

- Continued strong growth in customer base, 48% growth year-on-year
- Update on commercial focus areas to be presented at Capital Markets Day
- Progress on all three US regulatory processes – closing in on important milestones

“Following a very turbulent time during the pandemic, with significant volatility between the quarters, we have experienced a positive customer acquisition trend for several consecutive quarters. In the previous CEO statement, I clearly stated that this was a key priority now as we are not only coming out of the pandemic but also having a more commercial focus, as this is the next step for us. Hence, I am pleased with this development. Following growth in our quarterly customer base of 24% and 72% during Q1 and Q2 2022, the customer base grew by 48% in Q3. We are still exposed to significant pandemic-related backlogs of knee replacement patients. Just like last year, we experienced a very low activity level during the European summer months of July and August. This hampered the sales activities during the quarter, so seeing such strong growth in the customer base is very encouraging. We know reasonably well what volumes we can expect in a normalized world. Hence customer acquisition remains a priority”, says Pål Ryfors, CEO Episurf Medical.

|                                     | 2022  | 2023                                       | 2024              | 2025        | Market Opportunity |
|-------------------------------------|---|--|-------------------|-------------|--------------------|
| Episealer® Knee Europe & RoW        | Increased commercial focus based on available data                    |  |                   |             | ~USD 0.4bn         |
| Episealer® Knee US                  | Patient recruitment   |  | Patient follow-up | PMA process | ~USD 0.6bn         |
| Episealer® Talus Europe & RoW       | Product launch and initial Episealer® Talus studies Commercialisation |  |                   |             |                    |
| Episealer® Patellofemoral System US | 510(k)-filing   | 510(k)-approval followed by product launch |                   |             |                    |
| Episealer® MTP System US            | Concept development.  | 510(k) filing late 2022-23                 | Product launch    |             | ~USD 0.4bn         |

### Third quarter 2022 compared to 2021, Group

- » Gross order intake amounted to SEK 1.5m (1.6)
- » Order book amounted to SEK 1.6m (1.4)
- » Group net sales amounted to SEK 1.4m (1.5)
- » Loss for the period amounted to SEK -17.8m (-15.9)
- » Earnings per share amounted to SEK -0.07 (-0.07)

### First nine months 2022 compared to 2021, Group

- » Gross order intake amounted to SEK 5.0m (5.2)
- » Group net sales amounted to SEK 4.8m (5.1)
- » Loss for the period amounted to SEK -53.6m (-50.4)
- » Earnings per share amounted to SEK -0.20(-0.23)

### Significant events during the third quarter

- » Episealer® Knee implants were included in the UK NICE guidelines
- » Episurf Medical provided update on 510(k) application
- » Episurf Medical invited investors to a capital markets day on 16 November 2022
- » First Episealer® Talus surgery was performed in Israel
- » Presentation by Prof Karl Eriksson about the Episealer® Knee technology and clinical results at the 5<sup>th</sup> International Conference on Meniscus Science and Surgery in Luxembourg
- » Results from study with Episealer® Knee implant were accepted for presentation at a Swedish, German, Australian, and New Zealand orthopaedic congress
- » Prof. Leif Ryd was a part of the faculty at Orthopaedic Summit 2022: Evolving Techniques

### Significant events after the second quarter

- » Episealer® Knee technology and clinical results to be presented at scientific congress in the US

Dear fellow shareholders,



Following a very turbulent time during the pandemic, with significant volatility between the quarters, we have experienced a positive customer acquisition trend for several consecutive quarters. In the previous CEO statement, I clearly stated that this was a key priority now as we are not only coming out of the pandemic but also having a more commercial focus, as this is the next step for us. Hence, I am pleased with this development. Following growth in our quarterly customer base of 24% and 72% during Q1 and Q2 2022, the customer base grew by 48% in Q3. We are still exposed to significant pandemic-related backlogs of knee replacement patients. Just like last year, we experienced a very low activity level during the European summer months of July and August. This hampered the sales activities during the quarter, so seeing such strong growth in the customer base is very encouraging. We know reasonably well what volumes we can expect in a normalized world. Hence customer acquisition remains a priority.

### **Commercialization**

This year has seen significant activity and restructuring in our direct and indirect (distribution markets) commercial strategies. We are still very much going through a period of change and are not reaping the full benefits of these changes yet. The main message underlying these changes is that we are investing in resources for both sales channels.

The main focus in our direct commercial organization is on sales execution, ensuring that we take the next step to accelerate growth in our more established markets. In these more established markets, the procedure of focal resurfacing is gaining more acceptance, with inclusions in NICE Guidelines in the UK, and joint registries in both the UK and Sweden.

The focus with our indirect markets is mostly new market entry, establishing our brand and acquiring first customers. Many of our arrangements with new markets were established as the pandemic approached, or even under the pandemic, so we are revisiting these partnerships and now getting started again. From a market potential perspective, we are excited to focus on market introductions in India, the UAE and Australia. Over the coming months we will also not hesitate to take on additional markets, as we continue to see global interest in our products.

### **Product development**

For the Episealer® Patellofemoral System, Episurf is still in the 510(k) review process with the FDA to receive market clearance within a few months. The company has been working interactively with the FDA through the Submission issue request pathway to discuss the agency's feedback to establish a clear response strategy to close the outstanding questions and receive clearance. The company still aims for market clearance in late 2022 or Q1 2023 and is in an intense period to prepare for a product launch. Post-FDA clearance, a major effort point of emphasis will involve the recruitment of local distributors, and we are already having discussions with distributors in a number of different geographic locations across the US.

For the Episealer® MTP-system, we will provide further details on the timetable shortly. Intense development work as well as verifications and validations are currently performed, in parallel with Episurf having a dialogue with the FDA through the Pre-submission pathway, to prepare for a 510(k) submission. Additionally, we've been engaged with a number of US foot and ankle surgeons to ensure our R&D efforts match their unmet medical needs.

### **Clinical development**

The EPIC-Knee IDE study, conducted both in the US and Europe to prepare for a later FDA application for the Episealer® Knee implants, has struggled greatly under the pandemic and the time following the pandemic.

Across the board and regardless of study type, clinics have struggled to focus on research studies and the traction has been lost. This autumn, however, there is promising study progress in the EPIC-Knee study. Episurf's Medical Advisor Prof. Leif Ryd has met with all the US investigators in person to discuss how we can work together for better progress. A clinical protocol amendment designed to facilitate patient recruitment was submitted to the FDA and just received approval last week. We have also seen multiple study sites send in their first MRI scans for potential patients.

The various studies on the Episealer Talus continued during the quarter. The prospective study conducted in several European countries has reached recruitment of 44% and the Italian Talus study conducted at the Rizzoli Orthopaedic Institute in Bologna, Italy, is close to being fully recruited, which is expected to happen before the end of the year.

#### **Concluding remarks**

The slightly higher costs during the quarter are mainly a result of the intense activities in the US. We have executed a protocol adjustment in the EPIC knee study, and the two 510(k) processes we are engaged in have also seen high activity.

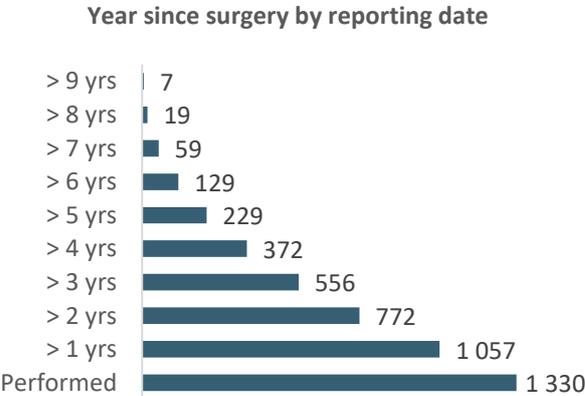
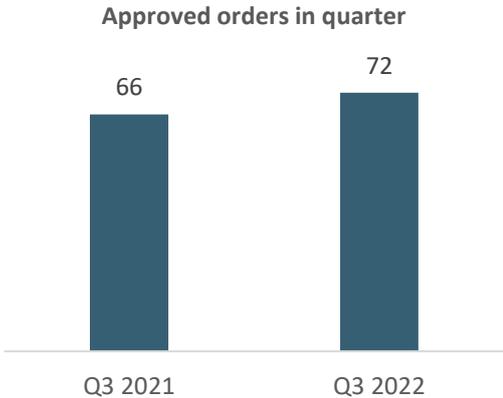
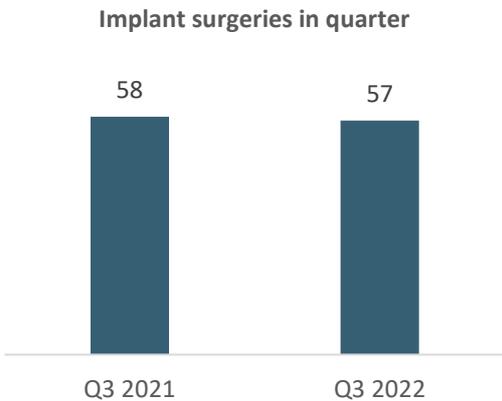
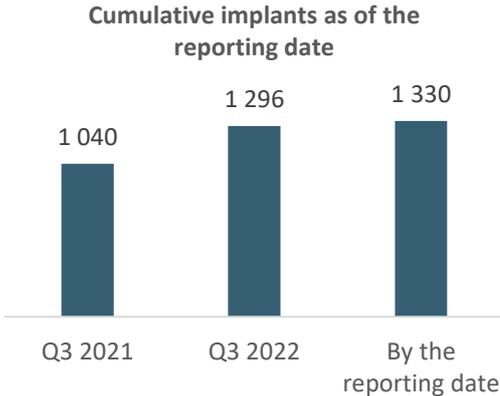
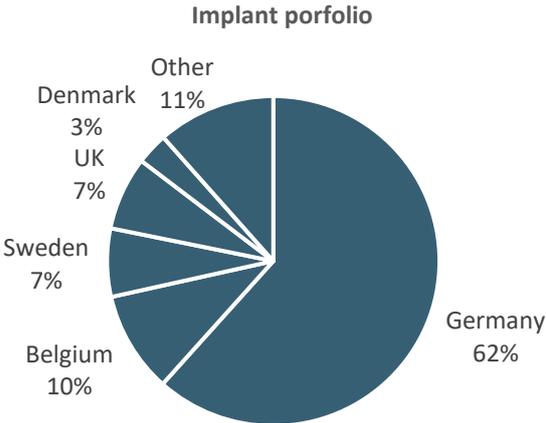
We look forward to the coming weeks and months with great optimism. I have been attending surgery myself in Germany, and my participation was subject to COVID testing and other related protocols. So it's not frictionless, but I believe we are managing it well, and overall, we are taking significant steps in the right direction. On our Capital Markets Day, to be held on November 16, we are providing additional details on our global commercial opportunities, which believe are of significant size in the years to come.

Stockholm, November 2022

Pål Ryfors, CEO

# Business update and forward-looking statements

By the reporting date on November 16, 2022, Episurf Medical’s implants had been used in 1,330 surgeries. 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 1,330 implants, we now have 372 patients who have had their implants for more than 4 years and 772 patients have now had their implants for more than 2 years since the surgery date. During the third quarter, 57 surgeries were performed with the Episealer® implant. 72 orders were approved for surgery during the third quarter.



As of the reporting date, 1,330 surgeries have been performed with the Episealer® implant and 556 patients have had their implant for more than 3 years and 772 patients have had the implant for more than 2 years since surgery.

## Financial information

### Group

#### Net sales and operating profit/loss

Group net sales amounted to SEK 1.4m (1.5) in the quarter and SEK 4.8m (5.1) for the first nine months. Loss before tax amounted to SEK -17.8m (-15.9) for the quarter and SEK -53.6m (-50.4) for the first nine months. Other expenses, which for example includes expenses for clinical trials, marketing and product development, amounted to SEK -9.2m (-8.2) in the quarter and SEK -28.9m (-26.1) for the first nine months. The company focused on product development during the quarter, which refers to SEK -1.6m (-1.1) of the other expenses, during the first nine months of the year the corresponding cost was -6.4 (-2.2). The cost for the EPIC-Knee study in US amounts to SEK -3.8m (-2.7) during the quarter.

#### Financial position

Group cash and cash equivalents at end of period amounted to SEK 178.2m (103.8). The equity ratio was 92.4% (89.5). Group investments in intangible assets amounted to SEK 2.4m (1.9) for the quarter of which SEK 1.6m (1.1) are related to capitalised development costs, and for the first nine months investments in intangible assets amounted to SEK 8.2m (4.0), of which SEK 6.4m (2.2) are related to capitalised development costs remaining investments relates to patents. No significant investments have been made in tangible assets during the quarter of 2022 or 2021.

#### Human resources

Number of employees in the Group at end of the period was 31 (29).

#### 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 0.5m (0.4).

#### 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 November 2023, shareholders have the opportunity to convert these warrants for an exercise price of SEK 1.40. As of this interim report, the company has 1,299,084 warrants outstanding. See more information on the company's website.

##### Employee stock option and warrant program 2022

At the annual general meeting on April 4, 2022, it was resolved to adopt a stock option and warrant program. A total of 2,556,392 employee stock options were allowed to be issued, of which the CEO was allotted 785,499, and other management team members were allotted a total of 886,346. As of this interim report, the company has 2,464,662 outstanding employee stock options. The employee stock options that have expired are due to terminated employments. The subscription price is 3.57, and the fair value per option is 0.24 per this interim report. The company uses the Black-Scholes calculation model.

For more information about warrants and staff option programs, see Episurfs Annual Report 2021.

#### Effects of the COVID-19 pandemic

During the first months of the year, the company's revenues and gross order intake were affected by Omicron. 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. The company still assesses that the risk will begin to decrease.

### The impact of the Ukraine crisis

The situation in Ukraine erupted at the end of February 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.

### 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.

### 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.

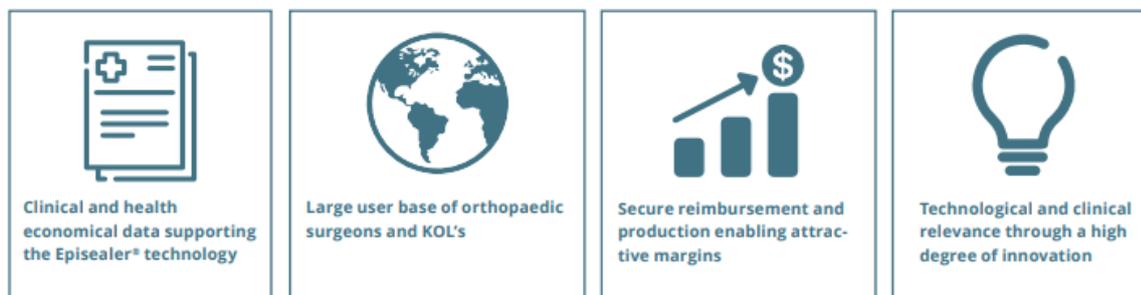
#### 30 September, 2022

|                               |                    |
|-------------------------------|--------------------|
| A-shares                      | 479,357            |
| B-shares                      | 266,175,686        |
| <b>Total number of shares</b> | <b>266,655,043</b> |
| <b>Total number of votes</b>  | <b>267,613,757</b> |

The following table notes the ten largest shareholders based on information available as of September 30, 2022

| Name                                  | No. Of A-shares | No. Of B-shares    | Share capital in % | Voting rights, % |
|---------------------------------------|-----------------|--------------------|--------------------|------------------|
| Health Runner AB (Ilija Batljan)      | --              | 34,771,101         | 13.0               | 13.0             |
| Rhenman Partners                      | --              | 12,668,248         | 4.8                | 4.7              |
| Fjärde AP-Fonden                      | --              | 12,537,181         | 4.7                | 4.7              |
| Sebastian Jahreskog                   | --              | 11,892,730         | 4.5                | 4.4              |
| Tredje AP-Fonden                      | --              | 9,980,000          | 3.7                | 3.7              |
| LMK Forward AB                        | --              | 6,000,000          | 2.3                | 2.2              |
| Andra AP-Fonden                       | --              | 5,400,000          | 2.0                | 2.0              |
| 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              |
| <b>Total, 10 largest shareholders</b> | <b>--</b>       | <b>107,856,930</b> | <b>40.4</b>        | <b>40.3</b>      |
| <b>Summary, other</b>                 | <b>479,357</b>  | <b>158,318,756</b> | <b>59.6</b>        | <b>59.7</b>      |
| <b>Total</b>                          | <b>479,357</b>  | <b>266,175,686</b> | <b>100.0</b>       | <b>100.0</b>     |

Episurf Medical's strategy rests on four key pillars:



## 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 interim 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, 15 November 2022

Dennis Stripe  
Board chairman

Annette Brodin Rampe  
Board member

Christian Krüeger  
Board member

Leif Ryd  
Board member

Laura Shunk  
Board member

Ulf Grunander  
Board member

Pål Ryfors  
CEO

## Auditor's report

Episurf Medical AB corp. reg. no. 556767-0541

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### Introduction

We have reviewed the condensed interim financial information (interim report) of Episurf Medical AB as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 15 November 2022

Öhrlings PricewaterhouseCoopers AB

Tobias Strähle  
Authorized Public Accountant

## Consolidated income statement

| mSEK  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>Operating income</i>                           |      |                 |                 |                 |                 |                 |
| Net sales   |      | 1.4             | 1.5             | 4.8             | 5.1             | 6.5             |
| Other operating income                            |      | 0.1             | 0.1             | 0.1             | 0.3             | 0.4             |
| <b>Total income</b>                               |      | <b>1.4</b>      | <b>1.6</b>      | <b>4.9</b>      | <b>5.4</b>      | <b>6.9</b>      |
| <i>Operating expenses</i>                         |      |                 |                 |                 |                 |                 |
| Merchandise                                       |      | -0.9            | -1.2            | -3.1            | -4.0            | -4.8            |
| Other expenses                                    |      | -9.2            | -8.2            | -28.9           | -26.3           | -37.1           |
| Personnel costs                                   |      | -8.8            | -8.1            | -28.4           | -23.9           | -33.9           |
| Capitalised development expenditure               |      | 2.4             | 1.9             | 8.2             | 4.0             | 6.9             |
| Depreciation of equipment and non-current assets  |      | -2.5            | -1.9            | -6.1            | -5.5            | -7.4            |
| <b>Total operating expenses</b>                   |      | <b>-19.1</b>    | <b>-17.5</b>    | <b>-58.2</b>    | <b>-55.8</b>    | <b>-76.3</b>    |
| <b>Operating loss</b>                             |      | <b>-17.6</b>    | <b>-15.9</b>    | <b>-53.4</b>    | <b>-50.4</b>    | <b>-69.4</b>    |
| <i>Financial items</i>                            |      |                 |                 |                 |                 |                 |
| Financial income, other                           |      | 0.1             | 0.0             | 0.4             | 0.2             | 0.4             |
| Financial expenses, other                         |      | -0.3            | -0.1            | -0.6            | -0.2            | -0.2            |
| <b>Results from net financial items</b>           |      | <b>-0.2</b>     | <b>0.0</b>      | <b>-0.2</b>     | <b>0.1</b>      | <b>0.2</b>      |
| <b>Loss before tax</b>                            |      | <b>-17.8</b>    | <b>-15.9</b>    | <b>-53.6</b>    | <b>-50.4</b>    | <b>-69.2</b>    |
| Tax on income for the period                      |      | -0.0            | -0.0            | -0.0            | -0.0            | -0.0            |
| <b>Loss for the period</b>                        |      | <b>-17.8</b>    | <b>-15.9</b>    | <b>-53.6</b>    | <b>-50.4</b>    | <b>-69.3</b>    |
| <b>Net loss attributable to:</b>                  |      |                 |                 |                 |                 |                 |
| Parent company shareholders                       |      | -17.8           | -15.9           | -53.6           | -50.4           | -69.3           |
| Earnings per share before and after dilution, SEK |      | -0.07           | -0.07           | -0.20           | -0.23           | -0.31           |
| Average number of shares                          |      | 266,655,043     | 222,129,633     | 266,588,032     | 222,079,235     | 226,593,598     |

## Consolidated statement of comprehensive income

| mSEK  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net profit (loss)</b>  |      | <b>-17.8</b>    | <b>-15.9</b>    | <b>-53.6</b>    | <b>-50.4</b>    | <b>-69.3</b>    |
| <i>Other comprehensive income for the period:</i>   |      |                 |                 |                 |                 |                 |
| Other comprehensive income that may be reclassified subsequently to profit or loss for the period, net of tax |      | 0.1             | 0.0             | 0.1             | -0.1            | -0.1            |
| <b>Total comprehensive income (loss) for the period</b>   |      | <b>-17.8</b>    | <b>-15.9</b>    | <b>-53.5</b>    | <b>-50.4</b>    | <b>-69.4</b>    |
| <i>The period's loss and comprehensive income attributable to:</i>  |      |                 |                 |                 |                 |                 |
| Owners of the parent  |      | -17.8           | -15.9           | -53.5           | -50.4           | -69.4           |

## Condensed consolidated balance sheet

| mSEK  | Note | 30 Sep 2022  | 30 Sep 2021  | 31 Dec 2021  |
|---|------|--------------|--------------|--------------|
| <b>ASSETS</b>                                 |      |              |              |              |
| <b>Non-current assets</b>                     |      |              |              |              |
| <i>Intangible fixed assets</i>                |      |              |              |              |
| Capitalised development costs                 |      | 13.6         | 7.3          | 9.0          |
| Patents                                       |      | 14.0         | 14.1         | 14.1         |
| <b>Total intangible fixed assets</b>          |      | <b>27.6</b>  | <b>21.4</b>  | <b>23.0</b>  |
| <i>Equipment and right-of use asset</i>       |      |              |              |              |
| Right-of-use assets                           |      | 6.0          | 3.1          | 3.2          |
| Equipment                                     |      | 0.1          | 0.0          | 0.1          |
| <b>Total equipment and right-of-use asset</b> |      | <b>6.0</b>   | <b>3.1</b>   | <b>3.2</b>   |
| <i>Non-current financial assets</i>           |      |              |              |              |
| Other non-current financial assets            |      | -            | 0.5          | -            |
| <b>Total non-current financial assets</b>     |      | <b>-</b>     | <b>0.5</b>   | <b>-</b>     |
| <b>Total non-current assets</b>               |      | <b>33.7</b>  | <b>25.0</b>  | <b>26.3</b>  |
| <b>Current assets</b>                         |      |              |              |              |
| Inventories                                   |      | 1.8          | 2.0          | 1.9          |
| Trade receivables                             |      | 1.0          | 1.5          | 1.6          |
| Other receivables                             |      | 1.0          | 0.9          | 1.6          |
| Deferred expenses and accrued income          |      | 1.8          | 1.4          | 1.3          |
| Cash  |      | 178.2        | 103.8        | 237.9        |
| <b>Total current assets</b>                   |      | <b>183.8</b> | <b>109.6</b> | <b>244.4</b> |
| <b>TOTAL ASSETS</b>                           |      | <b>217.5</b> | <b>134.6</b> | <b>270.6</b> |
| <b>EQUITY AND LIABILITIES</b>                 |      |              |              |              |
| <b>Equity</b>                                 |      | <b>201.0</b> | <b>120.8</b> | <b>252.8</b> |
| <b>Liabilities</b>                            |      |              |              |              |
| <i>Non-current liabilities</i>                |      |              |              |              |
| Non-current liabilities                       |      | 0.4          | 1.6          | 2.8          |
| Non-current lease liability                   |      | 3.6          | 0.5          | 0.8          |
| <b>Total long-term liabilities</b>            |      | <b>4.0</b>   | <b>2.1</b>   | <b>3.5</b>   |
| <i>Current liabilities</i>                    |      |              |              |              |
| Trade payables                                |      | 5.0          | 3.7          | 5.9          |
| Current lease liability                       |      | 2.1          | 2.3          | 2.1          |
| Other liabilities                             |      | 1.4          | 1.1          | 1.4          |
| Accrued liabilities and deferred income       |      | 4.0          | 4.6          | 4.9          |
| <b>Total current liabilities</b>              |      | <b>12.5</b>  | <b>11.7</b>  | <b>14.2</b>  |
| <b>Total liabilities</b>                      |      | <b>16.5</b>  | <b>13.8</b>  | <b>17.8</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>           |      | <b>217.5</b> | <b>134.6</b> | <b>270.6</b> |
| Equity ratio                                  |      | 92.4%        | 89.5%        | 93.4%        |
| Equity per share, SEK                         |      | 0.75         | 0.54         | 0.95         |

## 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, 2021</b>                  | <b>66.7</b>                                  | <b>546.2</b>              | <b>-0.2</b> | <b>-443.2</b>                               | <b>169.5</b> |
| Total comprehensive income for the period              |  |                           |             | -69.3                                       | -69.3        |
| Other comprehensive income                             |  |                           | -0.1        |   | -0.1         |
| <b>Total comprehensive income</b>                      |  |                           | <b>-0.1</b> | <b>-69.3</b>                                | <b>-69.4</b> |
| <b>Transactions with shareholders</b>                  |  |                           |             |   |              |
| Expenses directed share issue, 2020*                   |  | -0.1                      |             |   | -0.1         |
| Directed share issue, net after issue expenses, 2021** | 13.3   | 137.3                     |             |   | 150.7        |
| Conversion warrants, net after issue expenses***       | 0.0  | 0.1                       |             |   | 0.1          |
| Warrants issued to staff                               |  | 0.9                       |             | 1.2   | 2.1          |
| <b>Total transactions with shareholders</b>            | <b>13.4</b>                                  | <b>138.2</b>              |             | <b>1.2</b>                                  | <b>152.8</b> |
| <b>Closing equity December 31, 2021</b>                | <b>80.0</b>                                  | <b>684.4</b>              | <b>-0.3</b> | <b>-511.3</b>                               | <b>252.8</b> |
| <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 period              |  |                           |             | -53.6                                       | -53.6        |
| Other comprehensive income                             |  |                           | 0.1         |   | 0.1          |
| <b>Total comprehensive income</b>                      |  |                           | <b>0.1</b>  | <b>-53.6</b>                                | <b>-53.5</b> |
| <b>Transactions with shareholders</b>                  |  |                           |             |   |              |
| Conversion warrants, net after issue expenses****      | 0.0  | 0.1                       |             |   | 0.1          |
| Warrants issued to staff                               |  |                           |             | 1.4   | 1.4          |
| <b>Total transactions with shareholders</b>            | <b>0.0</b>                                   | <b>0.1</b>                |             | <b>1.4</b>                                  | <b>1.6</b>   |
| <b>Closing equity September 30, 2022</b>               | <b>80.1</b>                                  | <b>684.5</b>              | <b>-0.2</b> | <b>-563.5</b>                               | <b>201.0</b> |

\* Issue expenses amounts to SEK 4.4m.

\*\* Issue expenses amounts to SEK 8.8m.

\*\*\* Expenses amounts to SEK 0.0m.

\*\*\*\* Expenses amounts to SEK 0.0m.

## Consolidated cash flow statement

| mSEK  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Operating activities</b>   |      |                 |                 |                 |                 |                 |
| Operating loss  |      | -17.6           | -15.9           | -53.4           | -50.4           | -69.4           |
| <i>Adjustments for items not included in cash flow</i>                    |      |                 |                 |                 |                 |                 |
| Depreciation  |      | 2.5             | 1.9             | 6.1             | 5.5             | 7.4             |
| Employee stock option expenses  |      | 0.3             | 1.0             | -0.9            | 1.9             | 3.3             |
| Interest received   |      | 0.0             | -               | 0.0             | -               | 0.1             |
| Interest paid   |      | -0.3            | -0.1            | -0.5            | -0.1            | -0.2            |
| <b>Cash flow from current operations before change in working capital</b> |      | <b>-15.2</b>    | <b>-13.2</b>    | <b>-48.7</b>    | <b>-43.1</b>    | <b>-58.8</b>    |
| <b>Change in working capital</b>  |      |                 |                 |                 |                 |                 |
| Decrease/increase in inventory  |      | 0.1             | -0.2            | 0.2             | 0.0             | 0.0             |
| Decrease/increase in trade receivables                                    |      | 0.7             | 0.2             | 0.6             | -0.9            | -1.0            |
| Decrease/increase in current receivables                                  |      | -0.1            | 0.9             | 0.6             | 0.0             | -0.6            |
| Decrease/increase in current liabilities                                  |      | -1.0            | -2.0            | -1.9            | -2.1            | 0.8             |
| <b>Change in working capital</b>  |      | <b>-0.2</b>     | <b>-1.1</b>     | <b>-0.6</b>     | <b>-3.0</b>     | <b>-0.9</b>     |
| <b>Cash flow from operating activities</b>                                |      | <b>-15.4</b>    | <b>-14.3</b>    | <b>-49.3</b>    | <b>-46.2</b>    | <b>-59.7</b>    |
| <b>Investing activities</b>   |      |                 |                 |                 |                 |                 |
| Investments of intangible fixed assets                                    |      | -2.4            | -1.9            | -8.2            | -4.0            | -6.9            |
| Investments of tangible fixed assets                                      |      | -               | -               | 0.0             | -               | -0.1            |
| Decrease/increase in non-current financial assets                         |      | -               | -0.0            | -               | -0.0            | 0.5             |
| <b>Cash flow from investing activities</b>                                |      | <b>-2.4</b>     | <b>-1.9</b>     | <b>-8.2</b>     | <b>-4.1</b>     | <b>-6.5</b>     |
| <b>Financing activities</b>   |      |                 |                 |                 |                 |                 |
| Issuance of share options   |      | -               | -               | -               | 0.9             | 0.9             |
| Amortisation of lease debt  |      | -1.2            | -0.7            | -2.4            | -1.8            | -2.4            |
| Conversion warrants   |      | -               | -0.0            | -               | 0.1             | 0.1             |
| New share issue   |      | -               | -               | 0.1             | -0.1            | 150.6           |
| <b>Cash flow from financing activities</b>                                |      | <b>-1.2</b>     | <b>-0.7</b>     | <b>-2.3</b>     | <b>-0.9</b>     | <b>149.2</b>    |
| <b>Cash flow for the period</b>   |      | <b>-18.9</b>    | <b>-16.8</b>    | <b>-59.7</b>    | <b>-51.1</b>    | <b>83.0</b>     |
| Cash and cash equivalents at beginning of period                          |      | 197.1           | 120.7           | 237.9           | 155.0           | 155.0           |
| <b>Cash and cash equivalents at end of period</b>                         |      | <b>178.2</b>    | <b>103.8</b>    | <b>178.2</b>    | <b>103.8</b>    | <b>237.9</b>    |

## Income statement, Parent Company

| mSEK  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Operating income</b>   |      |                 |                 |                 |                 |                 |
| Net sales   |      | 0.1             | 0.2             | 0.5             | 0.6             | 0.8             |
| Other operating income  |      | -               | 0.0             | 0.0             | 0.0             | -               |
| <b>Total income</b>   |      | <b>0.1</b>      | <b>0.2</b>      | <b>0.5</b>      | <b>0.6</b>      | <b>0.8</b>      |
| <b>Operating costs</b>  |      |                 |                 |                 |                 |                 |
| Other external expenses   |      | -6.6            | -6.4            | -20.6           | -18.9           | -25.6           |
| Personnel costs   |      | -4.1            | -3.7            | -14.3           | -11.9           | -16.1           |
| Capitalised development expenditure   |      | 1.6             | 1.1             | 6.4             | 2.2             | 4.4             |
| Amortisation of intangible assets and depreciation of property, plant and equipment |      | -0.6            | -0.5            | -1.8            | -1.6            | -2.2            |
| <b>Total operating costs</b>  |      | <b>-9.7</b>     | <b>-9.5</b>     | <b>-30.3</b>    | <b>-30.2</b>    | <b>-39.5</b>    |
| <b>Operating loss</b>   |      | <b>-9.6</b>     | <b>-9.4</b>     | <b>-29.8</b>    | <b>-29.6</b>    | <b>-38.7</b>    |
| <i>Financial items</i>  |      |                 |                 |                 |                 |                 |
| Financial income, other   |      | 0.0             | 0.0             | 0.0             | 0.0             | 0.1             |
| Financial expenses, other   |      | -0.1            | -               | -0.1            | -0.0            | -0.0            |
| <b>Results from net financial items</b>   |      | <b>-0.1</b>     | <b>0.0</b>      | <b>-0.1</b>     | <b>0.0</b>      | <b>0.1</b>      |
| <b>Loss before tax</b>  |      | <b>-9.7</b>     | <b>-9.4</b>     | <b>-29.9</b>    | <b>-29.6</b>    | <b>-38.7</b>    |
| Tax on income for the period  |      | -               | -               | -               | -               | -               |
| <b>Loss at end of the period</b>  |      | <b>-9.7</b>     | <b>-9.4</b>     | <b>-29.9</b>    | <b>-29.6</b>    | <b>-38.7</b>    |

## Parent Company statement of comprehensive income

| mSEK  | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net profit</b>                                     |      | <b>-9.7</b>     | <b>-9.4</b>     | <b>-29.9</b>    | <b>-29.6</b>    | <b>-38.7</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>-9.7</b>     | <b>-9.4</b>     | <b>-29.9</b>    | <b>-29.6</b>    | <b>-38.7</b>    |

## Condensed balance sheet, Parent Company

| mSEK                                       | Note | 30 Sep 2022  | 30 Sep 2021  | 31 Dec 2021  |
|--|------|--------------|--------------|--------------|
| <b>ASSETS</b>                              |      |              |              |              |
| <b>Fixed assets</b>                        |      |              |              |              |
| <i>Intangible fixed assets</i>             |      |              |              |              |
| Capitalised development costs              |      | 13.6         | 7.3          | 9.0          |
| <b>Total intangible fixed assets</b>       |      | <b>13.6</b>  | <b>7.3</b>   | <b>9.0</b>   |
| <b>Financial assets</b>                    |      |              |              |              |
| Shares in group companies                  |      | 237.9        | 188.9        | 192.9        |
| Long-term receivables from group companies |      | -            | 22.6         | 27.0         |
| Other non-current financial receivables    |      | -            | 0.5          | -            |
| <b>Total financial assets</b>              |      | <b>237.9</b> | <b>212.0</b> | <b>220.0</b> |
| <b>Total fixed assets</b>                  |      | <b>251.5</b> | <b>219.3</b> | <b>228.9</b> |
| <b>Current assets</b>                      |      |              |              |              |
| <i>Short term receivables</i>              |      |              |              |              |
| Trade receivables                          |      | -            | 0.0          | 0.5          |
| Other receivables                          |      | 0.4          | 0.4          | 1.1          |
| Prepaid expenses and accrued income        |      | 1.3          | 1.4          | 1.3          |
| <b>Total short term receivables</b>        |      | <b>1.7</b>   | <b>1.8</b>   | <b>3.0</b>   |
| Cash                                       |      | 168.3        | 87.7         | 220.7        |
| <b>Total current assets</b>                |      | <b>170.0</b> | <b>89.5</b>  | <b>223.7</b> |
| <b>TOTAL ASSETS</b>                        |      | <b>421.5</b> | <b>308.8</b> | <b>452.6</b> |
| <b>EQUITY AND LIABILITIES</b>              |      |              |              |              |
| <b>Equity</b>                              |      | <b>414.6</b> | <b>302.8</b> | <b>444.4</b> |
| <b>Liabilities</b>                         |      |              |              |              |
| <i>Non-current liabilities</i>             |      |              |              |              |
| Non-current liabilities to group companies |      | 0.1          | -            | -            |
| <b>Total long-term liabilities</b>         |      | <b>0.1</b>   | <b>-</b>     | <b>-</b>     |
| <b>Current liabilities</b>                 |      |              |              |              |
| Trade payables                             |      | 2.7          | 1.8          | 3.9          |
| Other liabilities                          |      | 0.6          | 0.5          | 0.5          |
| Accrued liabilities and deferred income    |      | 3.5          | 3.6          | 3.8          |
| <b>Total current liabilities</b>           |      | <b>6.8</b>   | <b>6.0</b>   | <b>8.2</b>   |
| <b>Total liabilities</b>                   |      | <b>6.9</b>   | <b>6.0</b>   | <b>8.2</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>        |      | <b>421.5</b> | <b>308.8</b> | <b>452.6</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, 2021</b>                  | <b>66.7</b>   | <b>6.7</b>       | <b>546.2</b>          | <b>-250.4</b>        | <b>-36.8</b>        | <b>332.4</b> |
| Loss for the period                                    |               |                  |                       |                      | -38.7               | -38.7        |
| Disposition according to AGM                           |               |                  |                       |                      |                     |              |
| Loss brought forward                                   |               |                  |                       | -36.8                | 36.8                | -            |
| Development fund                                       |               | 2.3              |                       | -2.3                 |                     | -            |
| <b>Total comprehensive loss for the period</b>         |               | <b>2.3</b>       |                       | <b>-39.1</b>         | <b>-1.8</b>         | <b>-38.7</b> |
| <b>Transactions with shareholders</b>                  |               |                  |                       |                      |                     |              |
| Expenses directed share issue, 2020*                   |               |                  | -0.1                  |                      |                     | -0.1         |
| Directed share issue, net after issue expenses, 2021** | 13.3          |                  | 137.3                 |                      |                     | 150.7        |
| Conversion warrants, net after issue expenses***       | 0             |                  | 0.1                   |                      |                     | 0.1          |
| <b>Total transactions with shareholders</b>            | <b>13.4</b>   |                  | <b>137.3</b>          |                      |                     | <b>150.7</b> |
| <b>Closing equity December 31, 2021</b>                | <b>80.0</b>   | <b>9.0</b>       | <b>683.5</b>          | <b>-289.5</b>        | <b>-38.7</b>        | <b>444.4</b> |
| <b>Opening equity January 1, 2022</b>                  | <b>80.0</b>   | <b>9.0</b>       | <b>683.5</b>          | <b>-289.5</b>        | <b>-38.7</b>        | <b>444.4</b> |
| Loss for the period                                    |               |                  |                       |                      | -29.9               | -29.9        |
| Disposition according to AGM                           |               |                  |                       |                      |                     |              |
| Loss brought forward                                   |               |                  |                       | -38.7                | 38.7                | -            |
| Development fund                                       |               | 4.6              |                       | -4.6                 |                     | -            |
| <b>Total comprehensive loss for the period</b>         |               | <b>4.6</b>       |                       | <b>-43.3</b>         | <b>8.8</b>          | <b>-29.9</b> |
| <b>Transactions with shareholders</b>                  |               |                  |                       |                      |                     |              |
| Conversion warrants, net after issue expenses****      | 0.0           |                  | 0.1                   |                      |                     | 0.1          |
| <b>Total transactions with shareholders</b>            | <b>0.0</b>    |                  | <b>0.1</b>            |                      |                     | <b>0.1</b>   |
| <b>Closing equity September 30, 2022</b>               | <b>80.1</b>   | <b>13.6</b>      | <b>683.6</b>          | <b>-332.8</b>        | <b>-29.9</b>        | <b>414.6</b> |

\* Issue expenses amount to SEK 4.4m in total in 2020 and 2021.

\*\* Issue expenses amount to SEK 8.8m.

\*\*\* Expenses amount to SEK 0.0m.

\*\*\*\* Expenses amount to SEK 0.0m.

## Cash flow statement, Parent Company

| mSEK   | Note | Jul-Sep<br>2022 | Jul-Sep<br>2021 | Jan-Sep<br>2022 | Jan-Sep<br>2021 | Jan-Dec<br>2021 |
|--|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Current operations</b>  |      |                 |                 |                 |                 |                 |
| Operating loss   |      | -9.6            | -9.4            | -29.8           | -29.6           | -38.7           |
| <i>Adjustments for items not included in cash flow</i>                     |      |                 |                 |                 |                 |                 |
| Depreciation   |      | 0.6             | 0.5             | 1.8             | 1.6             | 2.2             |
| Interest received  |      | 0.0             | 0.0             | 0.0             | 0.0             | 0.1             |
| Interest paid  |      | -0.1            | -               | -0.1            | -0.0            | -0.0            |
| <b>Cash flow from current activities before changes in working capital</b> |      | <b>-9.1</b>     | <b>-8.8</b>     | <b>-28.1</b>    | <b>-27.9</b>    | <b>-36.5</b>    |
| <b>Changes in working capital</b>  |      |                 |                 |                 |                 |                 |
| Decrease/increase in current receivables                                   |      | 0.0             | 0.6             | 1.3             | 0.6             | -0.7            |
| Decrease/increase in current liabilities                                   |      | -0.4            | -1.2            | -1.4            | -2.0            | 0.2             |
| <b>Total changes in working capital</b>                                    |      | <b>-0.3</b>     | <b>-0.6</b>     | <b>-0.2</b>     | <b>-1.4</b>     | <b>-0.4</b>     |
| <b>Cash flow from operating activities</b>                                 |      | <b>-9.4</b>     | <b>-9.4</b>     | <b>-28.3</b>    | <b>-29.4</b>    | <b>-36.9</b>    |
| <b>Cash flow from investing activities</b>                                 |      |                 |                 |                 |                 |                 |
| Acquisition of intangible assets   |      | -1.6            | -1.1            | -6.4            | -2.2            | -4.4            |
| Shareholder contribution   |      | -10.0           | -11.0           | -45.0           | -26.0           | -30.0           |
| Repaid group companies   |      | 11.2            | 11.9            | 50.4            | 37.1            | 50.2            |
| Loan group companies   |      | -7.4            | -2.8            | -23.2           | -26.6           | -44.0           |
| Decrease/increase in other non-current receivables                         |      | -               | -0.0            | -               | -0.0            | 0.5             |
| <b>Cash flow from investing activities</b>                                 |      | <b>-7.9</b>     | <b>-3.1</b>     | <b>-24.3</b>    | <b>-17.7</b>    | <b>-27.8</b>    |
| <b>Cash flow from financing activities</b>                                 |      |                 |                 |                 |                 |                 |
| Conversion warrants  |      | -               | -0.0            | 0.1             | 0.1             | 0.1             |
| New share issue  |      | -               | -               | -               | -0.1            | 150.6           |
| <b>Cash flow from financing activities</b>                                 |      | <b>-</b>        | <b>-0.0</b>     | <b>0.1</b>      | <b>-0.0</b>     | <b>150.7</b>    |
| <b>Cash flow for the period</b>  |      | <b>-17.3</b>    | <b>-12.5</b>    | <b>-52.4</b>    | <b>-47.1</b>    | <b>86.0</b>     |
| Cash and cash equivalents at beginning of period                           |      | 185.6           | 100.2           | 220.7           | 134.8           | 134.8           |
| <b>Cash and cash equivalents at end of period</b>                          |      | <b>168.3</b>    | <b>87.7</b>     | <b>168.3</b>    | <b>87.7</b>     | <b>220.7</b>    |

## Notes

### Note 1 Accounting policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Reports and the Annual Accounts Act. The interim 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 with the exception of the additional applications principles for accounting for license revenues described below. Information according to IAS 34.16A is included in these financial statements and related notes as well in other parts of this interim report.

License revenue refers to the out-licensing of the parent company's patented software platform µiFidelity®. When licensing the Group's intellectual property (IP) to a customer, a distinction is made between two types of licensing with associated distinct performance obligation that affect whether revenue is to be reported at a certain time or accrued over time:

- a) Right to access IP – the agreement requires, or the customer can reasonably expect, that the Group will take measures that significantly affect the rights the customer is entitled to, that these measures directly affect the customer and that the measures do not involve the transfer of goods/services to the customer when the measures are carried out. The performance obligation and thus the income is reported over time, usually linearly.
- b) Right to use IP – the customer only has the right to use the IP in its existing state at the time when the right was granted to the customer. The performance obligation is fulfilled initially, at that time.

In accordance with the terms of the license agreement, it has been determined to be a right to use IP and recognized at the effective date of the contract.

### Capitalised expenditures for development of products

Expenditure for development, where research results or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the Statement of Financial Position only if the following conditions are satisfied:

1. It is technically possible to complete the intangible asset and use or sell it,
  2. The Company intends to complete the intangible asset and use or sell it,
  3. The conditions to use or sell the intangible asset are in place,
  4. The Company demonstrates how the intangible asset will generate likely future economic benefits,
  5. There are adequate technological, economic and other resources to complete development and to use or sell the intangible asset, and
  6. The expenditure relating to the intangible asset during its development can be measured reliably
- Directly related expenditure that is recognised mainly consists of expenditure from subcontractors and expenses for employees.

Other development expenditure that does not satisfy these criteria is expensed when it arises. Development expenditure previously expensed is not recognised as an asset in subsequent periods. The group has assessed all the above criteria to be fulfilled during the period, the costs for development that has been incurred is therefore activated.

### Financial assets and liabilities

Other financial assets and liabilities in the balance sheet are reported as acquisition value, which is judged to be a good approximation to the fair value of the items.

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

| mSEK                              | Jul-Sep 2022 | Jul-Sep 2021 | Jan-Sep 2022 | Jan-Sep 2021 | Jan-Dec 2021 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Germany                           | 1.0          | 0.9          | 3.1          | 3.3          | 4.3          |
| Norden                            | 0.0          | 0.1          | 0.4          | 0.2          | 0.2          |
| Other countries in Europe         | 0.4          | 0.5          | 1.2          | 1.4          | 1.8          |
| Other countries outside of Europe | 0.0          | 0.0          | 0.0          | 0.1          | 0.1          |
| <b>Total net sales</b>            | <b>1.4</b>   | <b>1.5</b>   | <b>4.8</b>   | <b>5.1</b>   | <b>6.5</b>   |

#### Note 3 Other expenses

| mSEK                        | Jul-Sep 2022 | Jul-Sep 2021 | Jan-Sep 2022 | Jan-Sep 2021 | Jan-Dec 2021 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Product development         | 1.6          | 1.1          | 6.4          | 2.2          | 4.4          |
| EPIC-Knee study             | 3.8          | 2.7          | 8.8          | 9.1          | 11.8         |
| Patent costs                | 1.0          | 0.9          | 2.8          | 2.8          | 3.8          |
| Sales and marketing costs   | 2.0          | 1.6          | 6.1          | 4.4          | 7.3          |
| Other expenses              | 0.8          | 1.9          | 4.8          | 7.8          | 9.8          |
| <b>Total other expenses</b> | <b>9.2</b>   | <b>8.2</b>   | <b>28.9</b>  | <b>26.3</b>  | <b>37.1</b>  |

#### Note 4 Leasing

The company has extended the lease agreement for the office during the first nine months of 2022. For further information, see note 21 in the Annual Report 2022.

## 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<sup>®</sup> 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<sup>®</sup> Condyle Solo for the treatment of localised cartilage and underlying bone defects on the femoral condyles of the knee joint.
- » Episealer<sup>®</sup> Trochlea Solo for the treatment of localised cartilage and underlying bone defects in the area behind the patella (the trochlea area).
- » Episealer<sup>®</sup> 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.



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

- » Episealer Talus<sup>®</sup> 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<sup>®</sup> and a set of associated surgical instrument. We also offer a surgical drill guide, Epiguide<sup>®</sup> 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 approximately 200 patents and patent applications worldwide, distributed over 30 patent families.

- » The first Episealer<sup>®</sup> surgery in a human was performed in December 2012. At the end of 2021, a total of 1,098 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

|   |                  |
|---|------------------|
| <b>Year-end Report 2022</b>               | 17 February 2023 |
| <b>Interim Report January-March 2023</b>  | 28 April 2023    |
| <b>AGM 2023</b>                           | 2 May 2023       |
| <b>Interim Report April-June 2023</b>     | 14 July 2023     |
| <b>Interim Report July-September 2023</b> | 27 October 2023  |
| <b>Year-End Report 2023</b>               | 9 February 2024  |

This is a translation of the original Swedish interim report. In the event of a discrepancy between this translation and the Swedish original, the Swedish interim report takes precedence. The information was submitted for publication, through the agency of the contact person set out below, on 16 November 2022 at 08.30 (CET).

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