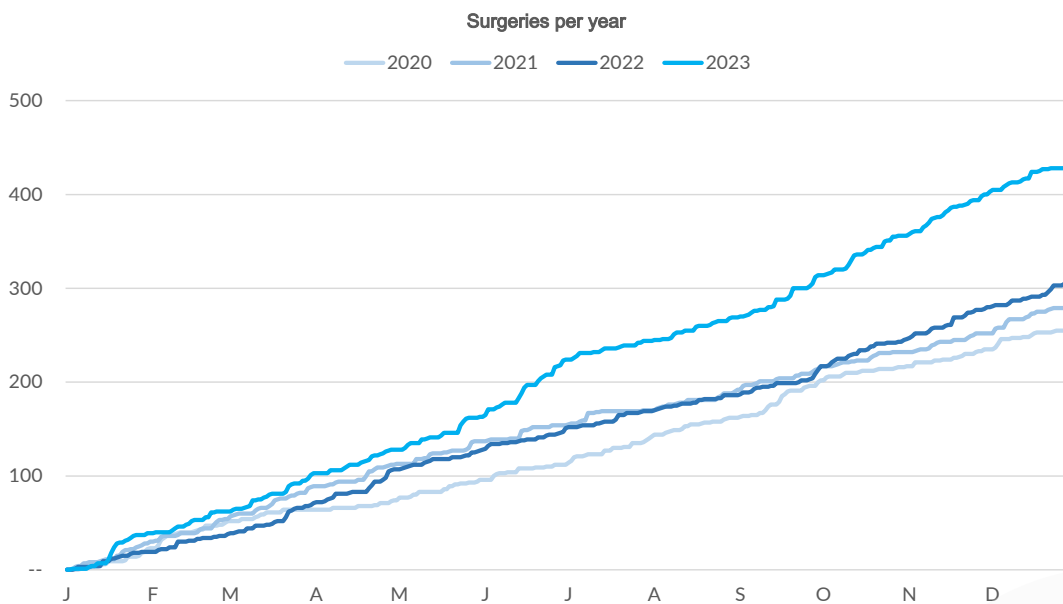


## YEAR-END REPORT 1 JANUARY – 31 DECEMBER 2023

- Continued stable growth despite restructuring of commercial organization, and satisfactory start in the US with significant opportunities ahead
- Restructuring program completed with planned cost reduction expected 2024
- 510(k)-process ongoing with US FDA for big toe implant

“Despite significantly restructuring our sales force, we ended the year with another record quarter. On average, we have grown our gross order intake by more than 50% during the last five quarters. During 2023, the gross order intake reached SEK 11.1m (+56%). The usage of our technology increased globally and during the fourth quarter, we had a daily usage average of more than 1.4 surgeries per day, Monday to Sunday. Our OUS markets drive this, where we continue to focus on driving clinical acceptance and increasing market penetration, now with an increased focus on distributor sales. In the US, more than one surgery per week has been scheduled since the first booked surgery in August 2023, and we look forward to increasing the pace. All the above is balanced with a continued strong focus on clinical development and product development,” says Pål Ryfors, CEO Episurf Medical.



### Fourth quarter 2023 compared to 2022, Group

- » Gross order intake amounted to SEK 3.1m (2.2)
- » Group net sales amounted to SEK 3.0m (1.8)
- » Loss for the period amounted to SEK -21.9m (-23.7)
- » Earnings per share amounted to SEK -0.08(-0.09)

### Twelve months 2023 compared to 2022, Group

- » Gross order intake amounted to SEK 11.1m (7.1)
- » Group net sales amounted to SEK 10.3m (6.6)
- » Loss for the period amounted to SEK -94.8m (-77.3)
- » Earnings per share amounted to SEK -0.36 (-0.29)

### Significant events during the fourth quarter 2023

- » First commercial case in the US was performed
- » Episurf Medical has filed 510(k) submission for big toe implant

### Significant events after the quarter

- » Results from up to 10 years follow-up of Episealer® patients were accepted for presentation

## Dear shareholders,

Despite significantly restructuring our sales force, we ended the year with another record quarter. On average, we have grown our gross order intake by more than 50% during the last five quarters. During 2023, the gross order intake reached SEK 11.1m (+56%). The usage of our technology increased globally and during the fourth quarter, we had a daily usage average of more than 1.4 surgeries per day, Monday to Sunday. Our OUS markets drive this, where we continue to focus on driving clinical acceptance and increasing market penetration, now with an increased focus on distributor sales. In the US, more than one surgery per week has been scheduled since the first booked surgery in August 2023, and we look forward to increasing the pace. With a growing presence in the US, we have solid room for further growth. We are establishing ourselves for real in the marketplace, and the US launch is highly encouraging. Initial feedback has been excellent, and I encourage investors to listen to customer interviews on our website.



The restructuring program in our OUS sales force, announced in July last year, has been completed. Staff reductions have led to about SEK 20m of reduced expenses, and we will continue to work hard to reach our target of cost savings of SEK 25m annually. Looking at the market presence, we have secured strong coverage in our key markets, such as Germany, the UK, Poland, Benelux, Italy, and the Nordics. We are working to establish ourselves in Spain and Portugal while assessing opportunities in Latin America. Our efforts in India are showing positive signs, and I am happy with the hands-on commercial activities ongoing in the country. In addition, we have an optimistic approach to several other markets where investments are limited, but we will seize opportunities as they appear. We have established a more cost-efficient structure, enabling us to continue our trend in established markets while securing access to additional markets, which will deliver growth in the following years. I am proud over how the organization has handled this process, and I would like to extend my gratitude to all existing and previous employees. In relation to the re-organization, Steve Caswell (Head of Sales OUS) decided to leave the company, and we wish him all the best going forward. His responsibilities have been shared between Fredrik Zetterberg (Marketing Director) and myself. On the back of several years of persistent work in most of the markets above, combined with a thorough approach to data generation, we are experiencing new doors being opened to us. In recent months, this has been best exemplified by the Episealer® being reviewed by a major European hospital chain. We hope to see a positive outcome of this process.

Regarding the US market, the second half of the year was all about getting started with the appointed distributors and initially targeted surgeons. Since about Labor Day, in the second half of the year, more than one surgery per week was performed, and this number will continue to grow. The key success factor is securing a good activity level with all distributors. This task humbles us, as we must provide excellent service as an organization. Our operations team is closely involved in essentially all aspects of our sales cycle, and together with our third-party distributors, we must serve US surgeons in the best possible way. These are demanding customers, rightfully so, expecting nothing but the best. Hence, it is truly encouraging to receive such good feedback as we have been receiving. Just as in our OUS markets, interest in our technology is growing. To exemplify, distributors with direct affiliations with some of the world's largest providers of orthopedic solutions have approached us. We will carefully assess opportunities, but investors should know that expanding our distribution network might also include larger types of cooperation.

Following the submission of the 510(k) application for our big toe implant in Q4 last year, the process with the FDA continues. We have always communicated that our target is to have the product cleared on the US market during 2024. We also know that the process with the FDA is interactive, which often requires several rounds of questions and information exchanges. On the back of this, we do not communicate at every point in the process but focus on the overall target of reaching the market during 2024.

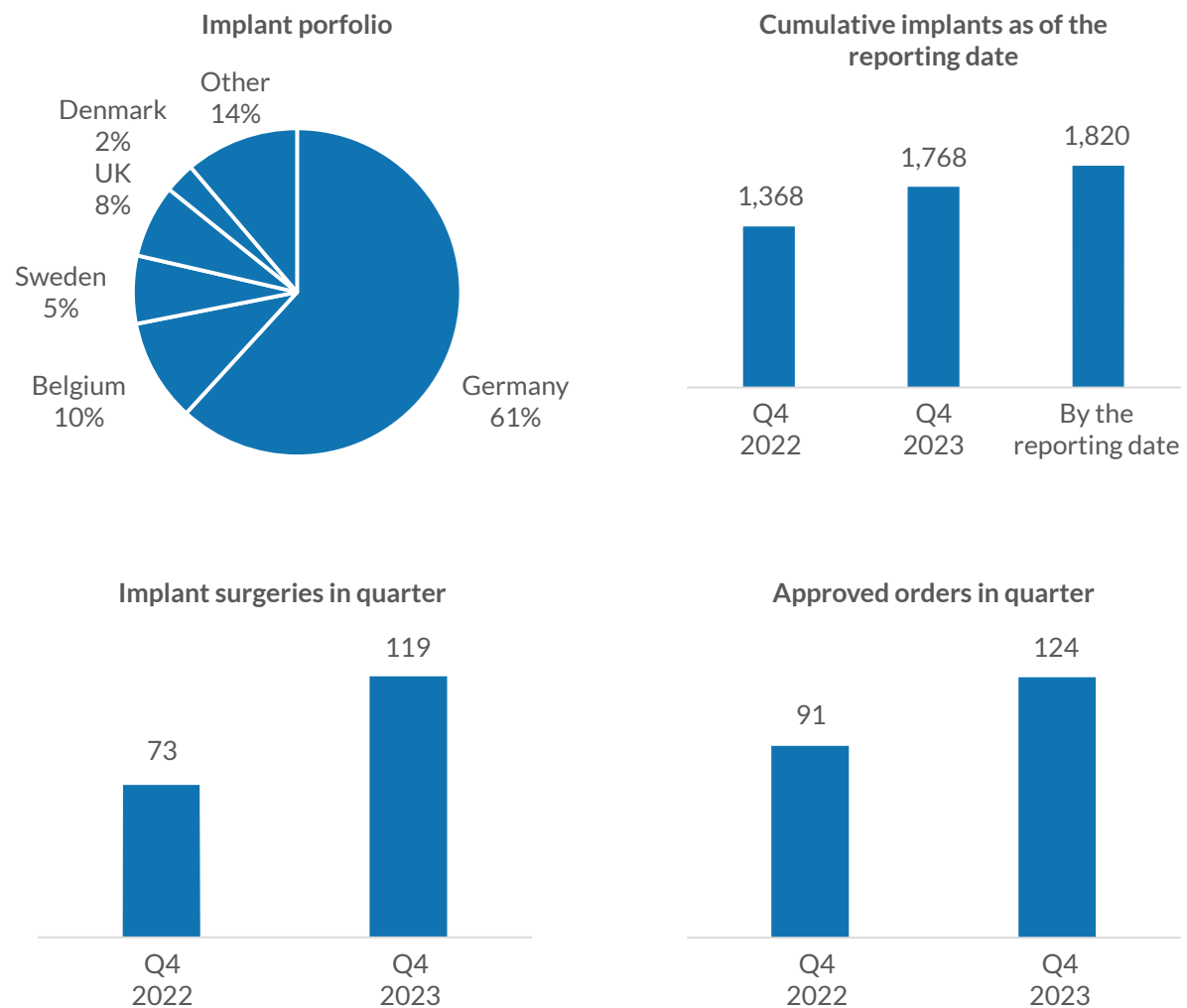
As a concluding remark, I want to highlight the podium presentation by Dr.ssa Francesca de Caro at the Partial Knee Meeting 2024 in Antwerpen in January. This was the first clinical data presented with Episealer® patients treated 10 years ago. Generating long-term data for the Episealer® is one of our ultimate goals, and we feel that we are progressing well toward this milestone. The audience received the presentation well, and my colleagues who attended the meeting had several constructive dialogues with prospective customers and other industry representatives on the back of the presentation.

Stockholm, February 2024

Pål Ryfors CEO

## BUSINESS UPDATE AND FORWARD-LOOKING STATEMENTS

By the reporting date on February 9, 2024, Episurf Medical’s implants had been used in 1,820 surgeries, and an additional 51 surgeries are planned. Episurf Medical’s patients are experiencing significant improvements in pain and mobility. Furthermore, they are also experiencing a short recovery time. Out of the total implant portfolio of 1,820 implants, several patients have now had their implants between 5 and 10 years since the surgery date. During the fourth quarter, 119 surgeries were performed with the Episealer® implant. 124 orders were approved for surgery during the fourth quarter.



## FINANCIAL INFORMATION

### Group

#### Net sales and operating profit/loss

Group net sales amounted to SEK 3.0m (1.8) in the quarter and SEK 10.3m (6.6) for the year. Loss before tax amounted to SEK -21.8m (-23.6) for the quarter and SEK -94.6m (-77.2) for the year. Other expenses, which for example includes expenses for clinical trials, marketing and product development, amounted to SEK -14.7m (-14.4) in the quarter and SEK -54.3m (-43.3) for the year. The company focused on product development during the quarter, which refers to SEK -1.3m (-2.8) of the other expenses, during the year the corresponding cost was SEK -8.3m (-9.3). During the second quarter, the company booked a one-off cost of -4.0 MSEK related to the previously announced restructuring program. The company still has an accrued cost of SEK -0.3m by the end of December. For more information, see the company's press releases.

#### Cash flow and financial position

Group cash and cash equivalents at end of period amounted to SEK 57.9m (155.3). The management has assessed that the company has liquidity to ensure operations during the calendar year 2024. The board works continuously to evaluate various financing alternatives to ensure the continued operation of the business. The board assesses that the company has good conditions to secure future financing through, for example, a new issue of shares. The company also has the opportunity to adapt the overhead level to existing cash if required. The reduced cash flow compared to the corresponding quarter last year is primarily due to a lower result. The equity ratio was 81.2% (90.1). Group investments in intangible assets amounted to SEK -1.5m (-3.1) for the quarter of which SEK -1.3m (-2.8) are related to capitalised development costs, and for the year investments in intangible assets amounted to SEK -9.5m (-11.3) of which SEK -8.3m (-9.3) are related to capitalised development costs, remaining investments relates to patents. No significant investments have been made in tangible assets during the quarter or for the year of 2023 or 2022.

#### Human resources

Number of employees in the Group at end of the period was 28 (33).

#### Transactions with closely related parties

Shareholder and Board member Leif Ryd has received consulting fees for ongoing work as well as work for the Clinical Advisory Board during the period of SEK 0.6m (0.6).

#### Warrants and employee stock options

##### Warrants

In connection with a financing solution that Episurf had in 2018, 1,705,232 warrants were issued to shareholders. For a number of periods until 23 May 2023, shareholders had the opportunity to convert these warrants for an exercise price of SEK 1.40. During May 2023, 153,527 warrants were exercised and 888,680 warrants expired. As of this year-end report, the company has no warrants outstanding.

##### Employee stock option- and warrant program 2023

At the annual general meeting on May 4, 2023, it was resolved to adopt a stock option and warrant program. A total of 3,813,109 employee stock options were allowed to be issued, of which the CEO was allotted 1,042,277, and other management team members were allotted a total of 1,941,181. As of this year-end report, the company has 2,479,537 outstanding employee stock options. The employee stock options that have expired are due

to terminated employments. The subscription price is 2.04, and the fair value per option is 0.99 per this year-end report. The company uses the Black-Scholes calculation model.

For more information about warrants and staff option programs, see Episurfs Annual Report 2022 and note 4.

### **Sustainability-related risks**

Episurf strives towards monitoring and continuous evaluation of sustainability-related risks and their impact on the Group's operations and earnings. Episurf's opinion is that this work will increase in importance, and the work could include, among other things, materiality analyses, monitoring of targets and commitments and by auditing various units within the company. The Group works towards having an established governance structure that involves both company management and the Board, and aims at continuously improve the company's sustainability activities and minimizing associated risks.

### **Effects of the COVID-19 pandemic**

During the first six months 2022, the company's revenues and gross order intake were affected by Omicron. The company currently does not foresee any effects on our operations. It can't be ruled out that new variants of COVID-19 may delay the company's development or affect delivery disruptions in the future.

### **Changes related to general economic and political conditions**

The situation in Ukraine erupted during the first quarter 2022 and entails risks of further impact on the world economy with increasing cost inflation and disruptions in supply chains. Episurf has no direct exposure to Ukraine or Russia and has assessed that the company is currently not affected.

Due to the escalating conflict in Israel and Gaza in October 2023, the company is also monitoring developments in the Middle East. Episurf has a presence in several countries in the Middle East with limited sales so far and has assessed that there is no material financial impact on the company.

### **Cyber security**

Cyber security has become a significant threat in society and for Episurf, which is dependent on IT. The company has ongoing work to ensure that the company is well prepared to counter cyber-attacks and other types of intrusion.

### **Rounding**

Due to rounding, the sum of numbers may differ.

### **Dividend**

The Board of Directors proposes that Episurf Medical does not pay a dividend for the financial year 2023.

## Share information

There are two types of shares in the Company. Each Class A-share carries three votes and entitles the holder to three votes at the General Meeting, and each class B-share carries one vote and entitles the holder to one vote at the General Meeting. Class B shares have traded on Nasdaq Stockholm's Small Cap segment since 11 June 2014 with the ticker EPIS B.





### 31 December 2023

A-shares	473,357
B-shares	266,592,090
<b>Total number of shares</b>	<b>267,065,447</b>
<b>Total number of votes</b>	<b>268,012,161</b>

The following table notes the ten largest shareholders based on information available as of December 31, 2023

Name	No. Of		Share capital in %	Voting rights %
	A-shares	B-shares		
Health Runner AB (Ilija Batljan)	-	34 771 101	13,0	13,0
Rhenman Partners	-	12 666 824	4,8	4,7
Fjärde AP-Fonden	-	12 537 181	4,7	4,7
Sebastian Jahreskog	-	12 252 878	4,6	4,6
Tredje AP-Fonden	-	9 980 000	3,7	3,7
LMK Forward AB	-	6 000 000	2,3	2,2
Strand Småbolagsfond	-	5 100 000	1,9	1,9
Niles Noblitt	-	5 080 627	1,9	1,9
Venture Holdings Sarl	-	4 427 043	1,7	1,7
Pål Ryfors	-	3 000 000	1,1	1,1
<b>Total, 10 largest shareholders</b>	-	<b>105 815 654</b>	<b>39,7</b>	<b>39,5</b>
<b>Summary, other</b>	<b>473 357</b>	<b>160 776 436</b>	<b>60,3</b>	<b>60,5</b>
<b>Total</b>	<b>473 357</b>	<b>266 592 090</b>	<b>100,0</b>	<b>100,0</b>

Episurf Medical's strategy rests on four key pillars:

 <p>Clinical and health economical data supporting the Episealer® technology</p>	 <p>Large user base of orthopaedic surgeons and KOL's</p>	 <p>Secure reimbursement and production enabling attractive margins</p>	 <p>Technological and clinical relevance through a high degree of innovation</p>
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## OTHER INFORMATION

### Significant risks and uncertainty factors

Episurf Medical's material business risks, for the Group as well as for the Parent Company, are to obtain regulatory approval and market acceptance, the outcome of clinical studies, the ability to protect intellectual property rights, the possibility to obtain the correct reimbursement for the Group's products and dependence on key personnel and partners. The Company does not see any new material risks for the upcoming three months. For a more detailed description of significant risks and uncertainties, refer to Episurf Medical's annual report.

The Board of Directors and the CEO hereby give their assurance that the year-end report gives a true and fair view of the business activities, financial position and results of operations for the Group and Parent Company, and describes significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, February 8, 2024

Ulf Grunander  
Board chairman

Annette Brodin Rampe  
Board member

Christian Krüeger  
Board member

Leif Ryd  
Board member

Laura Shunk  
Board member

Pål Ryfors  
CEO

*The information in this year-end report has not been reviewed by the company's auditors*



## CONSOLIDATED INCOME STATEMENT

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<i>Operating income</i>					
Net sales	2	3,0	1,8	10,3	6,6
Capitalised development expenditure		1,5	3,1	9,5	11,3
Other operating income		0,2	0,2	0,3	0,3
<b>Total income</b>		<b>4,6</b>	<b>5,1</b>	<b>20,1</b>	<b>18,2</b>
<i>Operating expenses</i>					
Merchandise		-2,3	-1,2	-7,3	-4,2
Other expenses	3	-14,7	-14,4	-54,3	-43,3
Personnel costs	4	-9,3	-11,9	-46,6	-40,3
Depreciation of equipment and non-current assets		-2,3	-1,3	-8,7	-7,4
<b>Total operating expenses</b>		<b>-28,7</b>	<b>-28,7</b>	<b>-116,9</b>	<b>-95,2</b>
<b>Operating loss</b>		<b>-24,0</b>	<b>-23,6</b>	<b>-96,7</b>	<b>-77,0</b>
<i>Financial items</i>					
Financial income, other		2,6	0,1	3,1	0,5
Financial expenses, other		-0,3	-0,1	-0,9	-0,7
<b>Results from net financial items</b>		<b>2,3</b>	<b>0,0</b>	<b>2,2</b>	<b>-0,2</b>
<b>Loss before tax</b>		<b>-21,8</b>	<b>-23,6</b>	<b>-94,6</b>	<b>-77,2</b>
Tax on income for the period		-0,1	-0,0	-0,3	-0,1
<b>Loss for the period</b>		<b>-21,9</b>	<b>-23,7</b>	<b>-94,8</b>	<b>-77,3</b>
<b>Net loss attributable to:</b>					
Parent company shareholders		-21,9	-23,7	-94,8	-77,3
Earnings per share before and after dilution, SEK		-0,08	-0,09	-0,36	-0,29
Average number of shares		267 065 447	266 744 392	266 997 306	266 627 443
Average number of shares after dilution		267 065 447	267 786 599	266 997 306	267 669 650

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>Net profit (loss)</b>		<b>-21,9</b>	<b>-23,7</b>	<b>-94,8</b>	<b>-77,3</b>

*Other comprehensive income for the period:*

Other comprehensive income that may be reclassified subsequently to profit or loss for the period, net of tax

		-0,1	-0,1	-0,1	0,1
<b>Total comprehensive income (loss) for the period</b>		<b>-22,0</b>	<b>-23,7</b>	<b>-94,9</b>	<b>-77,2</b>

*The period's loss and comprehensive income attributable to*

Owners of the parent		-22,0	-23,7	-94,9	-77,2
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## CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible fixed assets</i>			
Capitalised development costs	5	21,5	15,9
Patents	5	12,2	13,6
<b>Total intangible fixed assets</b>		<b>33,7</b>	<b>29,5</b>
<i>Equipment and right-of use asset</i>			
Right-of-use assets		5,6	6,6
Equipment		0,0	0,1
<b>Total equipment and right-of-use asset</b>		<b>5,6</b>	<b>6,7</b>
<b>Total non-current assets</b>		<b>39,3</b>	<b>36,2</b>
<b>Current assets</b>			
Inventories		3,7	1,9
Trade receivables		1,4	1,9
Other receivables		0,5	0,9
Deferred expenses and accrued income		1,5	1,1
Cash		57,9	155,3
<b>Total current assets</b>		<b>65,0</b>	<b>161,0</b>
<b>TOTAL ASSETS</b>		<b>104,3</b>	<b>197,2</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>84,5</b>	<b>177,7</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Non-current liabilities		0,2	1,0
Non-current lease liability		2,3	3,8
<b>Total long-term liabilities</b>		<b>2,4</b>	<b>4,8</b>
<i>Current liabilities</i>			
Trade payables		6,1	4,4
Current lease liability		2,9	2,5
Other liabilities		1,9	1,8
Accrued liabilities and deferred income		6,4	6,0
<b>Total current liabilities</b>		<b>17,4</b>	<b>14,7</b>
<b>Total liabilities</b>		<b>19,8</b>	<b>19,5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,3</b>	<b>197,2</b>
Equity ratio		81,0%	90,1%
Equity per share, SEK		0,32	0,67

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

mSEK	Attributable to equity holders of the parent				Total equity
	Share capital	Other contributed capital	Reserves	Accumulated deficit incl. loss for the year	
<b>Opening equity January 1, 2022</b>	<b>80,0</b>	<b>684,4</b>	<b>-0,3</b>	<b>-511,3</b>	<b>252,8</b>
Total comprehensive income for the year				-77,3	-77,3
Other comprehensive income			0,1		0,1
<b>Total comprehensive income</b>			<b>0,1</b>	<b>-77,3</b>	<b>-77,2</b>
<b>Transactions with shareholders</b>					
Conversion warrants, net after issue expenses*	0,1	0,4			0,5
Expired warrants to staff				-0,2	-0,2
Share-related compensation - Value of employee's service				1,8	1,8
<b>Total transactions with shareholders</b>	<b>0,1</b>	<b>0,4</b>		<b>1,6</b>	<b>2,1</b>
<b>Closing equity December 31, 2022</b>	<b>80,1</b>	<b>684,8</b>	<b>-0,2</b>	<b>-587,0</b>	<b>177,7</b>
<b>Opening equity January 1, 2023</b>	<b>80,1</b>	<b>684,8</b>	<b>-0,2</b>	<b>-587,0</b>	<b>177,7</b>
Total comprehensive income for the year				-94,8	-94,8
Other comprehensive income			-0,1		-0,1
<b>Total comprehensive income</b>			<b>-0,1</b>	<b>-94,8</b>	<b>-94,9</b>
<b>Transactions with shareholders</b>					
Conversion warrants, net after issue expenses**	0,0			0,2	0,2
Share-related compensation (stock option program)				1,5	1,5
<b>Total transactions with shareholders</b>	<b>0,0</b>			<b>1,7</b>	<b>1,7</b>
<b>Closing equity December 31, 2023</b>	<b>80,2</b>	<b>684,8</b>	<b>-0,3</b>	<b>-680,2</b>	<b>84,5</b>

\* Expenses amounts to SEK 0.0m.

\*\* Expenses amounts to SEK 0.0m.

## CONSOLIDATED CASH FLOW STATEMENT

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>Operating activities</b>					
Operating loss		-24,0	-23,6	-96,7	-77,0
<i>Adjustments for items not included in cash flow</i>					
Depreciation		2,3	1,3	8,7	7,4
Employee stock option expenses		0,2	0,7	0,7	-0,2
Interest received		2,1	0,0	2,3	0,1
Interest paid		-0,1	-0,0	-0,6	-0,6
<b>Cash flow from current operations before change in working capital</b>		<b>-19,5</b>	<b>-21,7</b>	<b>-85,6</b>	<b>-70,4</b>
<b>Change in working capital</b>					
Decrease/increase in inventory		-1,2	-0,1	-1,8	0,1
Decrease/increase in trade receivables		0,5	-0,8	0,4	-0,3
Decrease/increase in current receivables		0,4	0,9	-0,0	1,5
Decrease/increase in current liabilities		-0,7	1,6	2,2	-0,4
<b>Change in working capital</b>		<b>-0,9</b>	<b>1,5</b>	<b>0,7</b>	<b>0,9</b>
<b>Cash flow from operating activities</b>		<b>-20,5</b>	<b>-20,1</b>	<b>-84,8</b>	<b>-69,5</b>
<b>Investing activities</b>					
Investments of intangible fixed assets		-1,5	-3,1	-9,5	-11,3
Investments of tangible fixed assets		-	0,0	-0,0	0,0
<b>Cash flow from investing activities</b>		<b>-1,5</b>	<b>-3,1</b>	<b>-9,5</b>	<b>-11,2</b>
<b>Financing activities</b>					
Amortisation of lease debt		-0,8	-0,0	-3,2	-2,4
Issuance of share options		-	0,3	0,2	0,5
<b>Cash flow from financing activities</b>		<b>-0,8</b>	<b>0,3</b>	<b>-3,0</b>	<b>-1,9</b>
<b>Cash flow for the period</b>		<b>-22,7</b>	<b>-22,9</b>	<b>-97,4</b>	<b>-82,6</b>
Cash and cash equivalents at beginning of period		80,7	178,2	155,3	237,9
<b>Cash and cash equivalents at end of period</b>		<b>57,9</b>	<b>155,3</b>	<b>57,9</b>	<b>155,3</b>

## INCOME STATEMENT, PARENT COMPANY

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>Operating income</b>					
Net sales		0,3	0,2	1,1	0,7
Capitalised development expenditure		1,3	2,8	8,3	9,3
<b>Total income</b>		<b>1,6</b>	<b>3,0</b>	<b>9,4</b>	<b>9,9</b>
<b>Operating costs</b>					
Other external expenses		-10,0	-8,9	-37,6	-29,5
Personnel costs		-5,6	-5,7	-22,0	-20,0
Amortisation of intangible assets and depreciation of property, plant and equipment		-0,8	-0,6	-2,7	-2,3
<b>Total operating costs</b>		<b>-16,4</b>	<b>-15,2</b>	<b>-62,3</b>	<b>-51,9</b>
<b>Operating loss</b>		<b>-14,8</b>	<b>-12,2</b>	<b>-52,9</b>	<b>-42,0</b>
<i>Financial items</i>					
Write-downs of financial fixed assets and short-term investments		-	-	-81,2	-
Financial income, other		2,2	0,1	2,3	0,1
Financial expenses, other		-	-	-0,0	-0,1
<b>Results from net financial items</b>		<b>2,2</b>	<b>0,1</b>	<b>-78,9</b>	<b>-0,1</b>
<b>Loss before tax</b>		<b>-12,6</b>	<b>-12,1</b>	<b>-131,8</b>	<b>-42,0</b>
Tax on income for the period		-	-	-	-
<b>Loss at end of the period</b>		<b>-12,6</b>	<b>-12,1</b>	<b>-131,8</b>	<b>-42,0</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>Net profit</b>		<b>-12,6</b>	<b>-12,1</b>	<b>-131,8</b>	<b>-42,0</b>
<i>Other comprehensive income for the period:</i>					
Other comprehensive income for the period, net of tax		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-12,6</b>	<b>-12,1</b>	<b>-131,8</b>	<b>-42,0</b>

## CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalised development costs	5	21,5	15,9
<b>Total intangible fixed assets</b>		<b>21,5</b>	<b>15,9</b>
<b>Financial assets</b>			
Shares in group companies		202,0	256,2
Long-term receivables from group companies		22,7	22,6
<b>Total financial assets</b>		<b>224,7</b>	<b>278,8</b>
<b>Total fixed assets</b>		<b>246,2</b>	<b>294,7</b>
<b>Current assets</b>			
<i>Short term receivables</i>			
Trade receivables		-	0,6
Other receivables		0,2	0,4
Prepaid expenses and accrued income		0,9	0,8
<b>Total short term receivables</b>		<b>1,1</b>	<b>1,8</b>
Cash		42,3	142,2
<b>Total current assets</b>		<b>43,5</b>	<b>143,9</b>
<b>TOTAL ASSETS</b>		<b>289,6</b>	<b>438,6</b>



## CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>271,3</b>	<b>402,9</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Non-current liabilities to group companies		8,9	27,1
<b>Total long-term liabilities</b>		<b>8,9</b>	<b>27,1</b>
<i>Current liabilities</i>			
Trade payables		3,3	3,0
Other liabilities		0,8	0,7
Accrued liabilities and deferred income		5,4	4,8
<b>Total current liabilities</b>		<b>9,5</b>	<b>8,6</b>
<b>Total liabilities</b>		<b>18,4</b>	<b>35,7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>289,6</b>	<b>438,6</b>

## STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

mSEK	Share capital	Development fund	Share premium reserve	Loss brought forward	Loss for the period	Total equity
<b>Opening equity January 1, 2022</b>	80,0	9,0	683,5	-289,5	-38,7	444,4
Loss for the year					-42,0	-42,0
Disposition according to AGM						
Loss brought forward				-38,7	38,7	-
Development fund		6,9		-6,9		-
<b>Total comprehensive loss for the period</b>		6,9		-45,6	-3,4	-42,0
<b>Transactions with shareholders</b>						
Conversion warrants, net after issue expenses*	0,1		0,4			0,5
<b>Total transactions with shareholders</b>	0,1		0,4			0,5
<b>Closing equity December 31, 2022</b>	80,1	15,9	683,9	-335,0	-42,0	402,9
<b>Opening equity January 1, 2023</b>	80,1	15,9	683,9	-335,0	-42,0	402,9
Loss for the year					-131,8	-131,8
Disposition according to AGM						
Loss brought forward				-42,0	42,0	-
Development fund		5,6		-5,6		-
<b>Total comprehensive loss for the period</b>		5,6		-47,6	-89,8	-131,8
<b>Transactions with shareholders</b>						
Conversion warrants, net after issue expenses**	0,0		0,2			0,2
<b>Total transactions with shareholders</b>	0,0		0,2			0,2
<b>Closing equity December 31, 2023</b>	80,2	21,5	684,1	-382,7	-131,8	271,3

\* Expenses amounts to SEK 0.0m.

\*\* Expenses amounts to SEK 0.0m.

## CASH FLOW STATEMENT, PARENT COMPANY

mSEK	Note	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>Current operations</b>					
Operating loss		-14,8	-12,2	-52,9	-42,0
<i>Adjustments for items not included in cash flow</i>					
Depreciation		0,8	0,6	2,7	2,3
Interest received		2,2	0,1	2,3	0,1
Interest paid		-	-	-0,0	-0,1
<b>Cash flow from current activities before changes in working capital</b>		<b>-11,8</b>	<b>-11,6</b>	<b>-47,8</b>	<b>-39,7</b>
<b>Changes in working capital</b>					
Decrease/increase in current receivables		0,2	-0,1	0,2	1,2
Decrease/increase in current liabilities		0,9	2,0	0,8	0,7
<b>Total changes in working capital</b>		<b>1,1</b>	<b>1,9</b>	<b>1,0</b>	<b>1,9</b>
<b>Cash flow from operating activities</b>		<b>-10,7</b>	<b>-9,7</b>	<b>-46,8</b>	<b>-37,8</b>
<b>Cash flow from investing activities</b>					
Acquisition of intangible assets		-1,3	-2,8	-8,3	-9,3
Shareholder contribution		-2,0	-18,3	-27,0	-63,3
Repaid group companies		2,6	1,3	7,6	4,3
Loan group companies		-4,5	-2,0	-7,0	-2,0
<b>Cash flow from investing activities</b>		<b>-5,2</b>	<b>-21,8</b>	<b>-34,7</b>	<b>-70,3</b>
<b>Cash flow from financing activities</b>					
Raised loans group companies		1,0	17,0	2,0	59,0
Amortisation debt group companies		-8,5	-12,0	-20,5	-30,0
Conversion warrants		-	0,3	0,2	0,5
<b>Cash flow from financing activities</b>		<b>-7,5</b>	<b>5,3</b>	<b>-18,3</b>	<b>29,5</b>
<b>Cash flow for the period</b>		<b>-23,4</b>	<b>-26,2</b>	<b>-99,8</b>	<b>-78,6</b>
Cash and cash equivalents at beginning of period		65,7	168,3	142,2	220,7
<b>Cash and cash equivalents at end of period</b>		<b>42,3</b>	<b>142,2</b>	<b>42,3</b>	<b>142,2</b>

## NOTES

### Note 1 Accounting policies

The year-end report for the Group has been prepared in accordance with IAS 34 Interim Reports and the Annual Accounts Act. The year-end report for the Parent Company has been prepared in accordance with the Annual Accounts Act.

The Group's accounting policies are unchanged from previous year and these correspond with the accounting principles that were used in the preparation of the most recent Annual Report. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this year-end report.

### Note 2 Breakdown of net sales by country is as follows

mSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Germany	1,4	1,3	6,1	4,4
US	0,3	-	0,4	-
Nordic	0,3	0,1	0,7	0,5
Other countries in Europe	0,8	0,3	2,8	1,5
Other countries outside of Europe	0,1	0,0	0,4	0,1
<b>Total net sales</b>	<b>3,0</b>	<b>1,8</b>	<b>10,3</b>	<b>6,6</b>

### Note 3 Other expenses

mSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Product development	1,3	2,8	8,3	9,3
US	2,1	3,2	10,2	12,0
Patent costs	0,2	0,2	1,2	2,0
Sales and marketing costs	5,3	4,2	15,4	10,2
Other expenses	5,9	3,9	19,2	9,9
<b>Total otehr expenses</b>	<b>14,7</b>	<b>14,3</b>	<b>54,3</b>	<b>43,3</b>

### Note 4 Changes in outstanding stock options

Changes in outstanding stock options of series 2022/2025	31 Dec 2023	31 Dec 2022
Opening balance	1 817 887	-
Granted	-	2 556 392
Expired	-361 547	-738 505
<b>Amount at end of period</b>	<b>1 456 340</b>	<b>1 817 887</b>

Changes in outstanding stock options of series 2021/2024	31 Dec 2023	31 Dec 2022
Opening balance	2 443 877	2 570 406
Expired	-187 374	-126 529
<b>Amount at end of period</b>	<b>2 256 503</b>	<b>2 443 877</b>

Changes in outstanding stock options of series 2020/2023	31 Dec 2023	31 Dec 2022
Opening balance	4 859 375	5 273 003
Expired	-413 628	-413 628
<b>Amount at end of period</b>	<b>4 445 747</b>	<b>4 859 375</b>

## Note 5 Intangible assets

Patents, mSEK	31 Dec 2023	31 Dec 2022
Opening cost	37,7	35,7
Purchases	1,2	2,0
Sales and disposals	0,0	0,0
<b>Closing accumulated cost</b>	<b>38,9</b>	<b>37,7</b>
Opening depreciation	-24,1	-21,6
The year's depreciation	-2,6	-2,5
Sales and disposals	0,0	0,0
<b>Closing accumulated depreciation</b>	<b>-26,7</b>	<b>-24,1</b>
<b>Closing carrying amount</b>	<b>12,2</b>	<b>13,6</b>
<b>Development expenses, mSEK</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Closing cost	29,2	20,0
The year's capitalisation	8,3	9,3
<b>Closing accumulated cost</b>	<b>37,5</b>	<b>29,2</b>
Opening depreciation	-13,4	-11,0
The year's depreciation	-2,7	-2,3
<b>Closing accumulated depreciation</b>	<b>-16,1</b>	<b>-13,4</b>
<b>Closing carrying amount</b>	<b>21,5</b>	<b>15,9</b>
<b>Closing carrying amount, patents and development expenses</b>	<b>33,7</b>	<b>29,5</b>

## DEFINITIONS

<b>General:</b>	All amounts in the tables are presented in mSEK unless otherwise stated. All amounts in brackets ( ) represent comparative figures for the same period of the prior year, unless otherwise stated.
<b>Net debt/equity ratio:</b>	Net debt at the end of the period divided by equity at the end of the period.

## GLOSSARY

<b>Approved orders:</b>	Orders which have been approved for surgery, are in production and will be invoiced.
<b>Arthritis:</b>	See Osteoarthritis.
<b>Arthroscopy:</b>	Inspection of the inside of a joint with the help of an arthroscope. An instrument is introduced through a small cut to investigate the inside of the joint and possibly correct any problems (a type of keyhole surgery).
<b>Cartilage:</b>	Shock absorbing and friction reducing tissue. This tissue that covers the end of bones and allows movement with low friction.
<b>Cartilage defect of grade III (ICRS scale):</b>	Lesion through the cartilage, exposing the bone.
<b>Cartilage defect of grade IV (ICRS scale):</b>	Defect extending down to >50% of the cartilage depth.
<b>CE marking:</b>	A CE mark means that the manufacturer or importer has the formal approvals necessary to market and sell the product in the European Economic Area.
<b>Clinical results:</b>	Outcome from clinical treatment of humans, where parameters such as efficacy and safety are evaluated.
<b>Cobalt chrome:</b>	A metal alloy mainly consisting of cobalt and chromium, commonly occurring in metal alloys used in knee prostheses.
<b>Debridement:</b>	Removal of damaged tissue.
<b>Degenerative origin:</b>	Conditions in which the cells, tissues or organs deteriorate and lose function. In degenerative joint disease, the deterioration is due to wear, tear or breakdown of cartilage.
<b>ESSKA:</b>	European Society of Sports Traumatology, Knee Surgery & Arthroscopy
<b>FDA:</b>	US Food and Drug Administration.
<b>Focal cartilage defect:</b>	A cartilage defect in a well-defined area.
<b>Femoral condyles:</b>	Two bony protuberances on the thighbone side of the knee joint that articulate with the shinbone. The name originates from the anatomical terms femur (thighbone) and condyle (articular head).
<b>Gross order intake:</b>	Gross order intake represents the aggregated value of Episealer® orders received and approved by responsible surgeon during the relevant period.

<b>Hydroxyapatite:</b>	A mineral that is the major component of human bone tissue and the main mineral of dental enamel and dentin.
<b>Invasive treatment alternative:</b>	Treatments that require a surgical procedure.
<b>Micro fracturing:</b>	A biological surgical technique that can be used in treatment of focal cartilage defects (not extensive osteoarthritis) in an attempt to stimulate the growth of new cartilage.
<b>MRI:</b>	Magnetic resonance imaging, a medical imaging technique where images acquired using a strong magnetic field allows the user to get three-dimensional image data of the patient.
<b>MTP:</b>	Short for metatarsophalangeal, refers to relations between the metatarsal bones and the proximal phalanges (toe bones) of the toes.
<b>OA:</b>	See osteoarthritis.
<b>Order book:</b>	Order book represents all orders that have been booked but where no revenue has been recognised.
<b>Orthopaedics:</b>	The medical specialty that focuses on injuries and diseases of the body's musculoskeletal system. This complex system includes bones, Joints, ligaments, tendons, muscles and nerves.
<b>Osteoarthritis:</b>	A type of joint disease that is characterised by loss of joint function with varying destruction of joint cartilage and the underlying bone.
<b>Osteochondral defect:</b>	Cartilage and underlying bone defect.
<b>Patellofemoral:</b>	Refers to relations between the patella (knee cap) and femur (thighbone) in the knee.
<b>Prosthesis:</b>	An artificial device that replaces a missing or injured body part, such as artificial arm or leg. The term prosthesis is also used for certain of the implants that are used to repair joints, such as hip and knee prostheses.
<b>Reimbursement:</b>	Reimbursement is a word that is used generally in the healthcare industry to describe the payment systems that apply to healthcare costs in various countries.
<b>Talus:</b>	A foot bone constituting a part of the ankle joint. Also referred to as astragalus and ankle bone.
<b>TKA:</b>	Total knee arthroplasty, total knee joint replacement, which is a surgical procedure primarily used to relieve arthritis in which the knee joint is replaced with artificial parts (prostheses).
<b>Traumatic damage:</b>	Damage caused by an outside force, such as fall injuries.
<b>The trochlea area:</b>	The part of the knee joint that is right under the knee-cap, part of the femur (thigh bone).
<b>UKA:</b>	Unicompartmental knee arthroplasty, partial knee joint replacement which is a surgical procedure primarily used to relieve arthritis in one of the knee compartments. Parts of the knee joint are replaced with artificial parts (prostheses).

## THIS IS EPISURF MEDICAL

– a unique solution for every patient

**EPISURF WAS FOUNDED IN 2009** on a commitment to offer people with painful joint injuries a more active and healthy life through customised treatment alternatives. We put the patient in the centre of the design of implants and surgical instruments. By combining advanced 3D imaging technology with the latest manufacturing technologies, we are able to adapt not only each implant to the patient's injury and anatomy, but also the surgical instruments used. In this way, we can ensure that each patient receives treatment that is perfectly suited to his or her anatomy and, thus, ensure a faster, more secure, and better patient-specific treatment for a more active and healthy life.



### A proprietary web-based IT platform for individualised design and surgical pre-planning

Episurf Medical's scalable  $\mu$ Fidelity® system has been developed for damage assessment, surgical pre-planning and cost-effective patient customisation of implants and associated surgical instruments. In a first step, the company's main focus has been on early stage arthritic changes in the knee joint. This is now followed by lesions in the second joint, the ankle.

### Individualised implants with a focus on early stages of arthritis

### Episurf Medical has three types of knee implants on the market

- » Episealer® Condyle Solo for the treatment of localised cartilage and underlying bone defects on the femoral condyles of the knee joint.
- » Episealer® Trochlea Solo for the treatment of localised cartilage and underlying bone defects in the area behind the patella (the trochlea area).
- » Episealer® Femoral Twin for the treatment of elongated localised cartilage and underlying bone defects both on the femoral condyles and in the trochlea area of the knee joint.



**Episealer®**  
Condyle Solo



**Episealer®**  
Trochlea Solo



**Episealer®**  
Femoral Twin



Episealer® Patellofemoral System for the treatment of isolated osteoarthritis of the patellofemoral joint.”



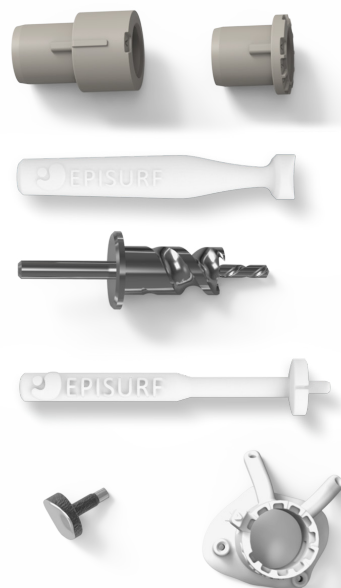
**Episurf Medical has one implant for the ankle on the market**

» Episealer Talus® intended for osteochondral lesions of the talar dome of the ankle joint.



**Patient-specific surgical instruments**

Every product is delivered with our individualised surgical drill guide Epiguide® and a set of associated surgical instrument. We also offer a surgical drill guide, Epiguide® MOS, that is designed for use in mosaicplasty surgery for treatment of cartilage and deep underlying bone defects in the knee joint. Further, for the ankle Episurf Medical offers an individualised sawguide, Talus Osteotomy Guide. It is intended to help the surgeon to find the correct position and depth when performing an osteotomy of the medial malleolus for access to the talar dome of the ankle joint.



**Patents and patent applications**

The generation of new intellectual property and the ongoing maintenance of current IP is of paramount importance for Episurf Medical to ensure that Episurf Medical’s proprietary, existing technologies and future innovations are well protected. In total Episurf Medical has more than 200 patents and patent applications worldwide, distributed over 35 patent families.

- » The first Episealer® surgery in a human was performed in December 2012. At the end of 2023, a total of 1,768 surgeries had been performed.
- » Episurf Medical’s head office is located in Stockholm and the company has sales representation in several countries in Europe, Asia and North America.
- » The share (EPIS B) has been listed on Nasdaq Stockholm since June 2014.

## FINANCIAL CALENDAR

**Annual Report 2023**

**AGM 2024**

**Interim Report January-March 2024**

**Interim Report April-June 2024**

**Interim Report July-September 2024**

**Year-end Report 2024**

**March 2024**

**9 April 2024**

**24 April 2024**

**12 July 2024**

**25 October 2024**

**7 February 2025**

This is a translation of the original Swedish year-end report. In the event of a discrepancy between this translation and the Swedish original, the Swedish year-end report takes precedence. The information was submitted for publication, through the agency of the contact person set out below, on February 9, 2024 at 08.30 (CET).

A report presentation will be uploaded on Episurf's website and on the platform Quartr on the reporting day.

**The following analysts follow Episurf Medical's development**

**DNB Analyst:** Patrik Ling

**Redeye Analyst:** Oscar Bergman

### IR-contact



**Pål Ryfors**

**CEO**

Phone: +46 (0) 709 623 669

E-mail: pal.ryfors@episurf.com



**Veronica Wallin**

**CFO**

Phone: +46 (0) 700 374 895

E-mail: veronica.wallin@episurf.com



**Episurf Medical AB (publ) org.no 556767-0541**

Karlavägen 60, 114 49 Stockholm, Sverige

www.episurf.com