceedings and the general meeting of Intelligent Ultrasound's shareholders, held on February 6 in connection with 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 had been completed, 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 effective date.

Surgical Science is conducting 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 20.3 million and SEK 27.0 million).

> Intelligent Ultrasound's focus on ultrasound simulation is well-aligned with Surgical Science's strategic objectives.

Future perspectives

Through the acquisition of Intelligent Ultrasound, Surgical Science sees growth opportunities for ultrasound simulation in four key areas

1	Industry/OEM	Opportunity to provide more ultrasound simulation solutions to OEM customers
2	Pharmaceutical companies	Opportunity to offer ultrasound guided drug injections
3	Emergency medicine	Opportunity to provide ultrasound for simulators within emergency medicine, a rapidly growing market segment
4	Point-of-care	Opportunity to expand within the rapidly growing point-of-care ultrasound segment – a portable ultrasound for quick diagnostics at the patient's bedside

ORGANIZATION

Focus on a strong corporate culture

Surgical Science actively seeks to be an attractive workplace and sets targets to ensure a high degree of employee engagement and a good work environment. The employees constitute an important asset for the company's competitiveness and profitability, and it is of the utmost importance to be able to attract personnel with appropriate skills and provide employees with opportunities for further development.

Surgical Science strives to have an organization characterized by expertise, entrepreneurial spirit, goal-orientation and rapid decision-making paths.

A global organization

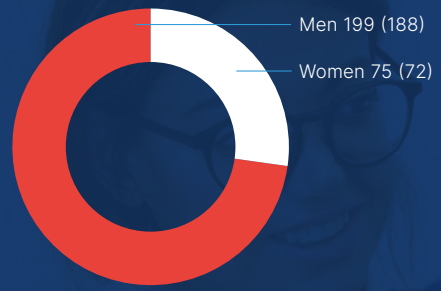
Surgical Science's head office is located in Gothenburg, Sweden. There are also operations in Tel Aviv, Stockholm, Seattle, Cleveland, Shenzhen and, since February 2025, Cardiff. Software development and sales staff are also located in a few other countries, including Germany. The organization comprises various functions that collaborate to advance the work globally. The company strives to have an organization characterized by expertise, entrepreneurial spirit, goal-orientation and rapid decision-making paths.

To enhance the company's innovation capacity and customer focus, the development function has been reorganized, which should enable it to handle more development projects and respond to customer requests more quickly. The sales function has also been restructured and is now divided into regions to ensure better proximity to customers and distributors and to make better use of shared resources.

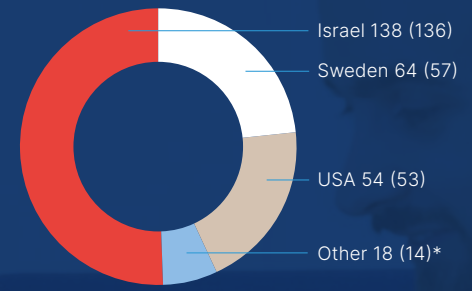
The management team has been reshaped and reduced from eight to five members to create clearer ownership and shorter decision-making paths.

In 2024, the number of employees at Surgical Science increased by 5 percent through the recruitment of new software developers, support and sales staff, and new support functions. At the end of 2024, the number of employees amounted to 274 (260).

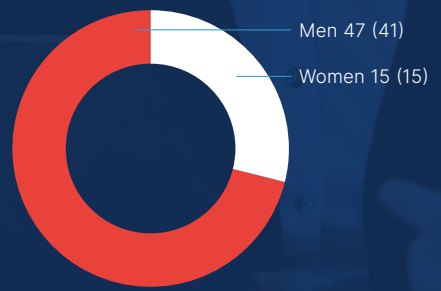
Employees 2024 (2023)



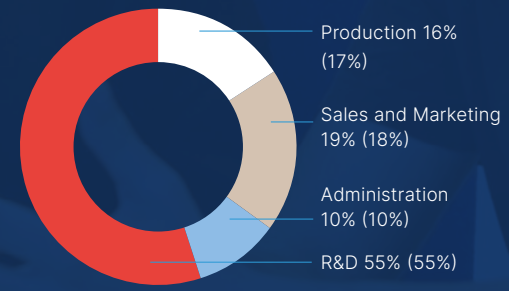
Employees per country 2024 (2023)



Managers 2024 (2023)



Employees by function 2024 (2023)



* Primarily Germany and China

Committed employees

Surgical Science is a knowledge-intensive company and its employees and their specific skills are a key asset for long-term competitiveness and profitability. Consequently, the company's efforts to be an attractive employer and a sustainable workplace characterized by commitment and well-being are a focus area. Surgical Science's operations provide opportunities to attract external talent and retain the company's employees as the company's work helps to add value to society through improved patient safety.

Surgical Science offers several incentives to foster increased commitment and health among employees. One of these incentives is a warrants program, the view of the board being that a program like this helps to increase motivation and commitment among employees and strengthens the bonds between the employees and the company. Furthermore, warrants programs are considered to foster opportunities to recruit and retain knowledgeable and experienced employees and are expected to increase employees' interest in the business and the company's performance trend. On the whole, the assessment is that warrants programs will benefit employees and shareholders alike through increased share value.

Surgical Science currently has four warrants programs open – see more on pages 58-59. The intention is to propose to the annual general meeting broad annual programs through which employees can accumulate their warrants holdings.

Surgical Science measures employee satisfaction through an employee survey (eNPS Employee Net Promoter Score). The method is easy to implement and provides knowledge about how the company is perceived by employees and the reason for their views. To assess and further develop Surgical Science as a workplace, employee satisfaction will be reviewed annually. The response rate for the 2024 employee survey was 78 percent (86). The results have been presented to all employees and also at team level. Measures will be taken at both the local and overall levels to address what has been identified as potential for improvement.

HR strategy

The HR strategy prioritizes focus areas for attracting and retaining talent. In addition, it assists managers in their development and serves to build a shared culture. In 2024, several projects and initiatives were implemented in line with these focus areas, including the launch of new global processes and further development for managers in various areas.

The company strives to formulate meaningful tasks that help employees develop and to involve them in designing their own work situation.

Leadership development

The leadership development program is aimed at all managers and defines what is expected of a manager and how they can contribute to a common culture across the entire company and better business performance. All managers at Surgical Science undergo this training. The program will be broadened in 2025 to include new focus areas.

An important activity for managers and staff continues to be the Performance Management process, which will help to improve target attainment and employee engagement. This process is documented in the HR system.

HR system

Surgical Science's HR system is a management tool that gives the company a clearer overview of the organization, such as by documenting completed employee conversations and internal training. The system contains valuable information for resource planning and for safeguarding future skills needs. Additionally, the system contains a recruitment tool that provides knowledge about the company's efficiency when it comes to, for example, how long it takes to recruit for a specific role.

> Working for a strong and common corporate culture is very important for the company's operations as this creates a high level of commitment.

Other HR activities

During 2023, Surgical Science inventoried and harmonized employee roles and professional titles. This has resulted in a global structure and forms the basis for a clear definition of each position. This framework facilitates the integration of new colleagues, such as in connection with acquisitions.

In 2024, work started on creating global and more detailed job descriptions that will also facilitate career development in the future.

A healthy and safe work environment

As an overarching objective, Surgical Science seeks to provide a good working environment and to undertake systematically to minimize the risks of occupational injuries and accidents. The company strives to formulate meaningful tasks that help employees develop and to involve them in designing their own work situation and in the process of change and development in the workplace. Working conditions must allow for variety, cooperation and social contacts. All employees should feel appreciated and respected and be treated with kindness and respect, both by employer representatives and by colleagues. Surgical Science believes that different views and experiences strengthen and broaden the company and should be encouraged.

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

To provide space for recovery and work-life balance, Surgical Science offers employees opportunities for flexible work arrangements, when possible. For example, the company offers flexibility in working from home or from the office in line with each country's local guidelines.

Strong and shared corporate culture

Fostering a strong and shared corporate culture is of great importance to the company's operations as this ensures a high level of employee commitment, facilitating the continued supply of high-quality and innovative products for better patient safety. Surgical Science has clarified its core values by formulating three value statements: Respect, Curiosity, and Perseverance, which reflect the company's culture.

The guiding principles in the development of Surgical Science's core values were transparency and inclusion. The management assigned the task of developing the core values to a group representing the company's different functions, as well as the organization's various geographic locations. The group met on several occasions for discussions and assessments, sometimes guided by an external consultant specialized in such work. As part of the process, a survey was conducted that was open to everyone in the company, with the results being used in developing the core values. Ultimately, the working group's conclusions were presented at a joint meeting of the entire company. After that, the company's various teams held workshops to discuss the importance of the values for the individual and the organization and how they can be incorporated in daily work.

These core values guide employees in how they should act and make decisions on a day-to-day basis and in long-term planning. In 2024, the application and observance of the core values was a highly useful and effective tool for implementing the cultural process in different procedures and in every part of the organization. For additional information on Surgical Science's core values, see page 50.

At least quarterly, company-wide meetings are held where all employees have the opportunity to participate. In 2024, a complementary option for internal communication was assessed and decided upon. The project started in 2024 and will continue in 2025.

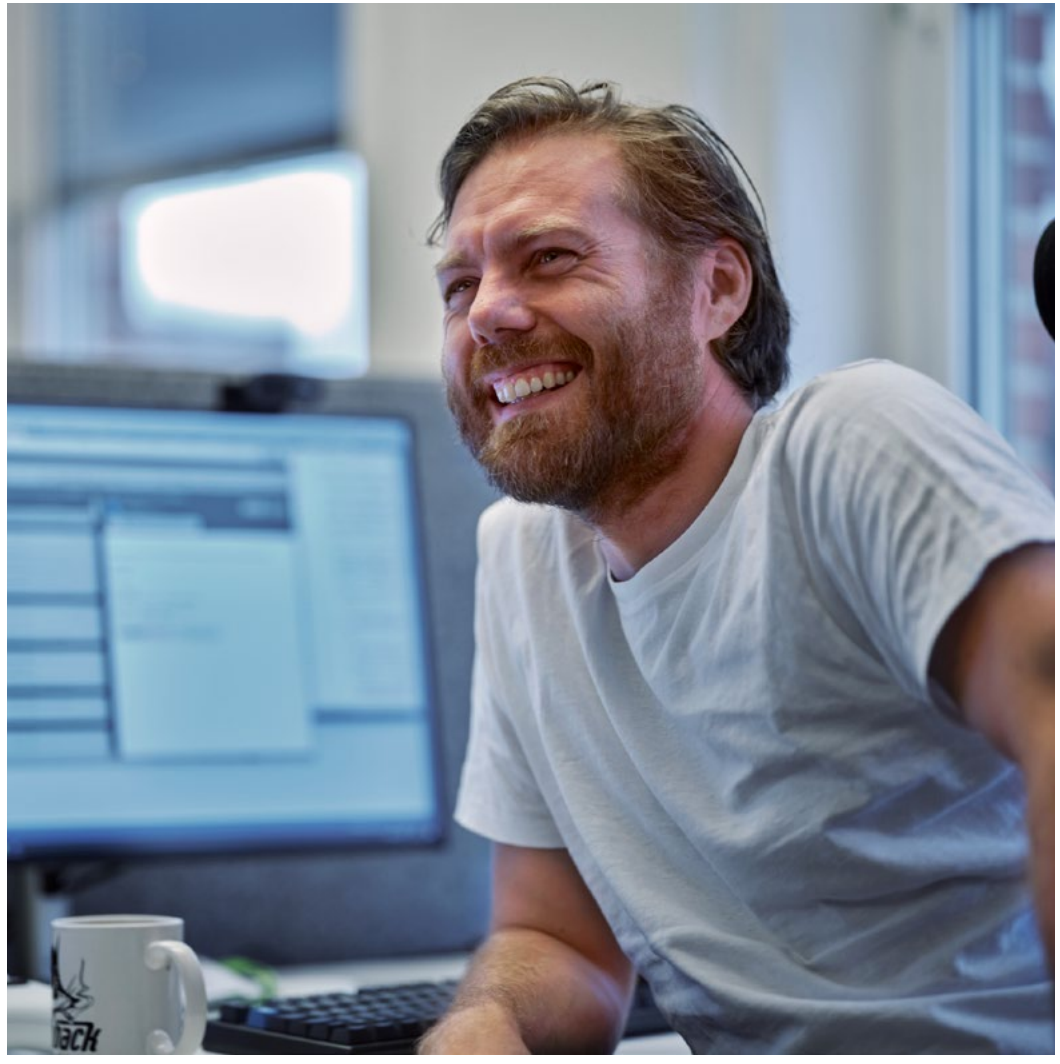
Code of Conduct and whistleblower channel

Surgical Science's Code of Conduct lays the foundation for how the company views and should work on matters such as business relations, working environment and environmental considerations. The Code of Conduct contains important principles and guidelines for decision-making in day-to-day operations and comprises two areas: the work environment and how the company conducts business ethically and appropriately. The purpose of the Code of Conduct is to set standards and provide examples of how employees, suppliers and partners are expected to behave and communicate with customers and other stakeholders in line with the principles with which the company conducts its business. The Code of Conduct can be read in its entirety at Surgical Science's website.

The Code of Conduct is distributed to all employees, who then sign in the HR system that they have read, understood, and will comply with the Code of Conduct. Surgical Science has a whistleblower function. This is an external channel that allows employees, for example, who cannot otherwise notify the company of deviations from good business ethics or the Code of Conduct in general, to anonymously report misconduct.

The whistleblower function, which is available on the Surgical Science website, complies with EU legal requirements and the GDPR for reporting and follow-up.

> The Code of Conduct lays the foundation for how Surgical Science views and should work on matters such as business relations, working environment and environmental considerations.

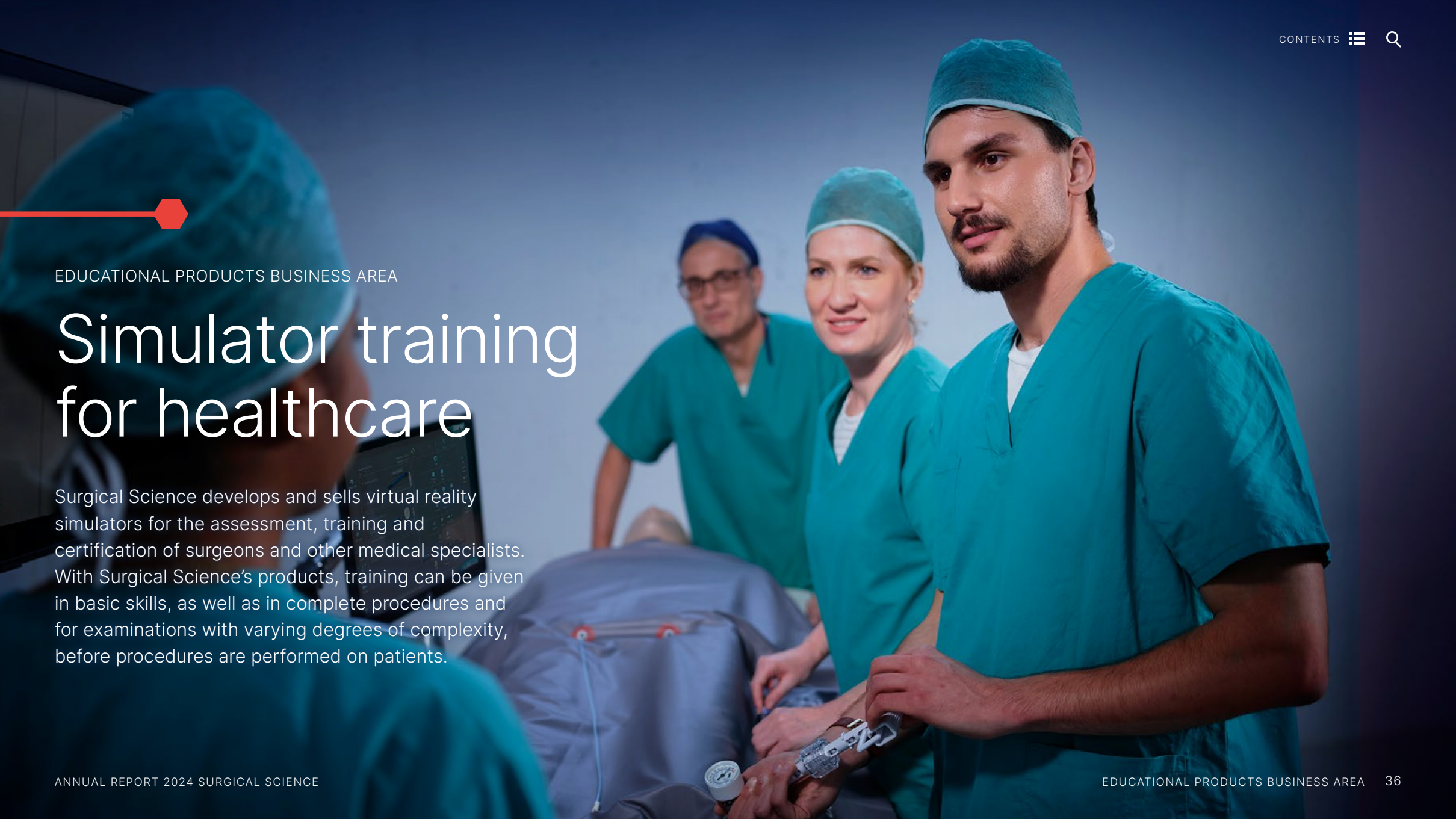


Training on Surgical Sciences' simulators is an effective way to ensure practical skills and thereby improve patient safety.

EDUCATIONAL PRODUCTS BUSINESS AREA

Simulator training for healthcare

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



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

Products

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

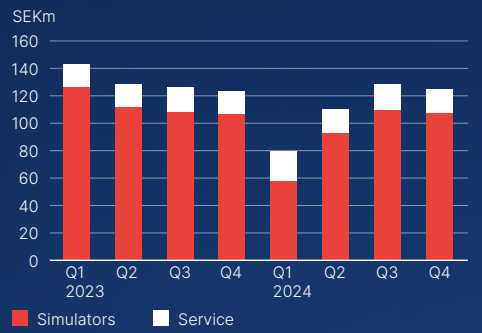
Further details on the product range can be found on the company's website.

Surgical Science's broad product range makes it possible to have a global service function with good customer support. The unit measures customer satisfaction and in 2024 had a very high NPS (Net Promoter Score) of 93.

Validated products

Surgical Science's products have undergone a large number of validation studies demonstrating that the knowledge acquired by the surgeon through simulator training also transfers to the operating room. Comparative studies have also been conducted in which surgeons training with Surgical Science's products have been compared with surgeons receiving traditional training.

Sales Educational Products



Sales in Educational Products consist of own simulators with associated software, as well as service and upgrade revenues for these.

Sales 2024

SEK 442.5 m

Target

Average sales growth 10-15% per year.

Market

Market presence in over 90 countries.

Products

Wide range of simulators for training in several medical specialties.

The Educational Products business area helps healthcare professionals improve their clinical proficiency and perform better

1. Patient safety, training without involving patients, reduced risk of errors
2. Develop technical and other skills in a safe, stress-free environment
3. Proficiency-based instead of volume-based training
4. Adapted to individual/group/situation-specific needs
5. Attain the right skills quicker
6. Standardized and objective feedback
7. Improved collaboration and workflow in the clinical team
8. Saves time, cuts costs, and reduces environmental impact thanks to reduced need for supervision, travel, cadaver training, etc.

The studies clearly showed that surgeons who received simulator training achieved shorter operations and fewer errors, two parameters of importance for healthcare.*

Market

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

The pandemic demonstrated clearly the problem of training on patients. A reduced level of planned surgeries meant that there was an increased need for other types of training. This has contributed to a change in behavior, which in some markets has led to an increased demand for simulators.

Marketing and sales

Sales of Surgical Science's simulators are conducted globally through distributors and partly through its own salespeople directly to end customers. Surgical Science conducts its own sales operations in the US and Sweden, among others. A large part of the sales work takes place at various trade fairs. In addition, Surgical Science sells by way of around 60 distributors worldwide, a network that the company considers to be an important success factor in the sales work. More than 95 percent of the company's sales are to customers outside of Sweden. The US is currently Surgical Science's largest individual market in this area.

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

Competitors

Several companies provide products for medical simulation, a few of which are given here. Elevate Healthcare (formerly CAE Healthcare) is a company that provides training and simulator systems in the areas of orthopedics, ultrasound and vascular surgery. Virtamed is a Swiss company that competes in the areas of orthopedics, urology and laparoscopy. In the area of vascular surgery, Surgical Science also competes with Swedish company Mentice.

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

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

Competition in the market for the technical training of surgeons and other medical staff also comes from other types of training, such as simpler box training, practice on animals or human cadavers and training on patients under the supervision of a mentor/fully qualified physician.

Product development

The software that Surgical Science uses in its simulation tools has mainly been developed in-house and is owned by the company; a marginal part of the software has been provided to the company on license. The software has been further developed and refined over a period of more than 25 years in collaboration with surgeons and other specialists who continually test new functions to ensure realism. Surgical Science continually undertakes to develop new simulation modules for further interventions and examinations and to improve the functionality of existing modules. An important part of product development is the development of training programs that measure physicians' skills. In collaboration with the profession, certification courses have been developed in which the user must attain a certain level to pass.

Purchase, assembly and distribution

Surgical Science's products comprise both hardware and software. The hardware components are purchased by subcontractors, with final assembly and installation of the software taking place in-house. Currently, assembly takes place in Israel, Sweden and, to a lesser extent, the US. Since February 2025, assembly also takes place in the UK.

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

> Studies clearly show that surgeons who have received simulator training have shorter operations and fewer errors, two parameters of importance for healthcare.

INDUSTRY/OEM BUSINESS AREA

Simulation for medical device companies

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

Interest in using simulation in product development increases as product development time and costs decrease.

Background and customers

As a result of 25 years of research and development behind the world's most advanced computer-based medical training simulations, Surgical Science's software resources can be applied beyond its proprietary products. In Industry/OEM, the company addresses medical device companies requiring medical simulation for educational and marketing purposes, as well as for product development. Interest in using simulation in product development increases as product development time and costs decrease.

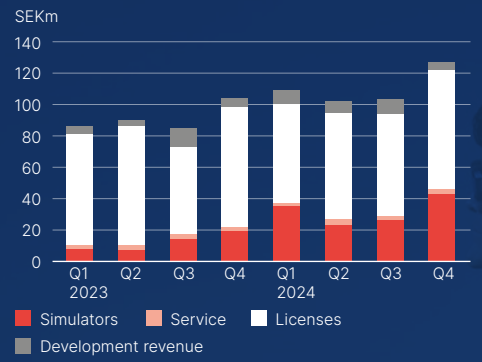
In the development and introduction of new products and methods, the need for training is substantial for several reasons:

- Ensuring that the new product can be introduced to the market in a patient-safe way.
- Ensuring that hospital staff are trained when new products/methods are introduced as a way of guaranteeing value-based healthcare.
- Encouraging as many physicians as possible to switch to using the new methods/products.

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

In recent years, it has become more difficult for salespeople from medical device companies to

Sales Industry/OEM



The largest share of revenues comprises license revenues, mainly from robotic surgery companies. Due to the purchasing pattern among customers who have only recently started selling their products in the market, these revenues can vary quite a lot between quarters.

Sales 2024

SEK 441.6 m

Development

Increased digitalization leads to greater need for simulation.

Market

The growth of robotic surgery is high; the penetration rate is still at a low level.

Product news

The company's projects outside the robotic surgery area show increasing growth.

The Industry/OEM business area helps medical device and robotics partners gain competitive advantage and accelerate business growth

Product-specific training, combining the medical device company's instruments with Surgical Science's simulation technology, helps to:

1. Reduce product usage errors
2. Shorten time to market and increase acceptance of new products, procedures, and services
3. Create realistic and engaging sales demonstrations
4. Collect user data and gain insights with regard to how products are being used and for prototype development
5. Reduce costs and environmental impact thanks to less need for supervision, travel, cadaver training, etc.

book meetings with physicians. One differentiation is to have highly trained salespeople capable of contributing knowledge of products and procedures and who are therefore considered a resource for physicians. This makes internal training of the sales force important, with simulator training being a time-efficient way of accomplishing this.

For Surgical Science, the most important segment for this business area is robotic surgery. Here, the focus is currently on simulating soft tissue in the abdomen. The company also holds intellectual property rights in several other areas where simulation in the robotics area may become relevant.

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

Simulation is becoming increasingly important for accelerating end users' understanding of a specific technology and an important sales support component for demonstrating a product's uniqueness. This drives the volume of simulators. Surgical Science's portable concept, which makes it possible for users to take the simulation solution to end users and quickly demonstrate their solution, is attracting a lot of interest in the market.

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

Robot-assisted surgery

The development of robot-assisted surgery (or robot surgery) began in the 1990s and today this is a rapidly growing area. Contrary to what the name suggests, robotic surgery does not mean that a robot performs the operation independently, making its own decisions. Robot-assisted surgery involves a surgeon controlling a robot to perform a surgical procedure. During the operation, the surgeon sits at a control unit where

his/her hand movements are translated into controlled movements of the surgical robot. The surgeon and control console may be in the operating room, an adjacent room or potentially somewhere else entirely.

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

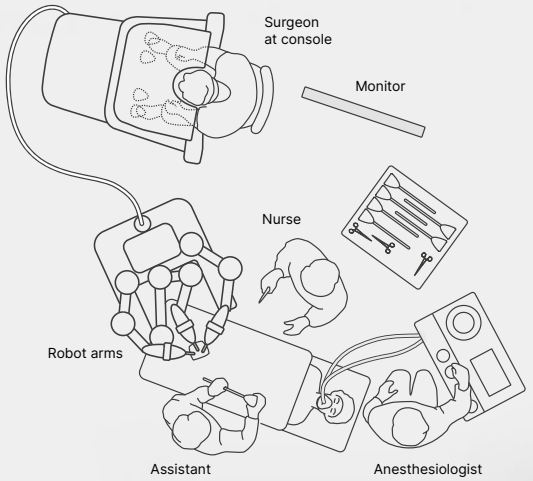
- Better control and greater degree of freedom for the surgeon.
- Increased safety – no tremors or unintentional movements.
- Better ergonomics for the surgeon, who does not have to stand next to the patient, and a new surgeon can easily take over during an ongoing operation.
- Opportunities to perform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

Market for surgical robots

The market for surgical robots is currently dominated by the American company Intuitive and its da Vinci system. The system has its origins in research linked to the US military. Intuitive was founded in 1995 and the first version of da Vinci was launched in 1999. The company was listed on Nasdaq in 2000. Since its inception, Intuitive has been very successful and today it has an installed base of about 9,500 systems worldwide. Thanks to advanced technology and a strong patent portfolio, Intuitive has taken a leading position and today holds a dominant position. In March 2024, the company received approval from the US Food and Drug Administration (FDA) for its new system, da Vinci 5. Surgical Science's simulation software will be integrated into all da Vinci 5 robotic systems.

Several of Intuitive's key patents expired in 2017, opening up the market for other players. A number of major industrial players have just launched surgical robots or are about to. One of the largest challengers to Intuitive is Medtronic, which presented its Hugo RAS in 2019. According to Medtronic's calculations, approximately 5 percent of the procedures that could be performed with robotic technology are currently performed using the method. The vast majority of the market, which is also growing strongly, remains to be penetrated.

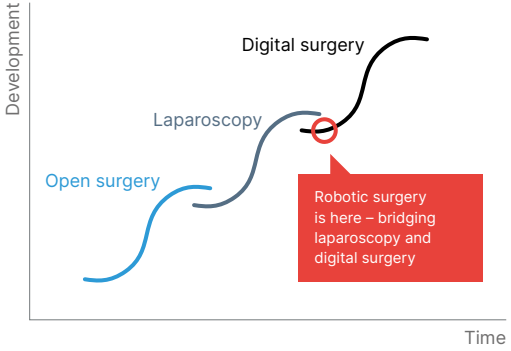
Other major challengers to market leader Intuitive include Johnson & Johnson, whose subsidiary Auris Health is working on the development of its surgical robot Ottava. Another company is CMR Surgical, which launched its surgical robot Versius in 2020. In 2020, Japanese company Medicaroid



Robot-assisted surgery generates a need for simulator training

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

At the forefront of technology



also received approval in Japan for its surgical robot. Medicaroid is owned by Kawasaki and Sysmex, two companies with extensive know-how in the area, as well as significant resources.

In addition to the major players mentioned above, there are currently another 15-20 robotic surgery companies that work with platforms for abdomen procedures, and which have different niches in terms of their geographies and applications. Furthermore, there are a number of companies working on platforms in other segments such as back and knee (hard materials).

Asian companies are developing rapidly and the gap with "Western" robots is closing. It is conceivable that Asian robotic surgery companies will achieve significant volumes over time, primarily in their domestic markets. Surgical Science has existing contracts with customers in China, Japan, and South Korea.

Today, Surgical Science is a supplier to all of the major companies in this area, as well as to a number of the smaller ones. In total, the company has about 15 customers.

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

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

One example of product development is Surgical Science's concept for ultra-portable simulation in this area. During the year, the first of several units of the new ultra-portable and lightweight simulator was delivered to a large robotics customer, with the possibility to train outside the surgical platform as a first step.

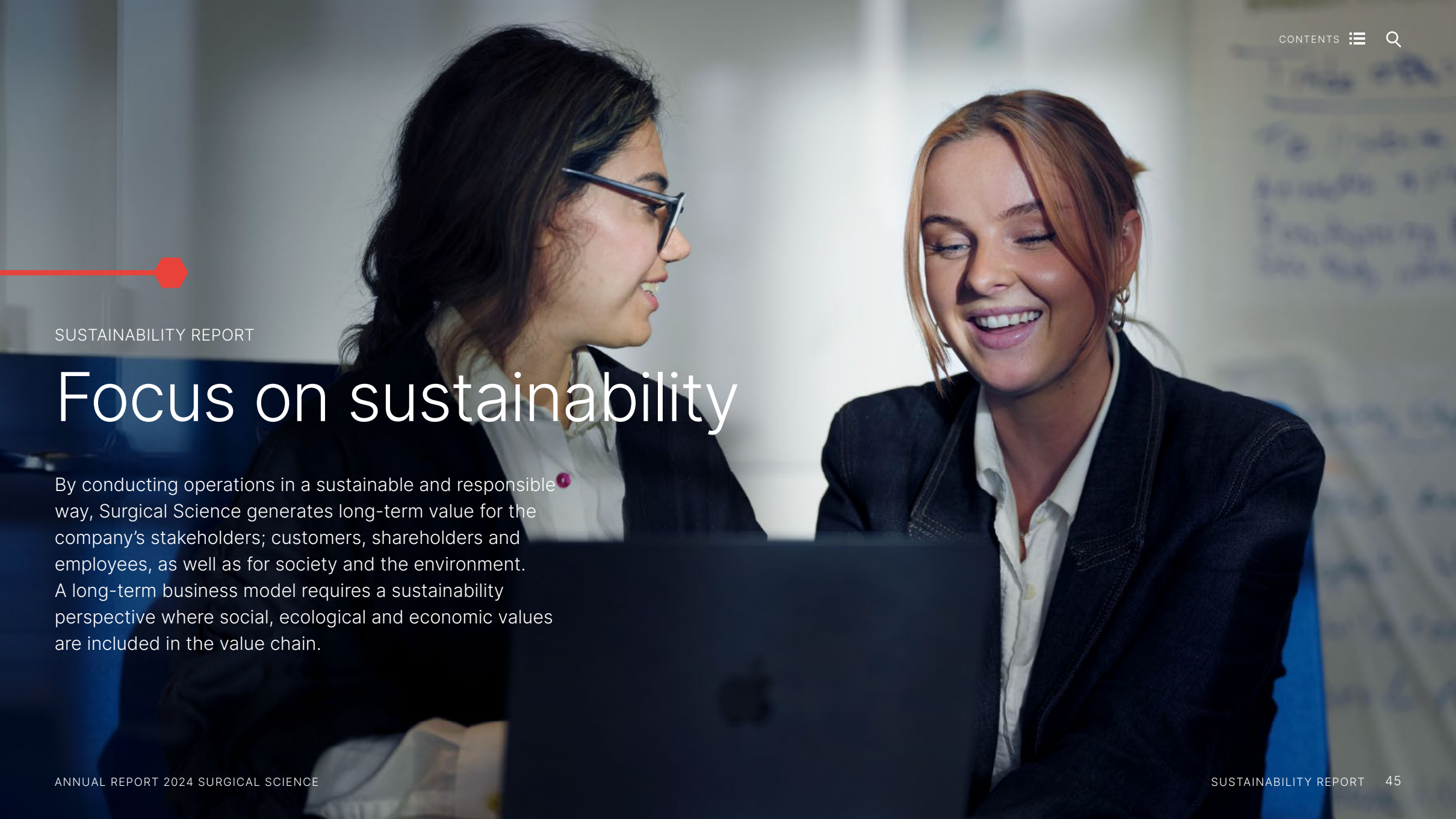
Besides its use in training, simulation is an important tool in connection with marketing and sales, where potential customers can be offered the opportunity to test the systems in a simulator environment.

Competitors

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

Selection of customers

COOK MEDICAL · Boston Scientific · PROCEPT BioRobotics · GORE · INTUITIVE · Medicaroid · Abbott · Biosense Webster · CMR SURGICAL · Medtronic · Teleflex · ETHICON

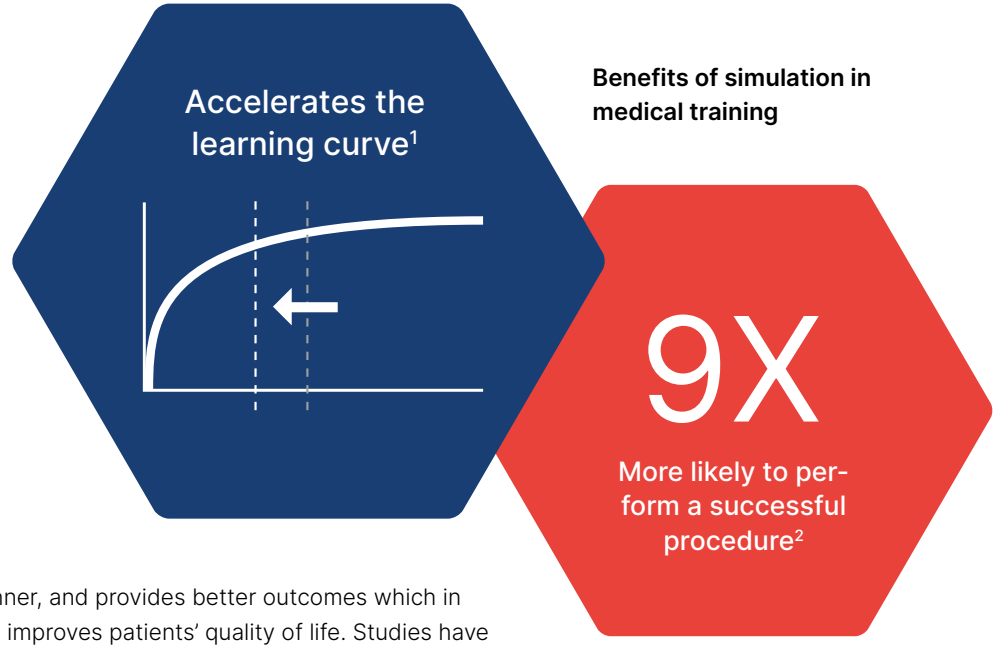


SUSTAINABILITY REPORT

Focus on sustainability

By conducting operations in a sustainable and responsible way, Surgical Science generates long-term value for the company's stakeholders; customers, shareholders and employees, as well as for society and the environment. A long-term business model requires a sustainability perspective where social, ecological and economic values are included in the value chain.

Surgical Science's operations improve sustainability for society through increased patient safety and reduced resource waste.



Benefits of simulation in medical training

Surgical Science's approach to sustainability

Surgical Science's mission is to assist in the challenges faced in the healthcare sector to reduce healthcare-related injuries in a way that is safe to patients. The company'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. Surgical Science achieves this by offering unique products and simulation solutions where surgeons and other medical specialists can practice before operating on patients. Surgical Science works on an ongoing basis to improve the company's core technology, the design of the products, and the various production processes in order to maintain and improve the already high quality of the solutions.

The company's operations improve sustainability in society as medical simulation increases patient safety and improves control over healthcare costs as resource waste is reduced. Surgical errors can have serious consequences, in terms of patient suffering and high costs in the healthcare economy. Computer-based simulation increases efficiency in healthcare, lowers costs in a patient-safe manner, and provides better outcomes which in turn improves patients' quality of life. Studies have found that training with simulation accelerates learning to make it nine times more likely that a procedure will be performed successfully.

In the business process of developing the simulators, sustainability is an ever-present concept from the outset of the design phase, throughout production and the supply chain, to the use and service of the products. The aim is to design products that have a long life and limited environmental impact, that consist of recyclable materials, and that have minimal climate impact during transport and use.

> Simulation prepares the physician without risk to the patient.

1. Christian Larsen - Effect of VR training – British Med J 2009
2. Agha RA, Fowler AJ. The role and validity of surgical simulation. Int Surg. 2015

Surgical Science's structure is such that its various functions collaborate globally. Sustainability is a crucial issue in attracting and retaining the talent the company needs to run a successful business.

Surgical Science's head office is located in Gothenburg, Sweden. There are also operations in Tel Aviv, Stockholm, Seattle, Cleveland, Shenzhen and, since February 2025, Cardiff. Within software development and sales, there are also staff in a few other countries, including Germany. The company's employees are part of, collaborate on, and drive global efforts within the following functions:

- Purchasing, production, and distribution
- Research and development
- Quality assurance and quality control
- Marketing and sales
- Administration (HR, IT, Legal, Finance)
- Service and support

A sustainability perspective permeates every function and component of the business.

Surgical Science's sustainability work is in line with the company's approach of being at the technological forefront and, in all respects, being a modern and responsible company. The company's products help to make society more sustainable, and Surgical Science as a company is part of this transition. As the company grows, such as by way of acquisitions in recent years, so do the external sustainability demands placed on the company. Surgical Science's stakeholders have expectations when it comes to the company's sustainability efforts and information about these. The company has been working on preparing for the potential implementation of the CSRD, and has, among other things, conducted the double materiality assessment – assessing for example how sustainability issues affect the business as well as how the business impacts people and the environment. The GAP analysis, which has been started and will be completed in early 2025, aims to identify the areas the company needs to improve on in order to achieve the targets that have been set.

The company is monitoring the progress of the proposed Omnibus Directive concerning the implementation of the CSRD. Based on the proposed thresholds, Surgical Science is not subject to the reporting obligation. However, the company continues to follow regulatory developments to ensure future compliance.

Operational and sustainability management

A sustainability perspective permeates every function and component of the business. Representatives from production, HR, and finance are currently responsible for pursuing these efforts together with the rest of the business. This working group reports to the CFO who is part of the company's global management team. Ultimately, it is the board's responsibility to establish appropriate and effective risk management systems. The CFO has been delegated responsibility for the ongoing work.

Business model

Within Educational Products, Surgical Science sells turnkey products under its own brand consisting of a hardware platform and software modules that are sold with basic training programs with add-ons available for specific areas. For Educational Products, Surgical Science reports two revenue streams: Simulators (hardware and software) and Service & Support. In most cases, the simulator is purchased with a one-time payment being made for the hardware and the existing version of the software, although there is also the opportunity for the end customer, primarily hospitals, to rent some of the products. Surgical Science's simulators are sold globally both through distributors and in-house directly to end customers. The US is the largest direct market.

The Industry/OEM business model consists of four revenue streams: Simulators (hardware and software), Service & Support, License revenue, and Development revenue. Within the area, activities can be further divided into Robotics and Non-robotics.

Robotics consists of two revenue streams (Development revenue and License revenue) where Surgical Science receives development revenue for the adaptation and development of its software to the robotics company's robotic console/hardware. This development initially occurs in connection with the development of the robotics company's platform, but then also on an ongoing basis as new indications for the robot emerge

Sustainability is a concept that is embedded in Surgical Science's business process.

(see also pages 19-20). When the robotics company then offers the simulation to its customers, Surgical Science receives license revenue.

Non-robotics consists of three revenue streams (Simulators including hardware and software, Service & Support, and Development revenue). Simulators involves the sale of Surgical Science's proprietary simulators to OEM customers. Sales consist of projects that usually include a number of simulators where adaptations for product-specific training of, for example, an OEM company's specific instrument are included. Development revenue is received for the adaptation. Service revenue for the installed base, which is mainly linked to longer agreements with specific customers where Surgical Science takes care of the shipping and servicing of these simulators for the OEM company, is also included in the sales figures.

More information about Surgical Science's business model can be found on pages 15-18.

Agenda 2030

Surgical Science's sustainability work is based, among other things, on the UN's Agenda 2030, which provides a future vision for a better world by way of 17 global sustainable development goals (SDGs). Surgical Science has identified four SDGs for the company to work towards. These are:

SDG 3
Good health and well-being

SDG 8
Decent work and economic growth

SDG 9
Sustainable industry, innovation and infrastructure

SDG 12
Responsible consumption and production

Going forward, the company intends to develop operational goals linked to these four SDGs.

Environment and climate

As a global company with the goal of improving the healthcare industry, the impact on the environment and climate is something that is

naturally taken into account in the business. Sustainability as a concept is incorporated into Surgical Science's business processes, and the end result is products that are economically beneficial to the company and have a minimal impact on the environment.

Surgical Science's goal is to design components that are easy to manufacture and products that are stable, reliable, and have low weight and volume. This makes them less resource-heavy during delivery. The products are also resource-efficient in use due to their long lifespan, low electricity consumption, and often low need for service.

Energy consumption

During the production process, energy consumption consists of the electricity used in the facility itself, such as for lighting, air conditioning, and the operation of various tools used in the manufacture of the simulators. Surgical Science itself does not manufacture any parts or components, production consists of assembling these to finished simulators.

Together with its suppliers, Surgical Science designs components that require minimal time for processing, which in turn minimizes energy consumption. Furthermore, the company strives

Annual training programs in safety issues and the work environment are mandatory for production employees.

to minimize energy consumption when assembling its products and aims to follow this up on an annual basis.

Materials and chemicals

Surgical Science strives to minimize the use of hazardous chemicals in production and in its products, undertaking to comply with the directive on restricting the use of certain chemicals and metals in electronics and electronic equipment (RoHS Directive, Restriction of Hazardous Substances Directive). The company prioritizes materials that are either easy to recycle or have minimal environmental impact when disposed of. Metals such as aluminum and steel are easy to recycle at the end of the product's life cycle. Surgical Science limits the use of hazardous substances in the electronic components used in the company's products by actively working with suppliers who comply with the RoHS directive.

Surgical Science's assembly facilities are located in Israel, Sweden, the US and, since February 2025 also in the UK. A significant proportion of parts and components are purchased locally. In Israel, Surgical Science follows local environmental and climate guidelines, such as for the wood used for transport boxes. Surgical Science endeavors to purchase wood from responsible suppliers to minimize the impact of the uncontrolled logging of forests.

The majority of the packaging used consists of wood by-products or chemically treated wood. If the packaging needs to be divided into compartments, these are made of cardboard. Sawdust and other by-products are what remain following product manufacturing in the wood industry, which is then processed into other products. Through treatment with various chemical preparations whose use is regulated by different standards, the properties of wood and wood products can be improved. There are various methods to alter the wood material's durability, hardness, shape, color, and moisture absorption. The use of plastic has, in respect of deliveries from Israel, decreased over time and now amounts to less than 5 percent of the total packaging. The transport boxes are designed to be used multiple times and can be taken apart and folded up relatively easily with a minimal footprint when folded.

The production facility in Israel is certified according to ISO 9001 which is a standard for quality management for the production process. Employees are formally trained in the handling and storage of hazardous chemicals and what to do if they are accidentally exposed to a particular material. Hazardous but permitted materials such as glue and binding agents are used in production. Annual training programs in safety issues and the work environment are mandatory for production employees. When handling heavy objects or operating power tools, employees must wear safe and proper work clothing such as safety shoes and safety glasses.

Waste management

Surgical Science strives to minimize its negative impact on the environment and to reduce its footprint by complying with the Waste of Electrical and Electronic Equipment Directive (the WEEE Directive), which stipulates targets for the collection, recycling, and recovery of electrical goods. Waste from customers, standard materials used in production, and old, obsolete parts are sorted for collection by local contractors. Contracts have been established with certified local waste management operators, ensuring that there is a controlled process that provides regular waste reports.

The total collection of waste materials within the group relating to electronics and electronic equipment, which includes materials from service and production as well as the reuse of old customer simulators, increased from 1,500 kilos in 2023 to approximately 1,600 kilos in 2024. The amount of waste material from production in Israel has increased in recent years due to an increase in overall production.

The WEEE directive also holds retailers responsible for providing returns free of charge to end

customers and requires that collected electrical and electronic components be handled appropriately.

Travel
The company has a group-wide travel policy that regulates how and when the company's employees can travel, and when virtual meetings are preferable to physical meetings. Cooperation with the company's travel agency suppliers means that the company is gaining better knowledge of its overall travel and environmental impact, which will facilitate continued positive development within sustainable travel.

People and culture

Surgical Science actively seeks to be an attractive workplace and sets targets to ensure a high degree of employee engagement and a good work environment. The company's employees are essential for its competitiveness and profitability and it is of the utmost importance that the company can attract personnel with appropriate skills and provide employees with opportunities for their ongoing development.

In 2024, Surgical Science continued to work on the global HR system, the leadership development program, and the development and performance management processes developed at group level in 2023. The company places great emphasis on continuing to develop Surgical Science as a company, through a strong culture, a sustainable organization, and a shared set of values.

In 2024, the number of employees at Surgical Science increased by 5 percent (7) through new recruitment, primarily in software development. At the end of 2024, the number of employees amounted to 274 (260).

Strong, shared corporate culture
Fostering a strong and shared corporate culture is of great importance to the company's operations as this ensures a high level of employee commitment, facilitating the continued supply of high-quality and innovative products for better patient safety.

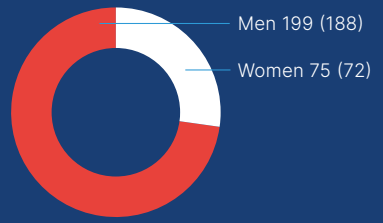
The company's values of Respect, Curiosity, and Perseverance guide employees in their actions and decisions, both on a daily basis and in the long term. In 2024, the application and observance of the core values was a highly useful and effective tool for implementing the cultural process in different procedures and in every part of the organization.

At least quarterly, company-wide meetings are held where all employees have the opportunity to participate. In 2024, a complementary option for internal communication was assessed and

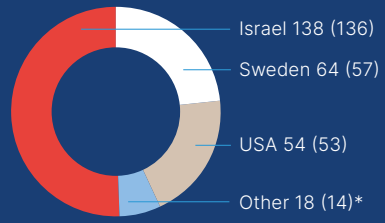
Change makers who stand for the values of:

Respect	Surgical Science is a company with colleagues who transcend borders and cultures in their work towards achieving a common goal. The day-to-day work is not only influenced by differences in attitudes and language, but also affected by its being performed in different time zones. Every position in the company is important, and trust and respect for every role and background is what unites the company.
Curiosity	Innovation adds value to the company's customers, and curiosity is at the heart of innovation. At Surgical Science, empowerment ensures us the space and freedom to develop interesting solutions. Curiosity thereby creates new possibilities for healthcare and patient safety.
Perseverance	Dedication, passion, and focus are what define Surgical Science. The company's line of business brings meaning, as the products supplied save lives. However, product development takes time, which means that patience and persistence are important components for success.

Employees 2024 (2023)

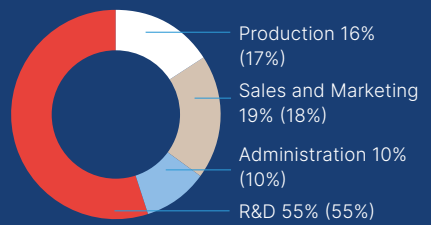


Employees per country 2024 (2023)



* Primarily Germany and China

Employees by function 2024 (2023)



decided upon. The project started in 2024 and will continue in 2025.

Surgical Science's core values

The core of Surgical Science's business is the people and how the company acts. Surgical Science's core values of Respect, Curiosity, and Perseverance provide the guidelines for decision-making and unite Surgical Science as a global organization. The values and their meaning for the company can be found in Surgical Science's book of values, which is available on the company's website.

Committed employees

Surgical Science is a knowledge-intensive company and its employees and their specific skills are a key asset for long-term competitiveness and profitability. Consequently, the company's efforts to be an attractive employer and a sustainable workplace characterized by commitment and well-being are focus areas. Surgical Science's operations provide opportunities to attract external talent and retain the company's employees as the company's work helps to add value to society through improved patient safety.

The company strives to have an organization that is characterized by expertise, entrepreneurial spirit, goal-orientation, and rapid decision-making paths.

Surgical Science offers several incentives to foster increased commitment and health among employees. The company's warrants program helps to increase motivation and commitment among employees and strengthens the bonds between the employees and the company. Furthermore, warrants programs are considered to foster opportunities to recruit and retain knowledgeable and experienced employees, while helping to increase employees' interest in the business and the company's performance trend. Another incentive that has been implemented globally is Surgical Science's referral program, which rewards employees who recommend potential candidates that are subsequently being hired.

Surgical Science measures employee satisfaction through an employee survey (eNPS Employee Net Promoter Score). The method is easy to implement and provides knowledge about how the company is perceived by employees and the reason for their views. To assess and further develop Surgical Science as a workplace, employee satisfaction will be reviewed annually. The response rate for the 2024 employee survey was 78 percent (86). The results have been presented to all employees and also at team level. Measures will be taken at both the local and overall levels to address what has been identified as potential for improvement.

Surgical Science offers several incentives to foster increased commitment and health among employees.

HR strategy

The HR strategy prioritizes focus areas for attracting and retaining talent. In addition, it assists managers in their development and serves to build a shared culture. In 2024, several projects and initiatives were implemented in line with these focus areas, including the launch of new global processes and further development for managers in various areas.

Leadership development

The leadership development program is aimed at all managers and defines what is expected of a manager and how they can contribute to a common culture across the entire company as well as better business performance. All managers at Surgical Science undergo this training. The program will be broadened in 2025 to include new focus areas.

An important activity for managers and staff continues to be the Performance Management process, which will help to improve target attainment and

employee engagement. This process is documented in the HR system.

HR system
Surgical Science's HR system is a management tool that gives the company a clearer overview of the organization, such as by documenting completed employee interviews and internal training. The system contains valuable information for resource planning and for safeguarding future skills needs. Additionally, the system contains a recruitment tool that provides knowledge about the company's efficiency when it comes to, for example, how long it takes to recruit for a specific role.

Other HR activities
During 2023, Surgical Science inventoried and harmonized employee roles and professional titles. This has resulted in a global structure and forms the basis for a clear definition of each position. This framework facilitates the integration of new colleagues, such as in connection with acquisitions.

In 2024, work started on creating global and more detailed job descriptions that will also facilitate career development in the future.

A healthy and safe work environment

As an overarching objective, Surgical Science seeks to provide a good working environment and to undertake systematically to minimize the risks of occupational injuries and accidents. The company strives to formulate meaningful tasks that help employees develop and to involve them in designing their own work situation and in the process of change and development in the workplace.

> Working conditions must allow for variety, cooperation and social contacts.

Working conditions must allow for variety, cooperation and social contacts. All employees should feel appreciated and respected and be treated with kindness and respect, both by employer representatives and by colleagues. Surgical Science believes that different views and experiences strengthen and broaden the company and should be encouraged.

To provide space for recovery and a work-life balance, Surgical Science offers employees opportunities for flexible work arrangements when possible. For example, the company offers flexibility in working from home or from the office in line with each country's local guidelines.

The code of conduct lays the foundation for how the company views and should work on matters such as business ethics, work environment, environmental considerations, and human rights.

Everyone's equal value

As an organization, Surgical Science operates globally, meaning that language skills and knowledge of different cultures play an important role in achieving success. All employees must be able to work and develop together with no one being subjected to discrimination or harassment.

Surgical Science firmly believes that different experiences, backgrounds, and perspectives among employees are decisive factors for the business's innovative, productive climate and success. As an international company, diversity is crucial for understanding customer needs and reaching the company's full potential. By diversity, Surgical Science means that the company's differences are its strengths. These differences include age, gender, gender expression or identity, ethnicity, physical conditions, religion or other beliefs, sexual orientation, and different ways of thinking and acting.

Everyone at Surgical Science must work actively to ensure an inclusive and non-discriminatory work climate where all employees are given equal opportunities and are treated with respect.

The company does not tolerate any form of discrimination, bullying, or harassment. Everyone must report behavior that they perceive as being discriminatory or harassing, either to themselves or others.

Business ethics and sustainable supply chain

Surgical Science's code of conduct lays the foundation for how the company views and will work on issues including business ethics, the work environment, environmental considerations, and human rights. The code of conduct contains important principles and guidelines for decision-making in day-to-day operations and comprises two areas: the work environment and how the company conducts business ethically and appropriately. The purpose of the code of conduct is to set standards and provide examples of how employees and partners are expected to behave, and to communicate to customers and other stakeholders what principles guide the company's operations. Surgical Science regularly reviews its code of conduct.

The code of conduct, which can be read in its entirety on the Surgical Science website, has been distributed to all employees. They then sign in the HR system that they have read, understood, and will comply with the code of conduct. The code of conduct is now part of the introduction program for new staff.

In 2023, the company started work on developing a broader supplier evaluation document, which has been completed in 2024. The aim of the document is to map and define suppliers' skills in areas such as sustainability. In parallel, the company has produced a review document to be used during a physical audit.

The whistleblower function, which was established in 2023, is an external channel that allows employees, for example, who cannot otherwise notify the company of deviations from good business ethics or the code of conduct in general, to anonymously report misconduct. The whistleblower function, which is available on the Surgical Science website, complies with EU legal requirements and the GDPR for reporting and follow-up. In 2024, there have been 0 (0) notifications.

Business partnerships and customer relations

Surgical Science is committed to treating all business partners fairly. Surgical Science will only work with companies that have a good reputation and managerial integrity. The business partner's ability to fulfil the requirements of the company's code of conduct is regularly evaluated.

Fair competition

Surgical Science believes that fair competition is essential for ensuring market efficiency. Surgical Science is committed to fully complying with competition laws and regulations and applicable competition rules in the countries where the

company operates. The company is determined to compete fairly and without anti-competition agreements or contracts with competitors, suppliers, business partners, or customers.

Trade compliance

Surgical Science undertakes to comply with international trade regulations, including tax and customs laws and applicable export, import, transit, and trade laws in the countries where the company operates. Employees are responsible for complying with the trade laws and regulations that apply in the country in which they work.

Anti-corruption and bribery

Surgical Science has zero tolerance for corruption in its business and does not accept or solicit bribes, favors, or gifts in any form, regardless of their method or purpose. The company advocates free and fair trade and adheres to ethical standards. Surgical Science undertakes to comply with applicable anti-corruption and anti-bribery regulations in all countries where the company operates. No employee may offer, solicit, or accept any gift (in any form) or personal benefit that may influence their business-related decisions, actions, or transactions or that contravenes applicable laws or customary business practices.

Since 2023, Surgical Science has had a whistleblower function to identify and measure potential cases of corruption. In 2024, as in the previous year, no cases of suspected corruption have been recorded.

Money laundering

Surgical Science does not accept or support money laundering and does not allow anyone to use money obtained illegally to support criminal activities such as trafficking, terrorism, or fraud. Employees must ensure that they are aware of this and pay attention to signs of money laundering.

Human rights

Surgical Science does not accept any form of forced labor or child labor in its business or among its suppliers, customers, or other business partners. The company applies fair working conditions and ensures compliance with applicable national and international labor standards. It respects employees' freedom of association and encourages employees to recognize and report working conditions that are not in line with company policies or applicable laws.

Partners

Surgical Science collaborates with a number of leading medical industry organizations and training centers to ensure that the company delivers solutions so that medical personnel are better prepared in their encounters with patients. Surgical Science's partners are listed on the company's website and include The Society of American Gastrointestinal and Endoscopic Surgeons (SAGES), The American College of Chest Physicians (CHEST), and The World Federation for Interventional Stroke Treatment (WIST).

Quality system

Surgical Science's quality management system is the basis for the company's certifications and ensures that the company delivers high-quality products. The production unit in Israel is ISO certified in accordance with several standards, including ISO 9001, a quality management system that regulates business processes to improve and adapt operations to meet customer needs. The production unit in Israel also has three additional certifications within the ISO 27000 series covering information security: ISO 27001, ISO 27018, and ISO 27701. The products have CE marking in two main areas, both for safety of the product itself as well as for compliance with the EMC directive (electromagnetic compatibility) for electrical products.

Two corrective and preventive processes are implemented when a product or production process is faulty. Within a corrective and preventive action (CAPA) process, the problem is investigated, the cause of the problem is identified and addressed, and the solution is then verified and validated. A CAPA process can initiate an ECO process (engineering change order), which can result in changes in product design or packaging, or changes in the materials used.

> Surgical Science's quality management system is the basis for the company's certifications and ensures that the company delivers high-quality products.

Within production, there are a number of quality goals, including the year-on-year reduction in the number of customer complaints, minimizing cases that are open for more than six months, and that there should be no major deviations during inspections by controlling bodies.

Surgical Science conducts annual internal and external audits for each of the standards, which are also reviewed annually by management. The company's production units in Seattle and Gothenburg are smaller units with local quality management systems where local staff provide quality assurance.

Sustainability risks and risk management

Sustainability risks consist of various environmental, social, or governance-related events or circumstances that could have a negative impact on Surgical Science's operations and the company's selected goals in the area.

The identification, analysis, assessment, and management of risks linked to various sustainability issues is important in order to minimize the risk of a negative impact on the environment and people, and on financial performance. The primary, partly sustainability-related, risks related to Surgical Science's operations and sector are described on pages 67-68 and financial risks on page 98.

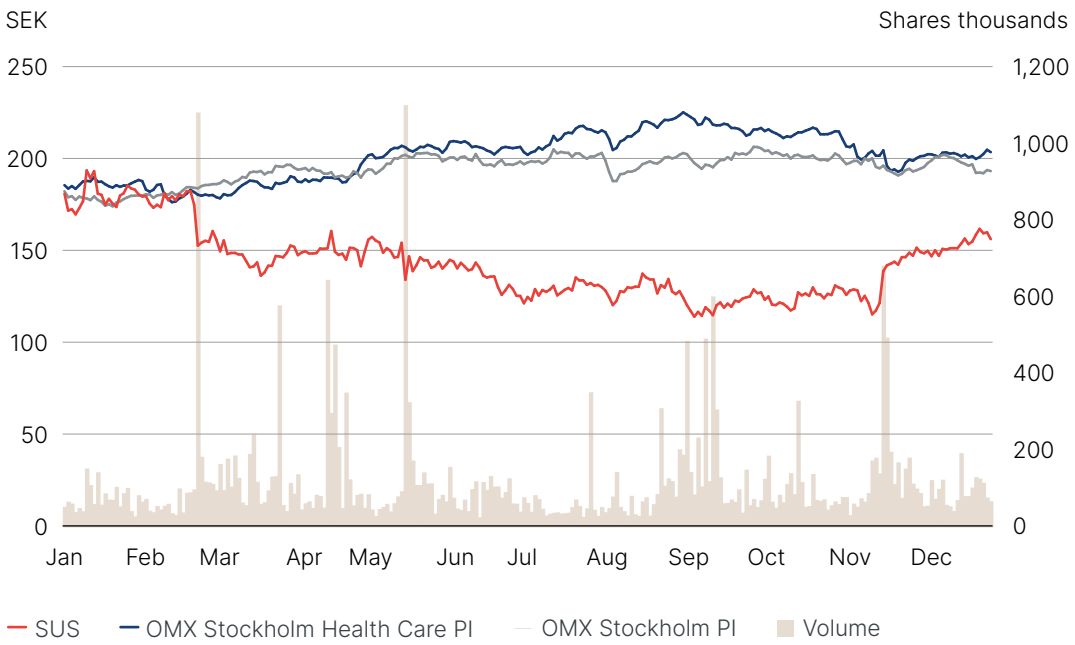
Surgical Science's identified sustainability risks, their impact, and how the company manages each risk are described below:

Area	Risks/impact	Risk management
Environment/ climate	Today's society has both direct and indirect general climate risks that can have a financial impact on the company. Extreme weather changes, natural disasters, and changes in environmental legislation can affect the company's sales of products and solutions, as well as the purchase and transport of goods. Deficiencies in the company's operations and production could also have environmental consequences.	Active efforts to adhere to more stringent requirements and expectations for responsible and sustainable solutions. The company stimulates and supports the development and sale of sustainable products, and promotes environmental awareness on issues such as travel, transportation/freight, choice of materials, etc.
Social	A lack of qualified personnel can have a negative impact on the company's operations, profits, and financial position. There is also a risk of employees being injured due to an accident in the workplace in a production environment or suffering work-related stress due to stringent production requirements under time pressure.	New employees are introduced via an onboarding process and employee surveys are conducted annually to identify areas for improvement. Clear procedures for systematic work environment management that are implemented for preventive purposes. An external whistleblower function has been established.
Governance	Deficiencies in reporting and follow-up pose a risk of a lack of control of the business.	The management directs, controls, and follows up on the activities of subsidiaries by following the development in the companies by way of regular reporting.
Business ethics	Risk that business that violates laws and regulations is conducted with customers or suppliers. This includes violations of competition rules, anti-corruption, human rights, and trade rules as well as internal regulations such as the company's code of conduct. Illegal and unethical actions or unmanaged business ethics risks can damage Surgical Science and its brand and reputation among stakeholders and other market players.	A code of conduct is established to ensure that the organization adheres to the group's core values, including human rights, and does not participate in or cannot be linked to unethical business practices. In 2024, the code of conduct has been supplemented with a broader evaluation form to ensure supplier competence. An external whistleblower function is in place.

Surgical Science's operations lead to improved sustainability within society, as medical simulation results in increased patient safety and improved control over healthcare costs as resource waste is reduced.

The share

Share price trend and turnover 2024



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

Share structure

The share capital in Surgical Science Sweden AB (publ) amounted to SEK 2,551,312 (2,551,312) on December 31, 2024, divided between 51,026,236 (51,026,236) shares with a quota value of SEK 0.05 (0.05) each.

All shares have equal voting rights and have an equal right to a share in Surgical Science's assets and earnings. The number of outstanding warrants on December 31, 2024, was 788,000 (460,000), meaning that the number of shares on full exercise of the warrants would be 51,814,236 (51,486,236).

Share price trend and turnover

On December 31, 2024, the last price paid per share was SEK 155.90 (182.50), meaning a decrease of 15 percent since the end of the preceding year (increase 11 percent) and an increase of 2 127 percent (2,507) since the listing on June 19, 2017, when the issue price adjusted for the split 2020 was SEK 7.00. Nasdaq Stockholm's OMXSPI index increased by 6 percent during the year (increase 16 percent). At the end of 2024,

Surgical Science's market value amounted to SEK 7,955.0 (9,312.3) million, based on the latest price paid. The highest price during the year was SEK 196.90 (270.00), which was listed on January 11 (May 17). The lowest price during the year was SEK 111.80 (118.80), which was listed on September 5 (October 12).

The number of Surgical Science shares traded on Nasdaq First North Growth Market during the year amounted to 27,504,404 (27,076,877) for a value of SEK 3,872.1 (4,772.2) million. The total number of trades amounted to 250,388 (303,336). The number of shares traded corresponds to 54 percent (53) of the number of shares outstanding at the end of the year.

Ownership structure

At the end of the year, there were 8,229 (8,257) shareholders in Surgical Science. Of these, 94 percent (95) held 1,000 shares or fewer. The ten largest shareholders accounted for 61 percent (65) of the shares. The proportion of ownership registered at addresses outside Sweden was approximately 30 percent (35).

Dividend policy and dividends

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

In the short term (1-3 years), no dividend is planned. In the medium term (3-5 years), Surgical Science's board and CEO intend to annually propose a dividend, or other equivalent form of distribution, corresponding on average over time to 30 percent of the year's net profit after tax. On determining a proposed dividend or equivalent, the company's future profits, financial position, capital requirements and other positions will be taken into account. For the 2024 financial year, the board and CEO propose that no dividend be paid, corresponding to SEK 0.00/share.

Warrants program

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 premium has been calculated at SEK 28.74 per warrant.

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 premium has been calculated at SEK 36.43 per warrant.

Surgical Science's ten largest shareholders

Shareholder	Number of shares	Shares and votes, %
Marknadspotential AB	7,138,371	14.0
Semelin Kapitalförvaltning AB	5,992,338	11.7
Capital Group	3,271,097	6.4
Handelsbanken Fonder	3,061,399	6.0
Fjärde AP-fonden	3,035,120	5.9
TIN Fonder	2,338,642	4.6
Andra AP-fonden	1,892,057	3.7
Swedbank Robur Fonder	1,815,000	3.6
Kirkbi Invest A/S	1,519,852	3.0
Amundi	1,257,491	2.5
Other shareholders	19,704,869	38.6
Total	51,026,236	100.0

Source: Euroclear Sweden's share register as at December 31, 2024.

Shareholder statistics

Size class	Number of shares	Number of shareholders	Shares and votes, %
1 – 500	694,572	7,216	1.4
501 – 1,000	375,190	498	0.7
1,001 – 5,000	751,060	360	1.5
5,001 – 50,000	1,424,065	93	2.8
50,001 – 200,000	2,627,105	25	5.1
200,001 –	43,146,843	37	84.6
Anonymous ownership	2,007,401		3.9
Total	51,026,236	8,229	100.0

Source: Euroclear Sweden's share register as at December 31, 2024.

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 premium has been calculated at SEK 33.31 per warrant.

Incentive program costs
Preliminarily, the incentive programs in total are estimated to entail social security contributions of SEK 2.7 million, as well as costs of SEK 25.2 million in accordance with the accounting rules under IFRS 2. For 2024, the program charged profit by SEK 7.9 million, of which SEK 0.7 million pertains to social security contributions on the Swedish participants' premiums for program 2024_27, which were provided free of charge. The remainder of the cost, SEK 7.2 million, is attributable to the calculation of IFRS 2. The amount comprises the entire IFRS 2 cost for the Swedish portion of program 2024_27 (SEK 2.1 million), and the remainder is attributable to Israel and the US and is distributed across the term of the program until July 2025, 2026, and 2027 respectively.

Fully exercised, the incentive program will increase Surgical Science's share capital by SEK 39,400 and the number of shares by 788,000, corresponding to the dilution of the total number of shares and votes by about 1.5 percent.

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.

Data per share

	2024	2023
Average number of shares	51,026,236	50,929,361
Average number of shares*	51,026,236	50,940,778
Number of shares at end of year	51,026,236	51,026,236
Number of shares at end of year*	51,026,236	51,044,111
Equity per share, SEK	94.63	85.16
Equity per share,* SEK	94.63	85.13
Earnings per share, SEK	2.58	4.59
Earnings per share,* SEK	2.58	4.59

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

Taxable value and current information

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

Persons discharging managerial responsibilities

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

Analysts

The following analysts publish ongoing analyses of Surgical Science:

- Danske Bank
- Pareto Securities
- Redeye
- Carnegie
- DNB Bank
- Berenberg

On the company's website, under Investors/Presentations, there are a number of filmed presentations and recordings from telephone conferences, including telephone conferences from the open presentations on the results that the company holds every quarter.

Financial report

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 pages 58-59 for information regarding warrant programs.

Key figures and definitions

Group	2024	2023	2022	2021	2020
Net sales (SEK million)	884.1	882.9	802.5	366.8	104.8
Net sales growth, %	0.1	10.0	118.8	250.0	3.2
Adjusted EBIT (SEK million)	168.7	213.6	186.0	68.7	24.4
Adjusted EBIT margin, %	19.1	24.2	23.2	18.7	23.2
EBITDA (SEK million)	204.8	244.8	214.1	90.0	37.0
EBITDA margin, %	23.2	27.7	26.7	24.5	35.3
Operating profit (SEK million)	144.3	189.2	162.5	56.5	20.0
Operating margin, %	16.3	21.4	20.3	15.4	19.1
Profit margin, %	14.9	26.5	23.4	23.5	14.9
Balance sheet total (SEK million)	5,479.7	4,702.7	4,649.6	3,978.1	472.3
Equity/assets ratio, %	88.1	92.4	91.1	90.1	90.4
Number of shares at end of year	51,026,236	51,026,236	50,801,236	50,801,236	34,494,760
Number of shares at end of year*	51,026,236	51,044,111	50,910,759	51,010,413	34,521,049
Average number of shares	51,026,236	50,929,361	50,801,236	42,488,247	34,370,387
Average number of shares*	51,026,236	50,940,778	50,913,936	42,669,282	34,370,387
Number of warrants outstanding	771,500	460,000	425,000	300,000	300,000
Maximum dilution, %	1.5	0.9	0.8	0.6	0.9
Earnings per share (SEK)	2.58	4.59	3.70	2.03	0.45
Earnings per share* (SEK)	2.58	4.59	3.69	2.02	0.45
Equity per share (SEK)	94.63	85.16	83.39	70.57	12.38
Dividend per share (SEK)	0.00**	0.00	0.00	0.00	0.00
Average number of employees	256	249	227	121	57

* After dilution. See Note 18 for information regarding warrant programs.
** Proposal by the board to the 2025 annual general meeting.

Definitions

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 year.

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

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

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 year in relation to the weighted average of the number of shares during the year.

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

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

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

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
Operating profit as a percentage of net sales. This key figure provides a picture of the company's earnings trend over time.

Administration report

The board and CEO of Surgical Science Sweden AB (publ) corp. reg. no. 556544-8783, hereby present the annual report and consolidated financial statements for the 2024 financial year. The statutory sustainability report according to Chapter 6, Section 12 of the Annual Accounts Act (ÅRL) can be found on 45-56.

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. 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, the US-based company Mimic Technologies was acquired. It has operations in both Educational Products and Industry/OEM and has operated in the field of robotic surgery for almost 20 years. The acquisition of Simbionix, which primarily operates in Tel Aviv, Israel was completed in August 2021. Simbionix was founded in 1998 and is involved in simulation for training surgeons and other medical specialists in a wide range of areas. The business partly generates revenue through its own simulators in areas including general surgery, vascular surgery, endoscopy, urology, orthopedics, ultrasound and robotic surgery, and partly through partnerships with medical device companies in robotic surgery, for example.

On December 19, 2024, Surgical Science announced a recommended offer to acquire Intelligent Ultrasound in the UK. The company, which had sales of around SEK 115 million and 48 employees in 2024, is a leader in ultrasound simulation. Through the acquisition of Intelligent Ultrasound, Surgical Science will further strengthen its portfolio of simulation products, broaden its offering in this application area, and establish a direct presence in the UK market.

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. For more information on employees, see page 85.

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.

Significant events during the year

Outgoing CEO

In March, it was announced that Gisli Hennermark, CEO of Surgical Science for almost nine years, leaves his position. At the annual general meeting in May, Gisli was elected as a new member of Surgical Science's board. Gisli was employed by Surgical Science until March 2025 and is proposed to be elected as the new chair of the board at the annual general meeting in May 2025.

New CEO

In July, it was announced that Tom Englund had been appointed as the new CEO of Surgical Science. Tom Englund joins Surgical Science following his role as COO and VP of Instabee. His previous experience includes various roles within Atlas Copco, as well as the Tobii group where he was CEO of the Tobii Pro business unit and later also deputy CEO of the group. Tom joined Surgical Science in August and took over as CEO on October 1.

Weaker start but strong finish

The year started in a weak way, especially in the Educational Products business area. In the second quarter, the trend reversed and the year ended with the company's strongest sales in a single quarter. Sales for the full year amounted to SEK 884.1 (882.9) million.

Acquisition of Intelligent Ultrasound

On December 19, 2024, Surgical Science announced a recommended offer to acquire Intelligent Ultrasound in the UK. The company, which had sales of around SEK 115 million and 48 employees in 2024, is a leader in ultrasound simulation.

Organization

At the end of the year, the development function was reorganized to facilitate more projects and increase the ability to respond to customer requests more quickly. At the same time, the sales function has been merged into regions for closer customer contact. The management team has also been reduced to five people for more efficient decision-making.

A small number of staff in Israel have been conscripted for a period due to the war. From a purely business perspective, Surgical Science has been affected marginally, and no deliveries or deadlines have been delayed.

Sustainability

Surgical Science is preparing for the potential application of CSRD and has, among other things, conducted a double materiality analysis during the year – assessing for example how sustainability issues affect the business as well as how the business impacts people and the environment.

Financial comments

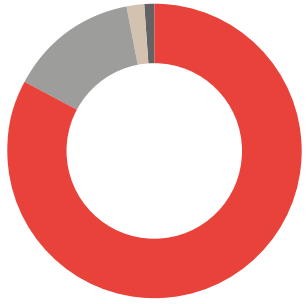
Investments

Gross investments in the group's tangible fixed assets during the year amounted to SEK 6.1 (10.5) million. Gross investments in intangible fixed assets amounted to SEK 41.4 (33.7) million, of which SEK 38.3 (33.1) million is attributable to capitalized development costs.

Net sales

Net sales for 2024 amounted to SEK 884.1 (882.9) million, an increase of 0% compared with the preceding year. Calculated in local currencies, sales increased by 1%. Surgical Science's revenue for 2024 (2023) had the following approximate distribution in different currencies:

Distribution of currencies – Revenue



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%. Sales within the Industry/OEM business area amounted to SEK 441.6 (364.4) million, an increase of 21%.

Although the Educational Products business area started the year very weakly, there was a clear turnaround in the second quarter. The recovery continued throughout the rest of 2024, with Asia and Europe, among others, growing markedly at the end of the year, and North and South America declining slightly. In general, sales vary between different countries and periods within Educational Products in connection with major procurements.

The global economic climate for hospitals and training centers remains strained, prolonging the time it takes to convert quotes into orders. Surgical Science has a very high level of activity and a key priority is to develop and optimize existing sales channels to ensure the product portfolio has the best global reach.

Simulator sales in Educational Products amounted to SEK 364.3 (451.0) million, a decrease of 19%. Service and support revenue amounted to SEK 78.2 (67.4) million, an increase of 16%.

The Industry/OEM business area performed strongly throughout 2024. Sales of simulators to medical device companies, mainly in the vascular and laparoscopy areas increased markedly and amounted to SEK 126.7 (48.8) million.

The largest source of income consisted of license revenues deriving from a number of customers. License revenues decreased by 2% and amounted to SEK 271.7 (277.7) million, which is 31% (31) of the company's total revenue. As communicated in the financial goals for 2026, the company expects license revenue to increase progressively towards the end of the period.

The customers who have just started selling products from which Surgical Science earns license revenue buy these licenses in packages.

This means that sales initially vary over periods.

Industry/OEM includes development revenue, 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. Development revenue was higher in 2024 (SEK 31.1 million compared to SEK 26.6 million for 2023).

Development revenue also includes revenue from robot projects, as well as from the adaptation or development of software linked to the sale of simulators. These sales vary significantly more between periods than the corresponding sales within Educational Products. Sales consist of projects that 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 customers where Surgical Science takes care of the shipping and servicing of these simulators for the OEM company (currently almost exclusively in the US), amounted in 2024 to SEK 12.1 (11.4) million.

For revenues by segment, see Note 2 on page 84.

Costs and results

The cost of goods sold amounted to SEK 286.2 (270.0) million corresponding to a gross margin of 68% (69). The gross margin is affected by the distribution of revenues, as the different revenue streams – sale of proprietary simulators including hardware, service revenues, development revenues, and license revenues – have different gross margins. A lower share of license revenue has a negative 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. Furthermore, the salaries of development department employees who have worked 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.

Sales costs amounted to SEK 175.3 (167.5) million corresponding to 20% (19) of sales. Sales costs include the amortization of surplus values classified as customer contracts in connection with acquisitions, see also amortization below.

Administration costs amounted to SEK 77.1 (72.5) million corresponding to 9% (8) of sales.

Research and development costs for the year amounted to SEK 196.1 (181.6) million, corresponding to 22% (21) of sales. Over the year, development costs of SEK 38.3 (33.0) million were capitalized as an intangible asset. Research and development costs include the amortization of surplus values classified as technology in connection with acquisitions, see also below under amortization.

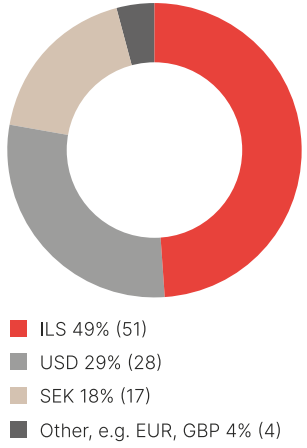
The warrant programs approved by the annual general meeting in May 2022 and May 2023 burdened profits for 2024 in the amount of SEK 1.4 million and SEK 2.5 million respectively, which is listed as other operating cost. The amount comprises the IFRS 2 cost attributable to Israel and the US and is distributed across the term of the programs until July 2025 and July 2026 respectively.

The two warrants programs approved by the annual general meeting in May 2024 burdened profit in 2024 by SEK 4.0 million, of which SEK 0.7 million pertains to social security contributions on the Swedish participants' premiums, which were received free of charge. The remainder of the cost, SEK 3.3 million, is attributable to the calculation of IFRS 2. The amount comprises the entire IFRS 2 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.

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

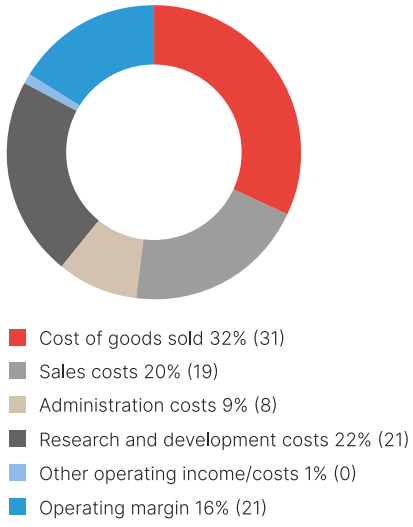
Surgical Science's costs for 2024 (2023) had the following approximate distribution in different currencies:

Distribution of currencies – Costs



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

Costs/margin as a percentage of sales



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).

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

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 the 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 remained 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.

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%. 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%. 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.

Net financial items consist mainly of interest on bank balances and revaluations of internal loan receivables/liabilities in respect of subsidiaries.

In 2024, the tax expense consists of tax on the profit for the year. As the parent company had tax-loss carry-forwards to be utilized partially in 2023, the tax expense for 2023 comprised the reversal of the deferred tax asset and tax on profit for the year.

Research and development

The software that Surgical Science uses in its simulation tools has mainly been developed in-house and is owned by the company; a marginal part of the software has been provided to the company on license. The software has been further developed and refined over a period of 25 years in collaboration with physicians who continuously test the system and new functions to ensure realism. Surgical Science works continuously to develop new simulation modules for further medical interventions and to improve the functionality of existing modules. An important part of product development is the development of training programs that measure physicians' skills. In collaboration with physicians, certification courses have been developed on which the user must attain a certain level to pass.

Seasonal effects

Surgical Science's sales within the Educational Products business area can fluctuate 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.

Significant risks and uncertainty factors

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

IP – Intellectual property (IP) is central to Surgical Science's business and the company takes measures to protect it wherever possible. This protection consists primarily of patents and protection of the source code. The company holds several patents, but its most valuable asset is its physics engine – the underlying source code that enables physically realistic interaction between tissue, organs, and instruments in real time.

In the case of cooperation with medical device customers, no rights to the company's background IP are granted. Delivery to customers is always in the form of binary code, never in the form of source code. If the company's source code were to become public or accessible to competitors, it could have serious negative consequences for the business.

Market risk – Surgical Science's sales are affected by customers' willingness to invest. Within the Educational Products business area, customers are mainly university hospitals and training centers and, within Industry/OEM, customers are mainly larger medical device companies, which in turn sell to the healthcare sector.

The willingness to invest in healthcare is affected by a number of factors including political decisions and trends in the field. A decline in willingness to invest in the healthcare sector can make it difficult for Surgical Science to sell its products and services. However, the company operates in technologically advanced areas of healthcare, such as keyhole surgery and robotic surgery, where particularly robotic surgery is growing rapidly and is expected to continue to do so.

Competitors and technical development – Surgical Science operates in a competitive market, in which several companies are active in medical simulation. There is a risk that competitors will react and respond more quickly to specific customer needs, gain market shares from Surgical Science, or develop products that customers prefer. The market for medical simulation is highly influenced by technological development. Delays in the company's development processes or an inability to adapt to technological development may result in reduced competitiveness or lost business opportunities.

Competition in the technical training of doctors also comes in the form of alternative training methods, such as simple box training, cadaver training, and training in the operating room under the supervision of an experienced surgeon.

Industrial collaborations – Within the Industry/OEM business area, Surgical Science works with major medical device companies in industrial collaborations, where the company licenses its software to industrial players, mainly in robot-assisted surgery. Surgical Science's license revenues depend largely on partner companies' sales. There is a risk that such collaborations may not generate the expected increase in sales, which could have a negative impact on the company's operations and financial position.

Personnel – Surgical Science is dependent on qualified personnel in various positions. The company's ability to retain current employees and

recruit new skills is crucial to its continued development. There is a risk that Surgical Science will not succeed in attracting or retaining individuals who have been, or who could be, of importance to the company. The departure of key individuals or difficulties in recruiting qualified staff could have an adverse effect on the company's operations, results and financial position.

Acquisitions – Surgical Science's growth strategy includes both organic growth and growth through acquisitions. Acquisition-related risks are mainly linked to the integration process, such as challenges in integrating new staff and customer relationships into the company's existing operations, as well as difficulties in incorporating acquired technology, products, and knowledge. Such factors may result in expected synergies not being realized to the extent expected.

Acquisitions of companies with similar or complementary activities pose additional risks. For example, ongoing development projects may not live up to expectations. There is also a risk that patents, technology, products, and know-how do not have the protection they should reasonably have. The acquired business may also underperform and not generate the sales growth that formed the basis for the purchase price. If the revenues from the acquisition do not meet expectations, Surgical Science may have to record an impairment loss on goodwill, which would have a negative impact on the company's profit and financial position.

Access to capital – Surgical Science may need external financing in the future to enable growth through acquisitions. Financing may take the form of borrowing and/or new share issues. There is a risk that the company may not be able to secure financing on favorable terms or that credit facilities are unavailable.

The capital market is affected by general macroeconomic factors such as changes in interest rates and inflation, which may affect Surgical Science's ability to access finance. The company has financed previous acquisitions through directed new share issues. If additional capital is raised through a new share issue, existing shareholders who do not participate or receive an allocation may have their shareholding diluted.

Geopolitical risks – Surgical Science operates in several locations worldwide, exposing the company to both domestic and global events, which can pose risks. For example, changes in customs rules or trade barriers can increase costs and affect supply chains.

To mitigate these risks, the company is taking proactive measures, such as diversifying production and adapting supply chains. After the end of the year, decisions were taken to expand production capacity within the company's existing facilities in order to handle increased volumes and support continued growth.

Trade policy is currently an area of uncertainty. Surgical Science continuously monitors and evaluates the situation to minimize any potential negative impact.

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 Industry/OEM business area 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%.
- Continue to expand the product portfolio through further product launches.
- Improve the gross margin by streamlining production and purchasing 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.

Corporate governance

Surgical Science is a Swedish public limited company governed by the annual general meeting of shareholders, the board, the CEO and other senior executives of the company. The company complies with current rules and regulations in accordance with the Swedish Companies Act, the Articles of Association and the board's rules of procedure.

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

General meeting of shareholders

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

Annual general meeting 2024

The annual general meeting of Surgical Science was held on May 16, 2024. The meeting re-elected ordinary board members Roland Bengtsson, Jan Bengtsson, Thomas Eklund, Henrik Falconer, Elisabeth Hansson, and Åsa Bredin, while Gisli Hennermark was newly elected. Roland Bengtsson was re-elected as the chair of the board. The annual general meeting approved total board fees of SEK 1,200,000 for the period until the next annual general meeting. The chair of the board, Roland Bengtsson is to receive SEK 350,000 and the other board members SEK 170,000 each. No remuneration shall be paid to board members who are employees of the company.

The board announced that it will set up a remuneration committee and an audit committee after the AGM. The annual general meeting approved a fee of SEK 85,000 for the chair of the audit committee, SEK 45,000 for each of the other members of the audit committee, SEK 60,000 for the chair of the remuneration committee, and SEK 30,000 for each of the other members of the remuneration committee. No remuneration shall be paid to board members who are employees of the company.

The meeting also resolved to approve the board's proposal to establish a long-term incentive program for group employees. The program encompassed 300,000 warrants, corresponding to a dilution of 0.58%. For more information, see Note 18. The meeting also resolved to approve the board's proposal to establish a long-term incentive program for senior executives in Sweden. The program encompassed 28,000 warrants, corresponding to a dilution of 0.05%. For more information, see Note 18.

The board was authorized, for the period up until the next annual general meeting, to determine, on one or more occasions, to implement new share issues corresponding to a maximum of 10% of the company's share capital.

The board's proposal for the disposal of the profit for the year was approved. No dividend was paid for the 2023 financial year.

Annual general meeting 2025

The annual general meeting of Surgical Science AB (publ) will be held on May 15, 2025.

Shareholders wishing to participate in the proceedings of the annual general meeting must be entered in the share register maintained by Euroclear Sweden on May 7, 2025 and shall notify the company of their intention to participate at the annual general meeting no later than May 9, 2025, or to cast their vote in advance, by May 9, 2025 at the latest.

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 AB (publ), FAO: 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.

Nomination committee

The following people have been appointed to be part of Surgical Science's nomination committee for the 2025 annual general meeting:

Åsa Hedin, appointed by Marknadspotential AB
Anna Sundberg, appointed by Handelsbanken Fonder
Erik Spinchorn, appointed by TIN Fonder
Roland Bengtsson, chair of the board

The nomination committee was appointed in accordance with the principles adopted by Surgical Science's annual general meeting on May 16, 2024. The shareholders having appointed members of the nomination committee represented just under 27% of all shares in the company as at August 31, 2024.

The nomination committee must also submit proposals for the following issues at the general meeting for resolution: (i) proposal for chair of the meeting, (ii) proposal for composition of the board, (iii) proposal for chair of the board, (iv) proposal for board fees and their distribution between the chair of the board and the other board members, (v) proposals for fees for members of the remuneration and audit committees (if applicable), (vi) proposals for auditor, (vii) proposals for remuneration of auditors, and (viii) to the extent deemed necessary, proposals for changes to the rules applicable to the nomination committee.

Group

Surgical Science's head office is located in Gothenburg, Sweden. Surgical Science Sweden AB is the parent company and the group has subsidiaries and staff in Sweden, Israel, the US and, since February 2025, the UK. Sales and development staff are also located in other countries, primarily China and Germany.

Proposed appropriation of profits

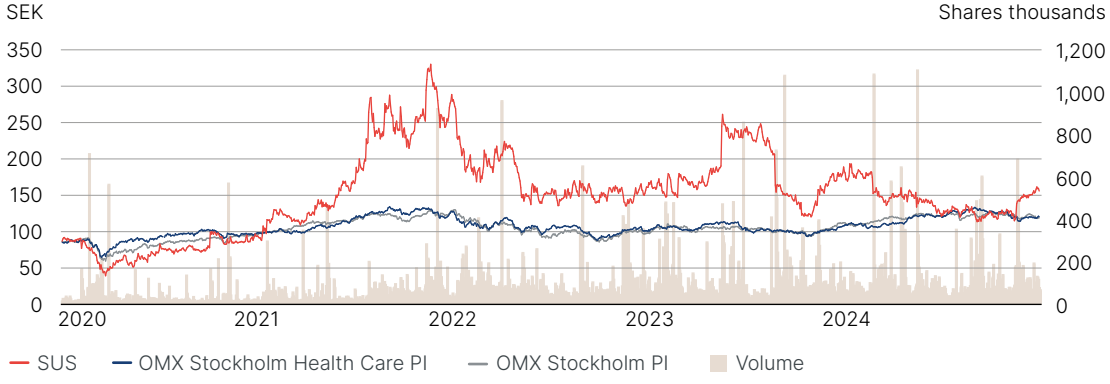
The board and CEO propose that the available funds of SEK 3,493,450,905 be allocated as follows:

To be carried forward: SEK 3,493,450,905

The financial statements were approved for issuance by the parent company's board on April 14, 2025.

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

Share price trend and turnover 5 years



Consolidated income statements

SEK thousands	Note	2024	2023
Net sales	2	884,087	882,853
Cost of goods sold		-286,189	-269,974
Gross profit		**597,897**	**612,879**
Sales costs		-175,260	-167,514
Administration costs		-77,119	-72,509
Research and development costs		-196,110	-181,569
Other operating income and costs		-5,087	-2,135
Operating profit	3, 4, 5, 6, 9, 10	**144,320**	**189,152**
Financial income	7	25,288	79,768
Financial costs	7	-11,515	-656
Profit after financial items		**158,093**	**268,264**
Taxes	8	-26,446	-34,292
Profit for the year		**131,646**	**233,972**
Profit for the year attributable to:			
Parent company shareholders		131,646	233,972
Earnings per share, SEK	18	2.58	4.59
Earnings per share, SEK*	18	2.58	4.59

* After dilution. See Note 18 for information regarding warrant programs.

Consolidated statement of income and other comprehensive income

SEK thousands	Note	2024	2023
Profit for the year		**131,646**	**233,972**
Other comprehensive income			
Items that have been or that may be reclassified to the income statement for the year			
Translation differences for the year on translation of foreign operations	8	344,546	-148,584
Other comprehensive income for the year	17	**344,546**	**-148,584**
Comprehensive income for the year		**476,192**	**85,388**
Comprehensive income for the year attributable to:			
Parent company shareholders		476,192	85,388

Consolidated statement of financial position

SEK thousands	Note	Dec 31, 2024	Dec 31, 2023
ASSETS	21, 22		
Fixed assets			
Intangible fixed assets	9		
Capitalized expenditure for development work		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 assets		2,189	1,959
Tangible fixed assets	10		
Equipment		101,534	76,618
Financial fixed assets			
Deferred tax assets	8	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	12	179,583	154,451
Current receivables			
Accounts receivable	14	136,702	110,603
Current tax asset		23,627	9,099
Other receivables		20,025	9,750
Prepaid expenses and accrued income	15	97,914	72,923
Cash and cash equivalents	16	968,155	634,366
Total current assets		**1,426,007**	**991,192**
TOTAL ASSETS		**5,479,673**	**4,702,673**

SEK thousands	Note	Dec 31, 2024	Dec 31, 2023
EQUITY	17, 18		
Share capital		2,551	2,551
Other capital contributions		3,398,121	3,398,121
Provisions		788,557	436,777
Profit and loss carried forward, incl. profit for the year		639,409	507,763
TOTAL EQUITY		**4,828,639**	**4,345,212**
LIABILITIES	21, 22		
Non-current liabilities			
Deferred tax liability	8	43,548	45,004
Other non-current liabilities	19	94,765	77,520
Total non-current liabilities		**138,313**	**122,524**
Current liabilities			
Accounts payable		58,449	41,286
Current tax liability		51,436	31,028
Other current liabilities		277,891	42,389
Accrued expenses and deferred income	20	124,946	120,234
Total current liabilities		**512,722**	**234,937**
TOTAL LIABILITIES		**651,035**	**357,461**
TOTAL EQUITY AND LIABILITIES		**5,479,673**	**4,702,673**

Consolidated changes in equity

	Attributable to parent company shareholders				
SEK thousands	Share capital	Other capital contributions	Provisions	Profit carried forward, incl. profit for the year	**Total equity**
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**

Consolidated cash flow statements

SEK thousands	Note	2024	2023
Operating activities			
Profit before financial items		144,320	189,153
Adjustments for non-cash items:			
Exchange rate differences		7,197	5,481
Depreciation/Amortization		60,514	55,613
Interest paid/received		18,768	8,246
Tax paid		-27,686	-14,549
Cash flow from operating activities before changes in working capital		**203,113**	**243,944**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		-11,556	-19,567
Increase (-)/Decrease (+) in operating receivables		-20,238	31,905
Increase (+)/Decrease (-) in operating liabilities		-34,094	-17,991
Cash flow from changes in working capital		**-65,888**	**-5,653**
Cash flow from operating activities		**137,225**	**238,291**
Investing activities			
Investment in tangible fixed assets		-6,104	-10,456
Investment in intangible fixed assets		-41,426	-33,673
Cash flow from investing activities		**-47,530**	**-44,129**
Financing activities			
Change in non-current liabilities		-5,525	-2,042
Change in liabilities to credit institutions		235,408	–
Change in lease liabilities		-2,230	-1,259
Redemption warrants program		–	19,148
Cash flow from financing activities		**227,653**	**15,847**
Cash flow for the year		**317,348**	**210,008**
Cash and cash equivalents at the beginning of the year		634,366	433,733
Exchange-rate difference in cash and cash equivalents		16,441	-9,375
Cash and cash equivalents at year-end	16	**968,155**	**634,366**

Parent company income statements

SEK thousands	Note	2024	2023
Net sales		126,574	104,777
Cost of goods sold		-55,459	-22,882
Gross profit		**71,115**	**81,895**
Sales costs		-18,915	-20,197
Administration costs		-21,441	-15,253
Research and development costs		-28,960	-24,090
Other operating income and costs		-5,257	-4,331
Operating profit	3, 4, 6, 9, 10	**-3,457**	**18,023**
Profit from financial items			
Interest income and similar income statement items	7	19,793	22,380
Impairment of shares in subsidiaries	7	–	-2
Interest expense and similar income statement items	7	-11,993	-1
Profit after financial items		**4,343**	**40,400**
Appropriations (group contributions)		63,557	52,956
Tax on profit for the year	8	-14,437	-19,586
Profit for the year		**53,464**	**73,770**

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

Parent company balance sheets

SEK thousands	Note	Dec 31, 2024	Dec 31, 2023
ASSETS	21, 22		
Fixed assets			
Intangible fixed assets	9		
Capitalized expenditure for development work		30,664	26,697
Patents, trademarks, and concessions		–	–
Other intangible fixed assets		1,075	1,176
Tangible fixed assets	10		
Equipment		1,687	2,484
Financial fixed assets			
Participations in group companies	11	3,131,505	3,133,116
Total non-current assets		**3,164,931**	**3,163,473**
Current assets			
Inventories	12	6,659	8,678
Current receivables			
Accounts receivable	14	27,761	11,815
Receivables from group companies	13	71,845	101,970
Other receivables		1,940	960
Prepaid expenses and accrued income	15	14,089	4,622
Cash and bank position	16	659,075	331,041
Total current assets		**781,370**	**459,086**
TOTAL ASSETS		**3,946,300**	**3,622,559**

SEK thousands	Note	Dec 31, 2024	Dec 31, 2023
EQUITY	17, 18		
Restricted equity			
Share capital		2,551	2,551
Share premium reserve		41,095	41,095
Development expenditure fund		30,664	26,697
Unrestricted equity	25		
Share premium reserve		3,336,592	3,336,592
Profit brought forward		103,395	25,970
Profit for the year		53,464	73,770
TOTAL EQUITY		**3,567,761**	**3,506,675**
LIABILITIES	21, 22		
Non-current liabilities	19	–	–
Current provisions	23	–	–
Current liabilities			
Liabilities to credit institutions		235,408	–
Accounts payable		7,954	2,857
Liabilities to group companies	13	78,112	68,826
Tax liability		23,922	9,826
Other current liabilities		8,178	16,930
Accrued expenses and deferred income	20	24,965	17,445
Total current liabilities		**378,539**	**115,884**
TOTAL LIABILITIES		**378,539**	**115,884**
TOTAL EQUITY AND LIABILITIES		**3,946,300**	**3,622,559**

Statement of changes in parent company's equity

	Restricted equity			Unrestricted equity			
SEK thousands	Share capital	Share premium reserve	Development expenditure fund	Share premium reserve	Profit brought forward	Profit for the year	**Total equity**
Opening balance, January 1, 2023	**2,540**	**41,095**	**20,494**	**3,317,457**	**12,411**	**15,535**	**3,409,532**
Disposal of profit brought forward					15,535	-15,535	–
Development expenditure fund			6,203		-6,203		–
Warrants program IFRS 2					4,226		4,226
Redemption warrants program	11			19,136			19,147
Profit for the year						73,770	73,770
Closing balance, December 31, 2023	**2,551**	**41,095**	**26,697**	**3,336,592**	**25,970**	**73,770**	**3,506,675**
Opening balance, January 1, 2024	**2,551**	**41,095**	**26,697**	**3,336,592**	**25,970**	**73,770**	**3,506,675**
Disposal of profit brought forward					73,770	-73,770	–
Development expenditure fund			3,967		-3,967		–
Warrants program IFRS 2					7,235		7,235
Merger of subsidiaries					387		387
Profit for the year						53,464	53,464
Closing balance, December 31, 2024	**2,551**	**41,095**	**30,664**	**3,336,592**	**103,395**	**53,464**	**3,567,761**

Parent company cash flow statements

SEK thousands	Note	2024	2023
Operating activities			
Profit before financial items		-3,457	18,023
Adjustments for non-cash items:			
Exchange rate differences		6,005	5,671
Depreciation/Amortization		8,935	7,280
Interest paid/received		14,476	6,525
Tax paid		-341	-309
Cash flow from operating activities before changes in working capital		**25,619**	**37,190**
Changes in working capital			
Increase (-)/Decrease (+) in inventories		2,019	3,494
Increase (-)/Decrease (+) in operating receivables		16,055	-41,670
Increase (+)/Decrease (-) in operating liabilities		4,752	52,028
Cash flow from changes in working capital		**22,826**	**13,852**
Cash flow from operating activities		**48,444**	**51,042**
Investing activities			
Investment in tangible fixed assets		-161	-1,356
Investment in intangible fixed assets		-11,844	-12,737
Merger of subsidiaries		1,998	–
Cash flow from investing activities		**-10,007**	**-14,093**
Financing activities			
Change in liabilities to credit institutions		235,408	–
New share issue		–	19,147
Group contributions		52,959	40,142
Cash flow from financing activities		**288,367**	**59,289**
Cash flow for the year		**326,804**	**96,238**
Cash and cash equivalents at the beginning of the year		331,041	234,887
Exchange-rate difference in cash and cash equivalents		1,230	-84
Cash and cash equivalents at year-end	16	**659,075**	**331,041**

Notes to the financial statements

Notes to the 2024 financial statements for the Surgical Science group and its parent company, Surgical Science Sweden AB (publ), corporate identity number 556544-8783, with registered offices at Drakegatan 7A, SE-412 50 Gothenburg, Sweden. The parent company's shares are registered on Nasdaq First North Growth Market in Stockholm.

Table of Contents **Page**

Note 1	Important accounting principles	79
Note 2	Operating segments	84
Note 3	Employees, employee benefit expenses, and remuneration to the board	85
Note 4	Auditors' fees and expense allowances	87
Note 5	Operating costs by nature	87
Note 6	Leasing	87
Note 7	Net financial income/cost	89
Note 8	Taxes	89
Note 9	Intangible fixed assets	90
Note 10	Tangible fixed assets	92
Note 11	Participations in group companies	93
Note 12	Inventories	93
Note 13	Receivables and liabilities from group companies	93
Note 14	Accounts receivable	94
Note 15	Prepaid expenses and accrued income	94
Note 16	Cash and cash equivalents	94
Note 17	Equity	95
Note 18	Earnings per share	96
Note 19	Non-current liabilities	97
Note 20	Accrued expenses and deferred income	97
Note 21	Financial instruments and financial risk management	98
Note 22	Fair value and carrying amount of financial assets and liabilities	99
Note 23	Provisions	100
Note 24	Pledged assets and contingent liabilities	100
Note 25	Disposal of the company's profit	100
Note 26	Transactions with related parties	100
Note 27	Events after the balance sheet date	101
Note 28	Critical assessments and estimates	101

Note 1. Important accounting principles

Compliance with standards and legislation
The consolidated accounts have been prepared in accordance with the IFRS reporting standards issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Financial and Sustainability Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for groups has been applied.

The parent company's annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and applying the Financial and Sustainability Reporting Board's recommendation RFR 2 "Accounting for Legal Entities". Accordingly, the measurement and disclosure rules under IFRS reporting standards are applied including the deviations detailed under "parent company's accounting principles".

Basis of valuation applied in the preparation of the financial statements
Assets and liabilities are recognized at cost, except for certain financial assets and liabilities, which are reported at fair value.

Functional currency and presentation currency
The parent company's functional currency is the Swedish krona, SEK, which is also the reporting currency for the parent company and group. This means that the financial statements are presented in SEK. All amounts are rounded off to the nearest SEK thousand unless otherwise stated.

Assumptions applied in preparing the parent company's financial statements and the consolidated financial statements
Preparing reports in accordance with IFRS reporting standards requires the use of some important estimates for accounting purposes. Furthermore, the management is required to make certain judgements about the application of the group's accounting principles. The areas involving substantial estimation – complex areas or areas in which assumptions and estimates are of material significance for the consolidated accounts – are stated in Note 28.

Amended accounting principles due to new or amended IFRS standards
No new or amended standards that came into effect on January 1, 2024 have had any impact on these financial statements.

In 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. The standard replaces the current IAS 1 Presentation of Financial Statements with effect from January 1, 2027. Earlier application of the new standard is permitted. The standard mainly contain changes in three key areas: the structure of the income statement, the disclosure of certain key ratios, and guidance on the aggregation and disaggregation of information in the financial statements. The new standard is not yet endorsed by the EU. Although Surgical Science has not yet analyzed the impact on future financial statements, as the changes do not relate to valuation, the group's profit after tax or financial position will not be affected.

Other adopted updates and amendments coming into effect as at January 1, 2025 or later will have no material effect on future financial reports.

Consolidation principles
The consolidated financial statements include the parent company, Surgical Science Sweden AB (publ), and the subsidiaries that are under a controlling influence of the parent company. All subsidiaries are wholly owned.

Subsidiaries are recognized in accordance with the acquisition method.

Foreign currencies
The functional currency is the currency in the primary economic environments where the companies within the group conduct their operations. The companies included in the group are the parent company and its subsidiaries. The parent company's functional currency and reporting currency is the Swedish krona. The group's reporting currency is the Swedish krona.

Assets and liabilities in foreign operations, including goodwill and other fair value adjustments on consolidation, are translated to Swedish kronor at the rate in effect on the balance sheet date. Income and costs in a foreign company are translated into Swedish kronor at an average rate representing an approximation of the rates prevailing on the respective transaction dates.

Translation differences arising in connection with currency translation by foreign operations are recognized in the statement of comprehensive income.

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

	Average exchange rate		Exchange rate on balance sheet date	
Currency	2024	2023	Dec 31, 2024	Dec 31, 2023
EUR	11.4322	11.4765	11.4865	11.0960
USD	10.5614	10.6128	10.9982	10.0416
ILS	2.8541	2.8686	3.0132	2.7874

Source: Sveriges Riksbank

Income

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

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

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

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

A customer contract may include hardware and software, installation, training and a service agreement extending over several years. The vast majority of sales, however, comprise products and services clearly representing separate performance commitments.

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

Approximately 14% (13) of Surgical Sciences' sales in 2024 were paid in advance. Additionally, a 30-day credit period is generally applied.

Segment reporting

Identifying reportable segments begins with how reports are submitted to the internal reporting structure and how these are followed up by the highest executive decision-maker. The group has identified the group's CEO as its highest executive decision-maker. In the internal reporting to the CEO, in part, business areas and, in part, geographical segments are applied, with revenues being broken down between Europe, North and South America, Asia, and Other, as well as by revenue stream, with revenues being further broken down between simulators, development revenues and license revenues, as well as service and support revenue. See Note 2 for further information.

Government subsidies

Government subsidies are reported when the company has met the terms associated with those subsidies and it can be safely determined that the subsidies will be received. Paid grants are recognized in the balance sheet as prepaid income and recognized as revenue in the period when the cost the grant relates to is recognized. Government subsidies are reported in relation to the hours worked on relevant projects for the development department.

Leasing

Lessees

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

Financial income and costs

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

Financial instruments

Surgical Science only holds financial assets measured at amortized cost and, on the asset side, these comprise accounts receivable, other receivables and other non-current holdings of securities. Liabilities include accounts payable and other liabilities measured at amortized costs,

as well as currency derivatives and liabilities for contingent purchase considerations measured at fair value.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash, immediately accessible bank balances, as well as any other money market instruments with original maturities of less than three months.

Accounts payable
Accounts payable are initially recognized at fair value and subsequently at amortized cost by applying the effective interest rate method.

Intangible fixed assets
The items reported in the consolidated statement of financial position are goodwill, customer contracts, technology, capitalized costs for product development, patents, trademarks and concessions.

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

Customer contracts
In the statement of financial position, acquired customer contracts in connection with business acquisitions are recognized at cost less accumulated depreciation and amortization, and impairment.

Technology
In the statement of financial position, technology is recognized at cost less accumulated amortization and impairment.

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

In the statement of financial position, capitalized development expenditure is recognized at cost less accumulated amortization and impairment.

Patents
In the statement of financial position, patents are recognized at cost less accumulated amortization and impairment.

Trademarks
In the statement of financial position, trademarks are recognized at cost less accumulated amortization and impairment.

Concessions
In the statement of financial position, concessions are recognized at cost less accumulated amortization and impairment.

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

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

The estimated useful lives are:

Capitalized expenditure for development work	5 years
Patents, trademarks, and concessions	5 years
Customer contracts and technology	10 years

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

Depreciation
The depreciation of property, plant and equipment according to plan is based on predetermined useful lives. Depreciation is recognized on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are:

Equipment	5 years

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

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

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

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

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

Earnings per share
The calculation of earnings per share is based on the profit for the year for the group which is attributable to the parent company's shareholders and on the weighted average number of outstanding shares during the year before and after dilution. When calculating diluted earnings per share (i.e. earnings per share after dilution), the net result and the average number of shares are adjusted to take account of the effects of potential ordinary shares, which derive from options issued to employees.

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

Equity
Transaction costs that can be directly attributed to the issue of new ordinary shares or options are recognized, net after tax, in equity as a deduction from the issue proceeds.

Warrants program
There are four outstanding warrant programs aimed at the company's employees. The company subsidizes the warrants programs so that participants receive warrants as a benefit. These warrants programs will require payment of social security contributions and costs in accordance with the accounting rules in IFRS 2. A description

of the warrant programs can be found under Note 18.

Parent company accounting principles

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

The differences between the accounting principles applied by the group and those applied by the parent company are as follows. The parent company's accounting principles, as stated, have been applied consistently to all periods presented in the parent company's financial statements. The principles are unchanged compared with the previous year.

Classification and presentation formats

The parent company uses the term "balance sheet" which is prepared according to the Annual Accounts Act's schedule, while the group uses the term "consolidated statement of financial position" which is based on IAS 1 Presentation of financial statements. Compared with the consolidated accounts, the differences in the parent company's income statement and balance sheet mainly involve shareholders' equity.

Internally generated intangible fixed assets

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

Subsidiaries

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

Financial assets and liabilities

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

Group contributions

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

Leased assets

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

Note 2. Operating segments

By business area and revenue stream

	2024	2023
Educational Products	**442,496**	**518,433**
- Simulators, hardware and software	364,345	451,000
- Service and support revenue	78,151	67,433
Industry/OEM	**441,591**	**364,420**
- Simulators, hardware and software	126,716	48,753
- Service and support revenue	12,095	11,367
- License revenue	271,657	277,729
- Development revenue	31,123	26,571
Net sales	**884,087**	**882,853**

By business area and geographic area

	2024	2023
Educational Products	**442,496**	**518,433**
- Europe	92,900	121,351
- North and South America	207,011	234,038
- Asia	111,149	121,594
- Other	31,436	41,450
Industry/OEM	**441,591**	**364,420**
- Europe	59,893	28,086
- North and South America	355,988	317,935
- Asia	21,140	14,680
- Other	4,570	3,719
Net sales	**884,087**	**882,853**

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

The group's operations are organized in such a way that group management monitors sales divided as stated above. As group management determines the distribution of resources based on this division, they constitute the group's operating segments.

In 2024, the group had one customer that accounted for more than 10% of consolidated total sales. This customer is recognized in the North and South America segment within Industry/OEM. In 2023, the group had one customer that accounted for more than 10% of consolidated total sales. This customer was recognized in the North and South America segment within Industry/OEM.

Note 3. Employees, employee benefit expenses, and remuneration to the board

Average number of employees

	Total		Of whom men	
	2024	2023	2024	2023
Parent company, Sweden	50	48	36	34
Subsidiaries				
Sweden	17	17	13	13
Israel	136	131	102	95
USA	53	53	37	38
Total	**256**	**249**	**188**	**180**

Proportion of women in senior positions

	2024	2023
Board of directors	29%	33%
Management team	25%	25%

Wages and salaries, other remuneration, and social security expenses

	Salaries, wages and remuneration		Social security expenses	
	2024	2023	2024	2023
Parent company	47,737	41,093	21,354	19,334
– of which, pension costs	(–)	(–)	(6,912)	(6,389)
Subsidiaries	212,424	187,671	37,711	41,038
– of which, pension costs	(–)	(–)	(21,306)	(24,170)
Total	**260,161**	**228,764**	**59,065**	**60,372**
– of which, pension costs	**(-)**	**(-)**	**(28,218)**	**(30,559)**

Of the group's pension costs, SEK 1,293 (1,650) thousand pertains to the board and CEO, of which SEK 1,293 (1,650) thousand pertains to the CEO.

Salaries and remunerations allocated by country and between board members/the CEO and other employees

	Board/CEO		Other employees	
	2024	2023	2024	2023
Parent company, Sweden	8,244	5,346	39,493	35,747
Subsidiaries				
Sweden	–	–	12,508	12,239
Israel	–	–	123,264	117,073
USA	–	–	76,651	58,359
Total	**8,244**	**5,346**	**251,916**	**223,418**
– of which bonuses and similar	**(2,265)**	**(1,530)**	**(2,888)**	**(5,148)**

Note 3. Employees, employee benefit expenses, and remuneration to the board (cont.)

Board
Board fees amounting to SEK 1,050 thousand were paid over the year, in accordance with the resolution by the 2023 annual general meeting. As chair of the board, Roland Bengtsson received SEK 300 thousand and the other board members received SEK 150 thousand each. No pension costs or other pension obligations apply with regard to board members.

At the annual general meeting on May 16, 2024, it was resolved that board fees totaling SEK 1,200 thousand should be paid in the period until the ensuing annual general meeting. SEK 350 thousand is to be paid to the chair of the board, Roland Bengtsson, and SEK 170 thousand to each of the other board members. The annual general meeting also approved a fee of SEK 85 thousand for the chair of the newly established audit committee, SEK 45 thousand for each of the other members of the audit committee, SEK 60 thousand for the chair of the newly established remuneration committee, and SEK 30 thousand for each of the other members of the remuneration committee.

CEO
During the 2024 financial year, remuneration, including holiday pay, totaling SEK 6,117 (5,826) thousand was expensed in payments to former CEO Gisli Hennermark, of which SEK 1,980 (1,530) thousand comprised variable remuneration. During the period that Gisli Hennermark was CEO (January 1 to September 30), remuneration of SEK 5,033 thousand was paid, of which SEK 1,980 thousand was variable. During the 2024 financial year, remuneration, including holiday pay, totaling SEK 1,671 thousand was expensed in payments to current CEO Tom Englund, of which SEK 285 thousand comprised variable remuneration. Tom was hired on August 19 and took over as CEO on October 1, 2024.

Premiums for customary occupational pensions in accordance with ITP have been paid. In the event of termination by the company, a notice period of 12 months applies for the CEO. In the event of resignation by the CEO, a notice period of 6 months applies. The CEO's terms of employment are set out in an agreement between the company and the CEO.

Other senior executives
During the 2024 financial year, salaries of SEK 22,697 (22,574) thousand including holiday pay, were expensed to senior executives in the group's management team of 7 (7) people, excluding the CEO, of which SEK 2,888 (2,310) thousand consisted of bonuses. These are based on the outcome of various parameters in comparison with established targets. Premiums for customary occupational pensions have been paid. In the event of termination by the company, a notice period of 3-12 months applies for other senior executives. In the event of resignation by a senior executive, a notice period of 3-6 months applies. No loans have been provided to senior executives.

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

	Group		Parent company	
	2024	2023	2024	2023
Costs for defined-contribution pension plans	28,218	30,559	6,912	6,389

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

Note 4. Auditors' fees and expense allowances

	Group		Parent company	
	2024	2023	2024	2023
Audit assignment	945	1,018	430	365
- of which KPMG	(945)	(1,018)	(430)	(365)
Tax advice	1,427	1,307	424	301
- of which KPMG	(603)	(422)	(424)	(301)
Other services	618	283	551	242
- of which KPMG	(551)	(242)	(551)	(242)
Total	**2,990**	**2,608**	**1,405**	**908**

KPMG has been the company's auditor since the 2019 annual general meeting.

"Audit assignment" refers to the inspection of the annual accounts and accounting records and of the administration by the board and CEO and to other tasks that the company's auditors consider necessary, as well as to the provision of advice or other assistance brought about by observations during such inspection or the carrying out of such tasks. Advice on tax issues is recognized separately. Any other work is recognized as other services.

Note 5. Operating costs by nature

	Group	
	2024	2023
Raw materials and consumables	-209,966	-210,816
Capitalized work	38,334	33,022
Personnel expenses	-341,171	-302,855
Depreciation/amortization and impairment	-60,514	-55,613
Other external expenses	-161,362	-155,304
Total	**-734,679**	**-691,566**

Note 6. Leasing

The group rents office premises in the following locations:

	Lease valid until
Gothenburg, Sweden	May 31, 2028
Stockholm, Sweden	June 30, 2028
Shenzhen, China	Mar 31, 2025
Seattle, USA	Oct 31, 2027
Cleveland, USA	December 31, 2029
Tel Aviv, Israel	April 30, 2029

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

In other respects, the group has signed leases for certain office equipment.

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

	2024	2023
Depreciation of right-of-use assets		
– Properties	-16,032	-15,386
– Vehicles	–	-17
Interest expense, lease liabilities	-751	-641
Lease costs for current leases and leases of low-value assets	-287	-310
Total	**-17,070**	**-16,354**

Note 6. Leasing (cont.)

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

	Dec 31, 2024	Dec 31, 2023
Right-of-use assets		
Properties	106,138	79,001
Total	**106,138**	**79,001**

	Dec 31, 2024	Dec 31, 2023
Accumulated depreciation/amortization		
Properties	-27,846	-24,698
Total	**-27,846**	**-24,698**

	Dec 31, 2024	Dec 31, 2023
Lease liabilities		
Short-term	18,640	13,241
Long-term	56,939	40,023
Total	**75,579**	**53,264**

The maturity analysis for the lease liabilities is presented in Note 21.

Cash flow information, leases:

	2024	2023
Amortization of lease liabilities	16,032	15,403
Interest expense, lease liabilities	751	641
Lease costs for current leases and leases of low-value assets	287	310
Total	**17,070**	**16,354**

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

	Parent company	
	2024	2023
Within one year	3,765	3,334
Within two to five years	3,601	3,970
Later than five years	–	–
Total	**7,366**	**7,304**

Expensed fees for operating leases amount to the following:

	Parent company	
	2024	2023
Minimum lease fees	4,134	2,929
Total lease costs	**4,134**	**2,929**

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

	Group		Parent company	
	2024	2023	2024	2023
Within one year	681	1,907	681	681
Between one and five years	–	–	–	–
Later than five years	–	–	–	–
Total	**681**	**1,907**	**681**	**681**

Lease revenue for the year from operational leases amounts to SEK 733 (2,944) thousand in the group and SEK 660 (669) thousand in the parent company.

Note 7. Net financial income/cost

	Group		Parent company	
	2024	2023	2024	2023
Exchange gains	1,330	15,042	1,330	15,594
Interest income and other financial income	23,958	64,726	18,463	6,786
Financial income	**25,288**	**79,768**	**19,793**	**22,380**

	Group		Parent company	
	2024	2023	2024	2023
Exchange losses	-5,558	–	-5,558	–
Change in value of derivatives	-277	–	-277	–
Impairment of holdings in subsidiaries	–	–	–	-2
Interest expenses and other financial expenses	-5,680	-656	-6,158	-1
Financial costs	**-11,515**	**-656**	**-11,993**	**-3**

Note 8. Taxes

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

	Group		Parent company	
	2024	2023	2024	2023
Current tax expense				
Tax expense for the year	-28,702	-30,583	-14,437	-11,742
Total current tax expense	**-28,702**	**-30,583**	**-14,437**	**-11,742**
Deferred tax				
Amortization of surplus values	5,013	5,033	–	–
Change in untaxed reserves	692	804	–	–
Change in tax-loss carry-forwards	–	-9,546	–	-7,844
Other temporary differences	-3,449	–	–	–
Total deferred tax	**2,256**	**-3,709**	**–**	**-7,844**
Total reported tax cost	**-26,446**	**-34,292**	**-14,437**	**-19,586**

	Group		Parent company	
	2024	2023	2024	2023
Reconciliation of effective tax rate				
Profit before tax	158,093	268,264	67,900	93,356
Tax according to current tax rate for the parent company, 20.6% (20.6)	-32,567	-55,262	-13,987	-19,231
Effects of other tax rates for foreign subsidiaries	11,859	9,674	–	–
Utilized non-capitalized tax-loss carry-forwards from previous years	-1,419	-1,737	–	–
Deductible costs, not in income statement	4,127	3,054	–	–
Non-deductible expenses	-2,165	-1,783	-450	-355
Tax attributable to previous years	-6,237	–	–	–
Other temporary differences	-44	11,762	–	–
Total tax cost	**-26,446**	**-34,292**	**-14,437**	**-19,586**

Tax attributable to other comprehensive income:

	Group					
	2024			2023		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Translation differences for the year on translation of foreign operations	344,546	–	344,546	-148,584	–	-148,584
Other comprehensive income	**344,546**	**–**	**344,546**	**-148,584**	**–**	**-148,584**

Note 8. Taxes (cont.)

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

	Group		Parent company	
	2024	2023	2024	2023
Deferred tax assets				
Deferred tax relating to capitalized tax-loss carry-forwards	12,716	11,610	–	–
Lease liabilities	15,569	10,972	–	–
Deferred tax, other	3,615	3,226	–	–
Total deferred tax assets	**31,900**	**25,808**	**–**	**–**
Recognized deferred tax assets and liabilities	-15,569	-10,972	–	–
Total deferred tax assets, net	**16,331**	**14,836**	**–**	**–**

Deferred tax assets pertaining to capitalized tax-loss carry-forwards pertain to the USA and are included in the statement of financial position as the company's established budget and forecasts assume that the company will report future taxable surpluses in the foreseeable future. There is no time limit for these tax-loss carry-forwards. Tax-loss carry-forwards in the subsidiary Mimic Technologies, Inc. amount to USD 6.0 million as per the 2023 tax assessment (2022: 4.8). In the subsidiary Simbionix Ltd, there are no tax-loss carry-forwards remaining as per the 2023 tax assessment (2022: 20.5).

	Group		Parent company	
	2024	2023	2024	2023
Deferred tax liability				
Deferred tax attributable to surplus value on acquisitions	43,544	45,004	–	–
Right-of-use assets, leasing	16,129	11,073	–	–
Deferred tax attributable to other	4	–	–	–
Total deferred tax liabilities	**59,677**	**56,077**	**–**	**–**
Recognized deferred tax assets and liabilities	-16,129	-11,073	–	–
Total deferred tax liabilities, net	**43,548**	**45,004**	**–**	**–**

Note 9. Intangible fixed assets

	Group		Parent company	
	2024	2023	2024	2023
Capitalized development expenditure				
Opening cost	173,315	141,866	130,016	117,539
Capitalized costs for the year	40,018	33,120	11,686	12,477
Translation differences	4,652	-1,671	–	–
Closing accumulated cost	**217,986**	**173,315**	**141,702**	**130,016**
Opening amortization	-107,786	-98,979	-103,319	-97,045
Amortization for the year	-10,831	-8,847	-7,719	-6,274
Translation differences	-912	40	–	–
Closing accumulated amortization	**-119,529**	**-107,786**	**-111,038**	**-103,319**
Closing carrying amount	**98,457**	**65,529**	**30,664**	**26,697**
Other intangible assets				
Opening cost	2,283	1,954	1,283	1,022
Capitalized costs for the year	1,408	372	158	261
Translation differences	-3	-43	–	–
Closing accumulated cost	**3,688**	**2,283**	**1,441**	**1,283**
Opening amortization	-324	-42	-107	–
Amortization for the year	-534	-282	-259	-107
Translation differences	-641	–	–	–
Closing accumulated amortization	**-1,499**	**-324**	**-366**	**-107**
Closing carrying amount	**2,189**	**1,959**	**1,075**	**1,176**

Note 9. Intangible fixed assets (cont.)

	Group		Parent company	
	2024	2023	2024	2023
Patents, trademarks, and concessions				
Opening cost	72,645	71,873	10,588	10,588
Capitalized costs for the year	–	181	–	–
Translation differences	1,494	591	–	–
Closing accumulated cost	**74,138**	**72,645**	**10,588**	**10,588**
Opening amortization	-15,123	-11,933	-10,588	-10,585
Amortization for the year	-1,194	-334	–	-3
Translation differences	3,937	-2,856	–	–
Closing accumulated amortization	**-12,381**	**-15,123**	**-10,588**	**-10,588**
Closing carrying amount	**61,758**	**57,522**	**–**	**–**
Customer contracts				
Opening cost	153,581	158,620	–	–
Translation differences	-408	-5,039	–	–
Closing accumulated cost	**153,173**	**153,581**	**–**	**–**
Opening amortization	-52,022	-32,930	–	–
Amortization for the year	-16,010	-16,067	–	–
Translation differences	7,305	-3,025	–	–
Closing accumulated amortization	**-60,727**	**-52,022**	–	–
Closing carrying amount	**92,445**	**101,559**	**–**	**–**

	Group		Parent company	
	2024	2023	2024	2023
Technology				
Opening cost	81,477	81,477	–	–
Closing accumulated cost	**81,477**	**81,477**	**–**	**–**
Opening amortization	-21,472	-10,884	–	–
Amortization for the year	-8,322	-8,363	–	–
Translation differences	5,372	-2,225	–	–
Closing accumulated amortization	**-24,422**	**-21,472**	**–**	**–**
Closing carrying amount	**57,055**	**60,005**	**–**	**–**
Goodwill				
Opening cost	3,328,683	3,444,289	–	–
Translation differences	287,165	-115,606	–	–
Closing accumulated cost	**3,615,848**	**3,328,683**	**–**	**–**
Closing carrying amount	**3,615,848**	**3,328,683**	**–**	**–**

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

	Group		Parent company	
	2024	2023	2024	2023
Cost of goods sold	–	-79	–	-79
Sales costs	-16,190	-16,097	-180	-30
Administration costs	-1,549	-583	-79	-77
Research and development costs	-19,153	-17,134	-7,719	-6,198
Total amortization	**-36,892**	**-33,893**	**-7,979**	**-6,384**

Note 9. Intangible fixed assets (cont.)

The group's goodwill is attributable to the acquisitions of subsidiaries SenseGraphics AB, Mimic Technologies, Inc and Surgical Science North America and their operations.

Goodwill has been tested for impairment based on budget and forecasts, where the first year of the forecast is based on the company's budget and the subsequent four years are based on historical growth rates adjusted for management's forecasts for the future. The forecasts have been produced internally by company management based on historical data, management's combined experience and their best assessment of the company's development potential and market growth. The revenues on which the cash flows are based have been projected at a growth rate of 5-25% over 5 years. The forecast cash flows have been calculated at their present value applying a discount rate of 13.1% (11.4) before tax. The most important variables in the forecast are growth, gross margin, sales costs and investments. The calculation is based on a continued favorable gross margin and the need for investment has been judged as relatively low. Working capital has been assumed to change in proportion to sales and the debt/equity ratio is judged as remaining unchanged as growth is assumed to take place within the framework of existing operations and using the group's own funds. The recoverable amount, which is calculated within the group as value in use, exceeds the carrying amount. Management believes that no reasonable changes in key variables and assumptions will lead to the units' recoverable amount being lower than the reported values.

To support the impairment tests performed by goodwill, an overall analysis has been made of the sensitivity of the variables used in the model. Reasonable changes in these assumptions over time are not assumed to give rise to any indication that the reported goodwill values cannot be defended.

Note 10. Tangible fixed assets

	Group		Parent company	
	2024	2023	2024	2023
Equipment				
Opening cost	132,670	91,232	7,274	7,028
Acquisitions for the year	6,104	10,456	161	1,357
Sales and disposals	–	-1,135	–	-1,111
Reclassifications	40,340	37,646	–	–
Exchange rate differences	7,542	-5,529	–	–
Closing accumulated cost	**186,656**	**132,670**	**7,435**	**7,274**
Opening depreciation	-56,050	-39,874	-4,790	-5,003
Depreciation for the year	-23,623	-21,720	-958	-897
Sales and disposals	–	1,135	–	1,111
Exchange rate differences	-5,449	4,407	–	–
Closing accumulated depreciation	**-85,122**	**-56,052**	**-5,747**	**-4,790**
Closing carrying amount	**101,534**	**76,618**	**1,687**	**2,484**

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

	Group		Parent company	
	2024	2023	2024	2023
Cost of goods sold	-1,968	-1,542	-8	-9
Sales costs	-2,950	-2,762	-280	-368
Administration costs	-18,122	-16,974	-593	-446
Research and development costs	-583	-442	-77	-74
Total depreciation	**-23,623**	**-21,720**	**-958**	**-897**

Note 11. Participations in group companies

	Parent company	
	2024	2023
Opening acquisition value	3,133,116	3,188,957
Merger of subsidiaries	-1,613	–
Impairment of shares	–	-55,841
Closing book value	**3,131,505**	**3,133,116**

Companies owned by Surgical Science Sweden AB (publ):

				Book value	
Company	Corp. ID no.	Registered office	Share in %	Dec 31, 2024	Dec 31, 2023
SenseGraphics AB	556659-3512	Gothenburg, Sweden	100	325,080	325,079
Mimic Technologies, Inc.	91-2117439	Seattle, USA	100	132,448	132,448
Surgical Science North America	02-0530940	Beachwood, USA	100	2,673,927	2,667,269
- Simbionix Ltd.	51 251814 3	Airport City, Israel	100		
Surgical Science, Inc.	20-8758443	Minnesota, USA	100	–	6,658
Surgical Science Incentive AB	559107-8448	Gothenburg, Sweden	100	50	50
Simball Systems AB	559115-4702	Gothenburg, Sweden	100	–	50
Medicinsim AB	556935-1231	Gothenburg, Sweden	100	–	1,562
Total				**3,131,505**	**3,133,116**

Note 12. Inventories

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Raw materials and consumables	160,812	141,027	5,823	7,217
Finished goods and goods for resale	18,771	13,424	836	1,461
Total	**179,583**	**154,451**	**6,659**	**8,678**

Note 13. Receivables and liabilities from group companies

	Parent company	
	Dec 31, 2024	Dec 31, 2023
Receivables from		
Surgical Science, Inc.	–	1,849
Surgical Science North America	1,371	–
Simbionix Ltd.	6,910	47,162
Medicinsim AB	–	29
SenseGraphics AB	63,564	52,930
Total	**71,845**	**101,970**

	Parent company	
	Dec 31, 2024	Dec 31, 2023
Liabilities to		
Mimic Technologies, Inc.	20,473	8,135
Surgical Science North America	51,344	55,216
Simbionix Ltd.	3,914	4,270
Simball Systems AB	–	1
Surgical Science Incentive AB	7	2
SenseGraphics AB	2,374	1,202
Total	**78,112**	**68,826**

Note 14. Accounts receivable

Accounts receivables are recognized after taking bad debt losses for the year into account. No bad debt losses (–) were established as having been incurred in the parent company in 2024. Provisioned bad debt losses in the parent company amounted to SEK 47 (47) thousand. In the group, provisioned bad debt losses amounted to SEK 4,691 (2,541) thousand. Established bad debt losses amounted to SEK 1,627 (116) thousand.

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Accounts receivable	136,702	110,603	27,761	11,815
Age structure accounts receivable				
Not due	96,909	72,968	25,190	10,710
Due 0-30 days	5,334	24,393	628	483
Due 31-90 days	20,401	4,368	1,886	431
Due 91-180 days	6,822	8,395	–	191
Due >180 days	7,236	479	57	–
Total	**136,702**	**110,603**	**27,761**	**11,815**

Note 15. Prepaid expenses and accrued income

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Rent and other property costs	1,967	1,871	1,218	1,202
Prepaid insurance	1,892	1,240	1,216	1,188
Other prepaid costs	16,266	7,556	5,101	1,972
Accrued interest	3,984	–	3,984	–
Accrued income	73,805	62,256	2,570	260
Total	**97,914**	**72,923**	**14,089**	**4,622**

Note 16. Cash and cash equivalents

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

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Cash and bank balances	968,155	634,366	659,075	331,041
Total	**968,155**	**634,366**	**659,075**	**331,041**

No current investments were made (–).

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

Note 17. Equity

Share capital

There is only one class of shares, all shares carry the same rights and have a quota value of SEK 0.05 (0.05) per share. As at December 31, 2024, the registered share capital amounted to SEK 2,551,312 (2,551,312).

	Dec 31, 2024	Dec 31, 2023
Opening number of shares	51,026,236	50,801,236
Shares issued during the year	–	225,000
Closing number of shares	**51,026,236**	**51,026,236**

Other capital contributions

Refers to shareholders' equity contributed by shareholders.

Provisions

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

Accumulated exchange rate differences in shareholders' equity

	Group	
	2024	2023
Opening balance	430,539	579,123
Exchange rate difference for the year in foreign subsidiaries, net after tax	344,548	-148,584
Total	**775,087**	**430,539**

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

Profit brought forward

Profit brought forward includes profits earned in the parent company and its subsidiaries.

Restricted funds

Restricted funds in the parent company may not be reduced through dividends.

Share premium reserve

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

Development expenditure fund

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

Unrestricted equity

Together with profit for the year, profit brought forward in the parent company (that is, the share premium reserve), profit brought forward from previous years and profit for the year after deductions for dividends paid, constitute unrestricted shareholders' equity, that is, the amount available for dividends to shareholders.

In 2019, Surgical Science's board adopted a new dividend policy, see also page 58. No dividend was paid for the 2023 financial year, nor is it proposed that any be paid for the 2024 financial year.

Note 18. Earnings per share

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

Earnings per share	2024	2023
Consolidated profit for the year, SEK thousand	131,646	233,972
Weighted average number of shares outstanding, before dilution	51,026,236	50,929,361
Dilution effect of options program	–	11,417
Weighted average number of shares outstanding, after dilution	51,026,236	50,940,778
Earnings per share before dilution, SEK	2.58	4.59
Earnings per share after dilution, SEK	2.58	4.59

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.

In 2024, both the average share price for the year and the closing share price at the balance sheet date were below the exercise price of the warrants program, so the program had no dilutive 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%.

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 IFRS 2. For 2024, the program has impacted profits negatively by SEK 1.4 (1.4) million. The amount comprises the IFRS 2 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.

In 2024, both the average share price for the year and the closing share price at the balance sheet date were below the exercise price of the warrants program, so the program had no dilutive 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%.

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 IFRS 2. For 2024, the program has impacted profits negatively by SEK 2.5 (3.6) million. The amount comprises the IFRS 2 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 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 33.31 per warrant.

In 2024, both the average share price for the year and the closing share price at the balance sheet date were below the exercise price of the warrants program, so the program had no dilutive effect. Fully exercised, the incentive program will

Note 18. Earnings per share (cont.)

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%.

Incentive program costs

Preliminarily, the incentive program is 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 IFRS 2. 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 amount comprises the entire IFRS 2 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.

Note 19. Non-current liabilities

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Lease liabilities	56,939	40,023	–	–
Prepaid income	19,469	20,288	–	–
Other non-current liabilities	18,357	17,209	–	–
Total	**94,765**	**77,520**	**–**	**–**

All non-current liabilities have maturities 1-5 years from the balance-sheet date. All other non-current liabilities are non-interest-bearing in both the group and the parent company.

Note 20. Accrued expenses and deferred income

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Personnel-related items	29,956	27,327	15,326	11,123
Other accrued expenses	28,159	20,014	5,203	3,118
Prepaid income	66,831	72,893	4,436	3,204
Total	**124,946**	**120,234**	**24,965**	**17,445**

Note 21. Financial instruments and financial risk management

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

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

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

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

Terms and conditions
Surgical Science currently has no credit frameworks (–). In connection with the offer to acquire Intelligent Ultrasound, Surgical Science took out a short-term loan of GBP 17 million (SEK 235.4 million as at December 31, 2024). The interest costs recognized for the year refer to interest on the short-term loan, default interest on accounts payable, and interest costs on tax accounts.

The deferred contingent consideration arising in connection with the acquisition of Mimic Technologies and linked to certain sales outcomes in the years 2021, 2022 and 2023 has been settled in full in 2024. The part of the contingent consideration remaining as at December 31, 2023 is included in Other liabilities. See Note 23 regarding changes in deferred contingent consideration.

Currency derivatives
Surgical Science has a currency derivative recognized at SEK -276 thousand, which is valued at fair value. The negative value is due to the difference between the closing rate and the forward rate.

Credit risk
The group's financial assets are recognized at SEK 1,119.9 (756.4) million, of which SEK 968.2 (634.4) million relates to cash and cash equivalents. The group has traditionally experienced low credit losses. The risk is limited by means of creditworthiness checks and advance payments by new customers, as well as through close customer follow-up in collaboration between the finance and marketing functions. Furthermore, an individual assessment was made of accounts receivable regarding payment capacity and creditworthiness as per the balance sheet date.

Currency risks
Currency risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates.

This risk is related to changes in expected and contracted payment flows (transaction exposure) and to the revaluation of foreign subsidiaries' assets and liabilities in foreign currency (translation exposure). The company is affected by variations in exchange rates. The objective is to minimize the impact of these changes where practicable. Changes in USD and EUR have the greatest impact on the group. Calculated in local currencies, sales increased by 1%. In percentage terms, Surgical Science's revenues are distributed between the stated currencies roughly as follows: USD 83% (82), EUR 14% (16), SEK 2% (2), other (e.g. ILS, GBP) 1% (0).

In percentage terms, costs are distributed between the stated currencies roughly as follows: USD 29% (28), ILS 49% (51), SEK 18% (17), other (e.g. EUR, GBP) 4% (4). As far as possible, the outflow is matched against the inflow in the relevant currency.

Note 21. Financial instruments and financial risk management (cont.)

Maturity structure of financial liabilities

	Within 1 year	2 years	3 years	4 years	>4 years	Total
Dec 31, 2023						
Accounts payable	41,286	–	–	–	–	**41,286**
Lease liabilities	13,241	12,189	10,036	8,983	8,815	**53,264**
Other liabilities	11,397	–	–	–	–	**11,397**
Dec 31, 2024						
Accounts payable	58,449	–	–	–	–	**58,449**
Lease liabilities	18,640	17,643	15,218	12,798	11,280	**75,579**
Other liabilities	276	–	–	–	–	**276**

Note 22. Fair value and carrying amount of financial assets and liabilities

	Financial assets			
	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Assets in the balance sheet				
Loan and contract receivables	151,768	122,065	99,649	113,828
Cash and cash equivalents	968,155	634,366	659,075	331,041
Total	**1,119,923**	**756,431**	**758,724**	**444,869**

	Financial liabilities			
	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Liabilities in the balance sheet				
Accounts payable	58,449	41,286	20,307	23,865
Other liabilities	386,620	124,731	316,859	66,031
Total	**445,069**	**166,017**	**337,166**	**89,896**

There are also accrued income and accrued costs, which are classified as financial assets and financial liabilities, respectively. See Notes 15 and 20.

Group

Financial assets and liabilities are measured at amortized cost with the exception of liabilities relating to outstanding contingent considerations as at December 31, 2023. Liabilities for this contingent purchase consideration, which are based on sales, are measured at fair value. The carrying amounts of SEK 1,119.9 (756.4) million and SEK 445.1 (166.0) million respectively are considered reasonable approximations of the fair value of the group's assets and liabilities in the balance sheet. No hedge accounting has been arranged for the currency components included in the above amounts.

Note 22. Fair value and carrying amount of financial assets and liabilities (cont.)

Parent company
Financial assets and liabilities are measured at amortized cost. Liabilities relating to the part of the contingent consideration remaining as at December 31, 2023, which is based on sales, are measured at their probable outcome. The carrying amounts of SEK 758.7 (444.9) million and SEK 337.2 (89.9) million are considered reasonable approximations of the fair value of the parent company's assets and liabilities in the balance sheet. No hedge accounting has been arranged for the currency components included in the above amounts.

Note 23. Provisions

	Parent company	
	2024	2023
Opening current provisions	–	81,576
Change in current provisions	–	-81,576
Closing current provisions	**–**	**–**

Note 24. Pledged assets and contingent liabilities

	Group		Parent company	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Floating charges	18,566	16,433	12,600	12,600
Contingent liabilities	12,898	11,644	–	–
Total	**31,464**	**28,077**	**12,600**	**12,600**

Of the floating charges above, as at December 31, 2024 and December 31, 2023, SEK 10,000 thousand is held in the group's own custody.

Note 25. Disposal of the company's profit

Proposal for appropriation of company's profits

SEK	2024
Share premium reserve	3,336,591,947
Profit brought forward	103,395,441
Profit for the year	53,463,517
Profit at the disposal of the annual general meeting	**3,493,450,905**
To be carried forward	3,493,450,905

Note 26. Transactions with related parties

Related-party relationships
The parent company has a related party relationship with its subsidiaries (see Note 11). Of the parent company's total income and purchases, respectively, SEK 82,061 (81,128) thousand pertains to income from the subsidiaries and SEK 48,218 (24,517) thousand pertains to purchases by the subsidiaries.

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

Transactions with key persons in executive positions
In addition to his board fees, board member Thomas Eklund received consulting fees of SEK 248 (248) thousand for his work on the company's strategies in 2024. The cost has been recognized under administration costs.

Other remuneration is included in the note "Employees, personnel costs and board fees". See Note 3.

Note 27. 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 systems (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 of Surgical Science submitted its proposal to 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 the new chair of the board. The current chair Roland Bengtsson has declined re-election.

On February 4, 2025, it was announced that Surgical Science had won a contract worth 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 group. 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 had come into effect, 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 effective 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.

Note 28. Critical assessments and estimates

Recovery of the value of development costs
There are no indications of further impairment as at December 31, 2024. The projects that have been capitalized can with reasonable certainty be assumed to generate revenue-generating products in the near future. For further information, see Note 1 Accounting principles.

Impairment testing of goodwill
When calculating the recoverable amount of cash-generating units for assessing any need for impairment of goodwill, several assumptions about future conditions and estimates of parameters have been made. An account of these can be found in Note 9.

Certification

The board and CEO provide assurance that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and consolidated accounts present fairly the financial position of the parent company and the group and its performance. The administration report for the parent company and group respectively provides a fair overview of the development of the parent company's and group's operations, position, and performance, and describes material risks and uncertainties faced by the parent company and the companies that make up the group.

The annual report and consolidated financial statements were approved for issue by the board and CEO on April 14, 2025. The consolidated statement of income and other comprehensive income, the consolidated balance sheet, and the parent company income statement and balance sheet are subject to approval by the annual general meeting of May 15, 2025.

Gothenburg, April 14, 2025

Tom Englund
Chief Executive Officer

Thomas Eklund
Board member

Jan Bengtsson
Board member

Elisabeth Hansson
Board member

Åsa Bredin
Board member

Henrik Falconer
Board member

Gisli Hennermark
Board member

Roland Bengtsson
Chair

Our audit report was submitted on April 14, 2025

KPMG AB

Daniel Haglund
Authorized public accountant

Auditor's Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Surgical Science Sweden AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 60-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-59 and 106-113. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting.

The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Surgical Science Sweden AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

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

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

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

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit.

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

Gothenburg, April 14, 2025
KPMG AB

Daniel Haglund
Authorized Public Accountant

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Surgical Science Sweden AB (publ), corporate identity number 556544-8783

Engagement and responsibility
It is the board of directors who is responsible for the sustainability report for the year 2024 on pages 45-56 and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the examination
Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Gothenburg, April 14, 2025
KPMG AB

Daniel Haglund
Authorized Public Accountant

Board

Roland Bengtsson
Chair of the board

Thomas Eklund

Elisabeth Hansson

Gisli Hennermark

Henrik Falconer

Jan Bengtsson

Åsa Bredin

Roland Bengtsson

Chair of the board

Born in 1955. MSc, University of Gothenburg. Board member since 2005, chair of the board from 2011 to 2015 and since 2017.

Other assignments: Board member of Semelin Kapitalförvaltning AB and a number of small privately owned companies.

Shareholding in Surgical Science: 5,992,338 shares through Semelin Kapitalförvaltning AB.

Thomas Eklund

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

Other assignments: Board member of Swedencare AB, Boule Diagnostics AB, Devyser AB, and ADDvise Group AB.

Shareholding in Surgical Science: 1,400 shares.

Elisabeth Hansson

Born in 1975. Master, Business Administration, Stockholm School of Economics. Member since 2021.

Other assignments: CFO SJ AB.

Shareholding in Surgical Science: 1,300 shares.

Gisli Hennermark

Born in 1972. Master, Business Administration, Stockholm School of Economics. Member since 2024.

Other assignments: Board member of Panasari AB, Espansari AB, and SyntheticMR AB.

Shareholding in Surgical Science: 322,200 shares and 20,000 options.

Henrik Falconer

Born in 1973. Medical degree at Karolinska Institutet, Doctor's degree in Obstetrics and Gynecology 2008, Associate Professor in Obstetrics and Gynecology 2015. Member since 2021.

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

Shareholding in Surgical Science: 1,000 shares.

Jan Bengtsson

Born in 1944. Technology licentiate, Chalmers University of Technology and Business Administration, University of Gothenburg. Board member since 2005, chair of the board from 2005 to 2011.

Other assignments: Chair of the boards of Rosenblad Design AB, Rosenblad Design group Inc. and Marknadspotential AB. Board member of Arctic Engineering Holding AB.

Shareholding in Surgical Science: 7,138,371 shares through Marknadspotential AB.

Åsa Bredin

Born in 1972. Master's degree in computer science from Lund University. Member since 2023.

Other assignments: Advisor at Homepal AB. Former Head of Mojang Studios.

Shareholding in Surgical Science: 350 shares.

Senior executives

Tom Englund
CEO

Anna Ahlberg
Chief Financial Officer

Ariel Ben Moshe
Chief R&D Officer

Inbal Mazor
Chief Product & Marketing Officer

Niclas M Olsson
Chief Revenue Officer

During the year there were changes in the management team. See further information under the section “Significant events during the year”.

Tom Englund
CEO

Born in 1976. M.Sc, Industrial Engineering and Management from Linköping University. CEO since 2024, employed in 2024.

Other assignments: –

Shareholding in Surgical Science: 9,430 shares.

Anna Ahlberg
Chief Financial Officer

Born in 1970. M.Sc, Business Administration and Economics, Gothenburg School of Economics and Commercial Law. CFO since 2018, employed since 2018.

Other assignments: Board member of Medistim ASA.

Shareholding in Surgical Science: 24,000 shares and 12,000 options.

Ariel Ben Moshe
Chief R&D Officer

Born in 1979. Computer Science, Technion Israel. Chief R&D Officer since 2025, employed by Simbionix in 2010.

Other assignments: –

Shareholding in Surgical Science: 12,362 shares and 4,000 options.

Inbal Mazor
Chief Product & Marketing Officer

Born in 1969. B.Sc, Life Science, Tel Aviv University and MBA Marketing, Bar-Ilan University. Executive VP Product & Marketing 2021-2024, Chief Product & Marketing Officer since 2025, employed by Simbionix in 2000.

Other assignments: –

Shareholding in Surgical Science: 18,543 shares and 12,000 options.

Niclas M Olsson
Chief Revenue Officer

Born in 1966. Computer Science, Lund University. Executive VP Industry/OEM 2022-2024, Chief Revenue Officer since 2025, employed in 2022.

Other assignments: –

Shareholding in Surgical Science: 500 shares and 39,000 options.

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

Shareholder information

Annual general meeting 2025

The annual general meeting of Surgical Science AB (publ) will be held on May 15, 2025. For more information, see www.surgicalscience.com.

Distribution of the annual report

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

Reports 2025

Interim report January–March:
Wednesday, May 14

Interim report January–June:
Thursday, August 21

Interim report January–September:
Thursday, November 13

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Auditors

KPMG AB has been the company's auditor since the 2019 annual general meeting, with Daniel Haglund as principal auditor. Daniel Haglund, born 1974, is an Authorized Public Accountant and a member of FAR, the sector association for auditors in Sweden.

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Certified Adviser

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

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