



Surgical Science
Presentation of Q3 2023 report
November 9, 2023



CEO comments – Israel

- We are ok but not ok
- Business as usual
 - Office open
 - Simulators shipped by air
 - The one company feeling
 - People are traveling
- Normality in abnormal times
- Minor economic impact
 - Absence due to military service
 - Logistics costs are up

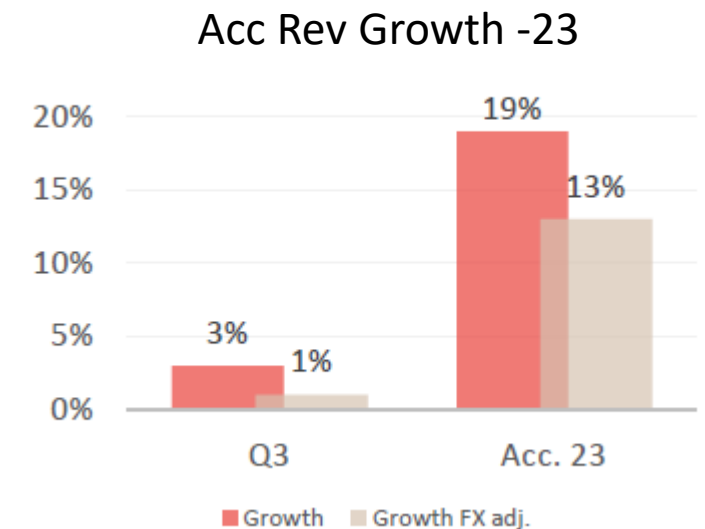
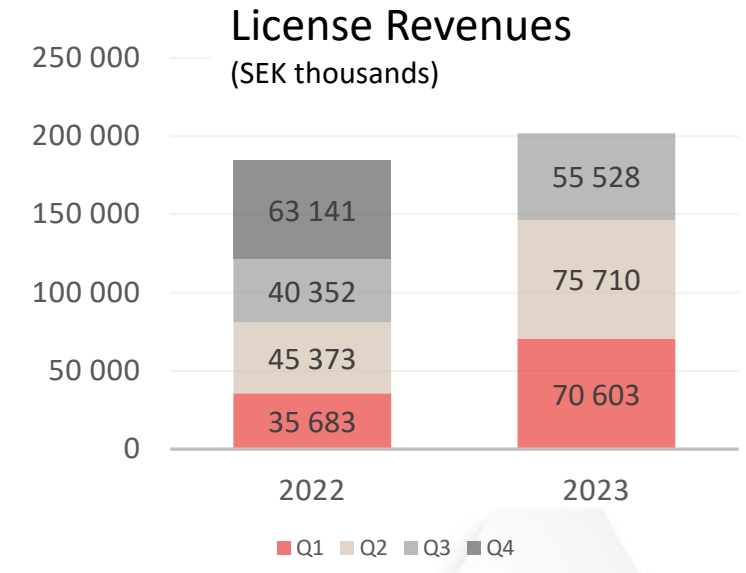


Surgical Science's assembly and quality control departments in Tel Aviv in mid-October.



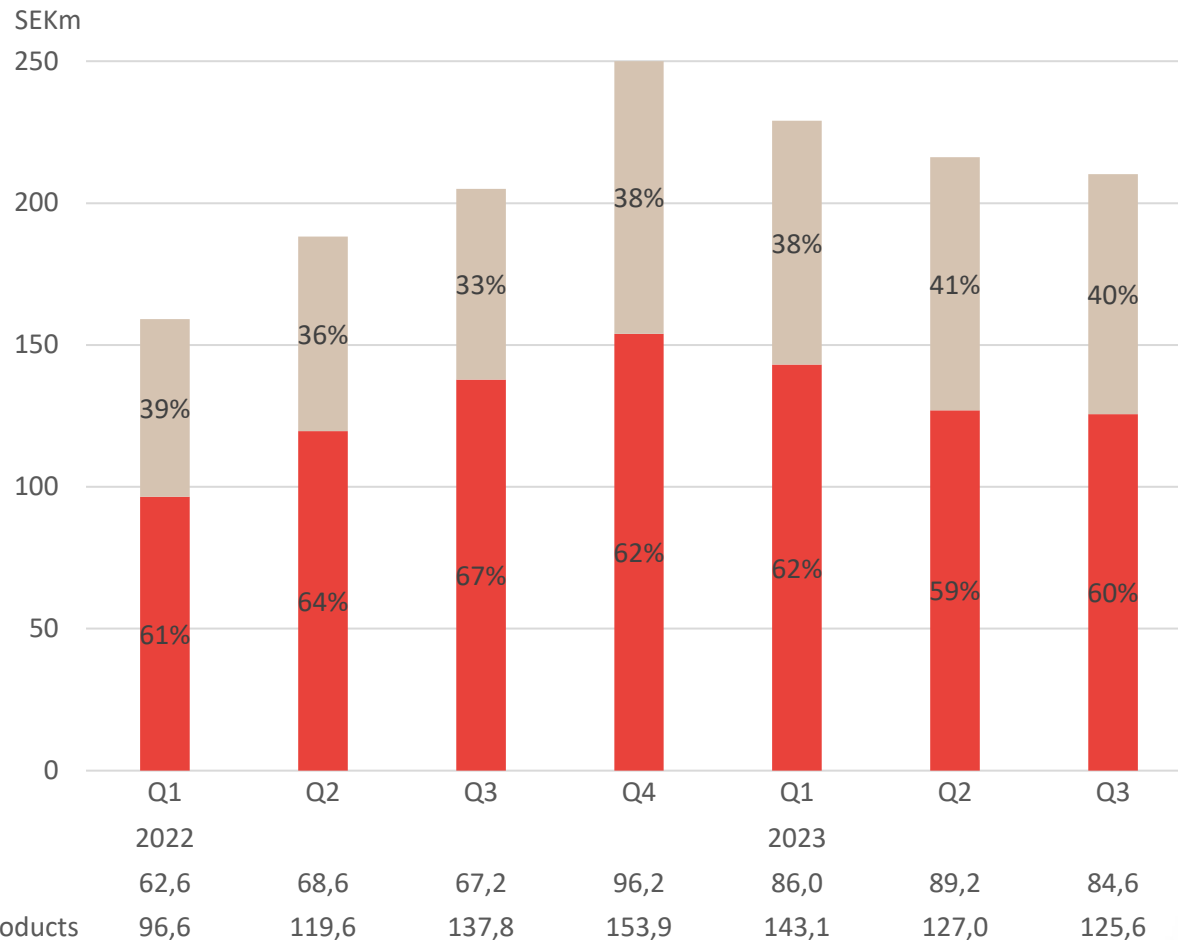
CEO comments – Q3

- Decrease of simulator sales in Edu Products (12%)
 - Large US hospital chain revenue in Q3/-22 of SEK m 40
 - China continued sluggish compared to Q3/-22
 - Total decrease SEKm -15 → everything else combined had good growth in Q3
- License revenue grew 38% compared to Q3/-22
- Gross margin improved (69%) from Q2 despite lower proportion of license revenue
- All profit margins going up. We grow in a cost-controlled manner
- On track towards our 2026 goals despite macroeconomics





Q3: Tough comparison Q Edu, license rev's up Indu



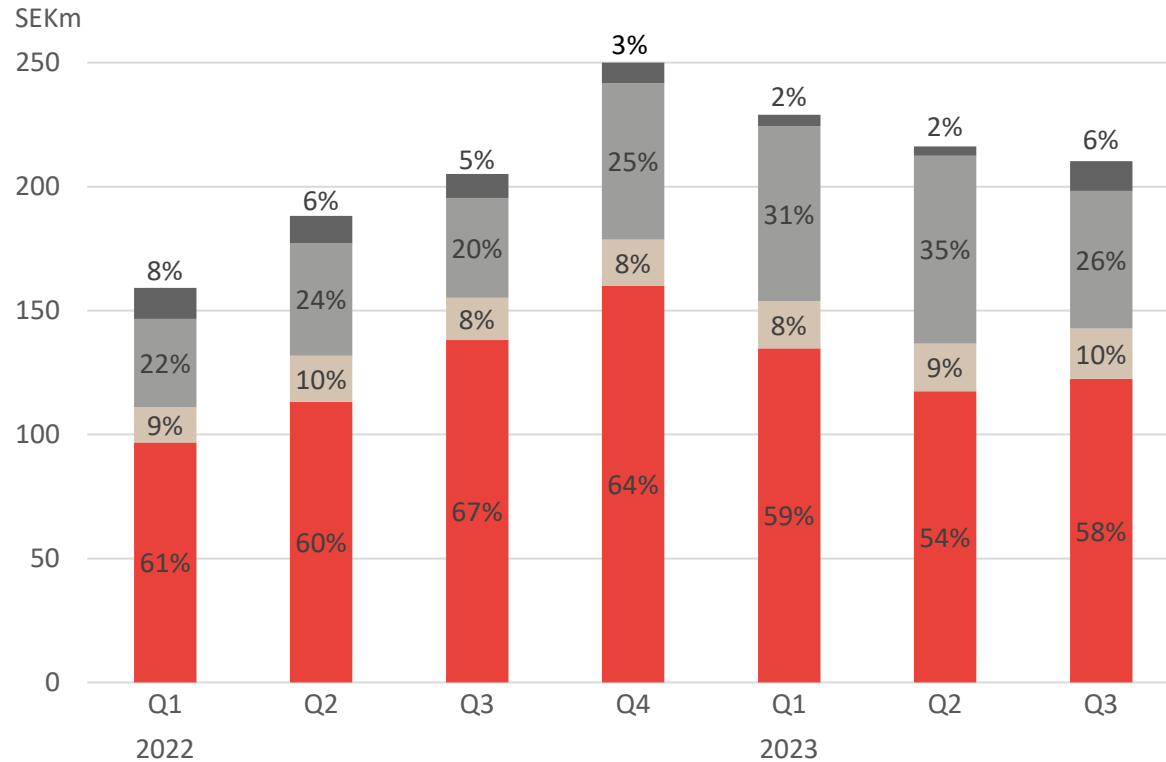
Q3:

- Net sales was up 3% - SEKm 210.2 (205.1). In local currencies +1%.
- Educational Products' sales was down 9%. Excl. US order to main hospital chain in 2022, sales was up 28%. China weak, total of all other markets strong.
- Industry/OEM was up 26%. License rev's up 38%, dev rev's and sim sales higher than previous q's 2023.

YTD:

- Net sales +19%, SEKm 655.6 (552.4). In local currencies +13%.
- Edu +12%, Indu +31%.

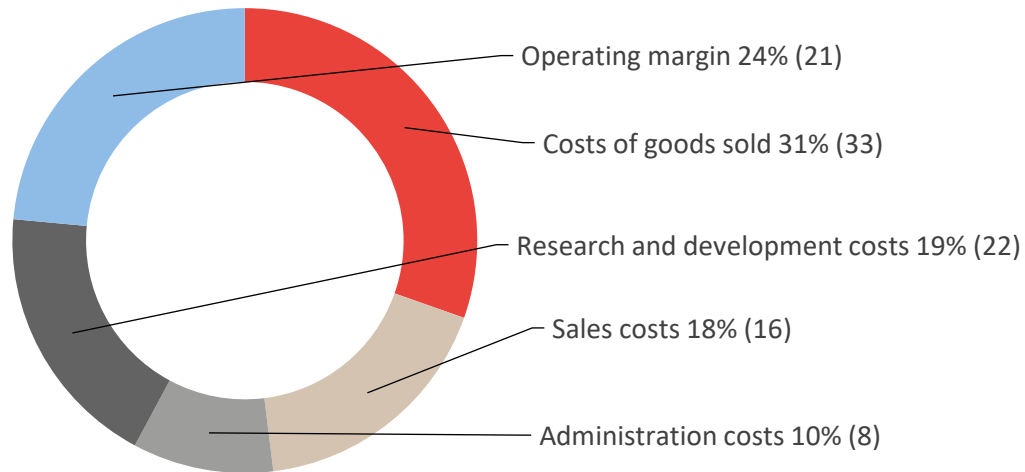
REVENUE STREAMS – increase for all except simulators qoq



	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Development revenue	12,5	11,1	9,6	8,3	4,6	3,8	12,0
License revenue	35,7	45,4	40,4	63,1	70,6	75,7	55,5
Service revenue	14,1	18,5	17,0	18,6	19,1	19,2	20,3
Simulators	96,9	113,2	138,2	160,1	134,7	117,5	122,4

- License rev's: SEKm 55.5 (40.4). Lumpy for new entrants, revenues from several customers.
- Simulator sales on a par for Indu. Edu down due to tough comparison no's, except US order and China still strong. Variability within Indu due to adaptation projects.
- Development rev's higher again. Connected to higher sales of simulators w/in Indu.
- Service revenues stable, growing with installed base.

COSTS AND MARGIN Q3 2023



Other income/costs -2% (0)

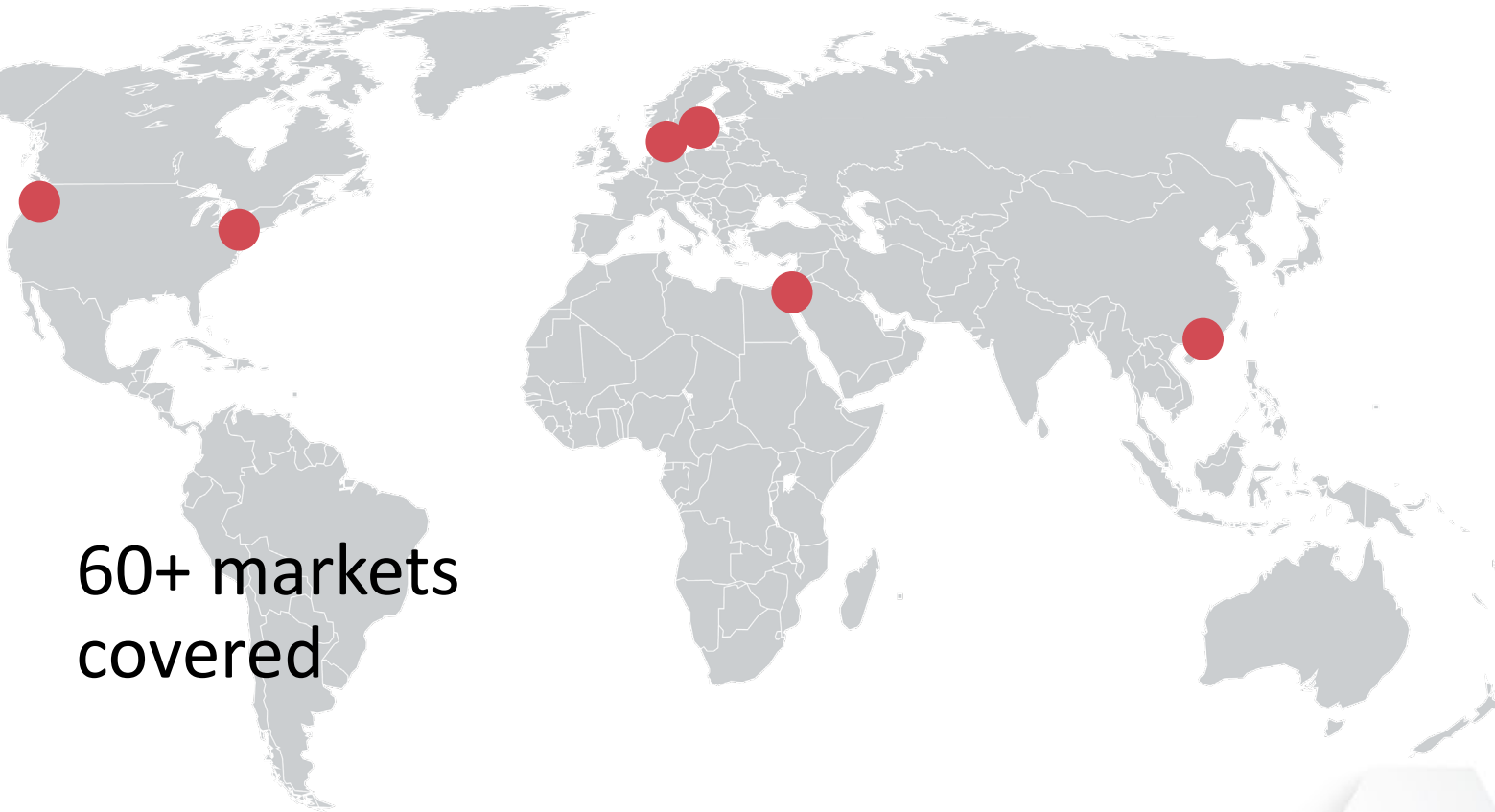
Q3 2023 (Q3 2022)

- Gross margin 69% (67). Increased share of license revenues (26 vs 20%) had a positive effect. Vs Q2: product mix favorable and ASP higher, good dev projects.
- Sales: costs in line with Q2.
- Admin: costs in line with Q2.
- R&D: costs lower – more activated costs and more dev rev's which moves costs to cogs.
- Other: options program SEKm -3.4 (-2.1).
- EBIT SEKm 50.7 (42.7).

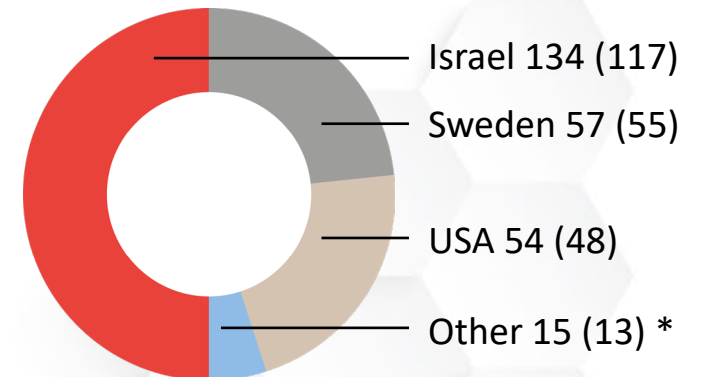
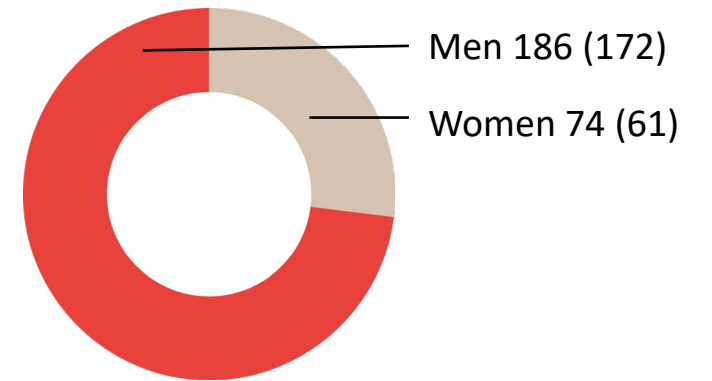


ORGANIZATION

No of employees at end of period: 260 (233)



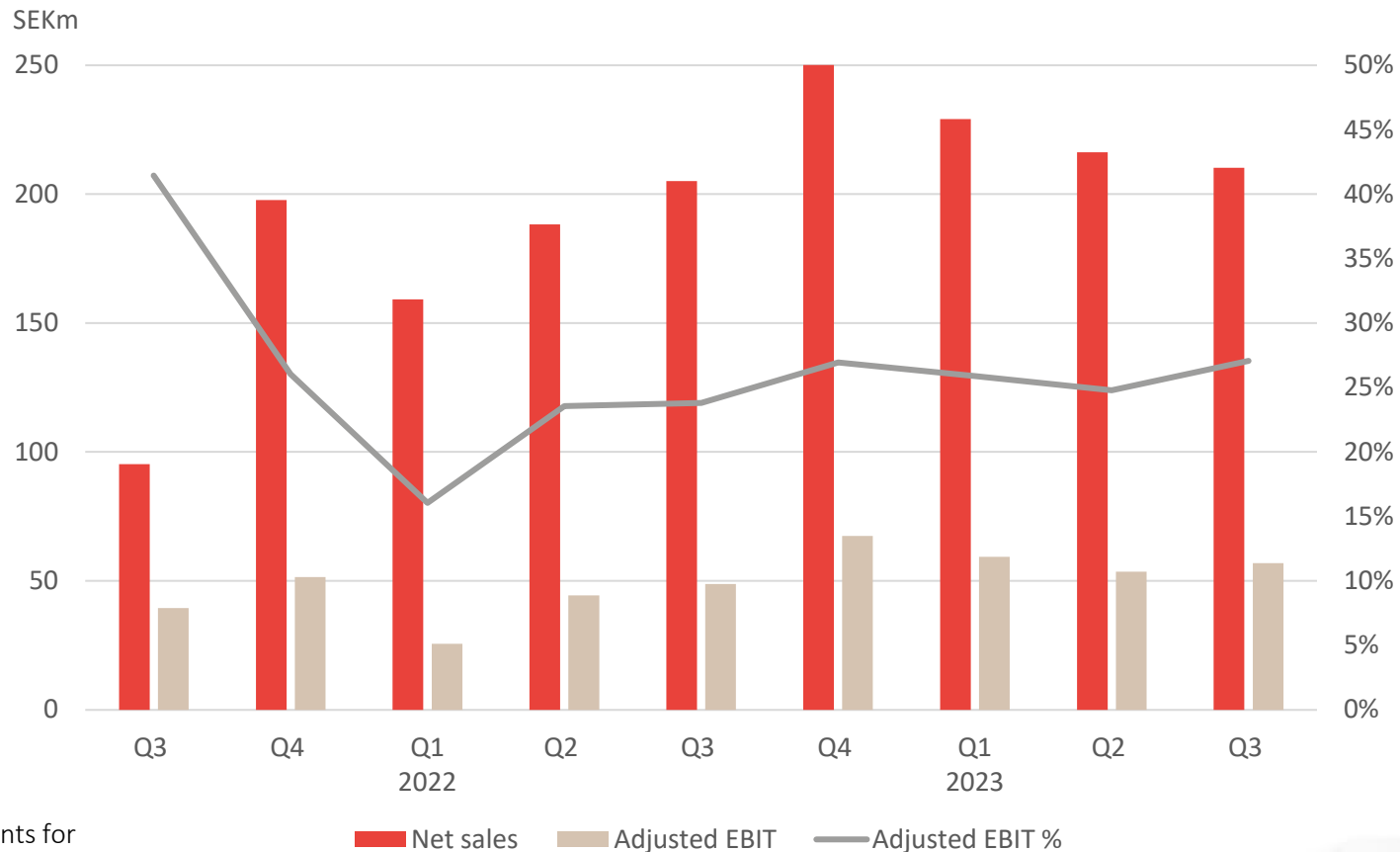
● Offices / Development sites



* Other: China, Germany, France, Poland, Great Britain, Greece, Canada and Costa Rica.



ADJUSTED EBIT



Adjustments for acquisition related costs:

*Q1 2021, SEK 6.0 m

*Q3 2021, SEK 21.8 m

*Q4 2021, SEK 0.5 m

Q3:

- Adjusted EBIT SEKm 56.9 (48.8), margin 27% (24).

YTD:

- Adjusted EBIT SEKm 169.8 (118.7), margin 26% (21).

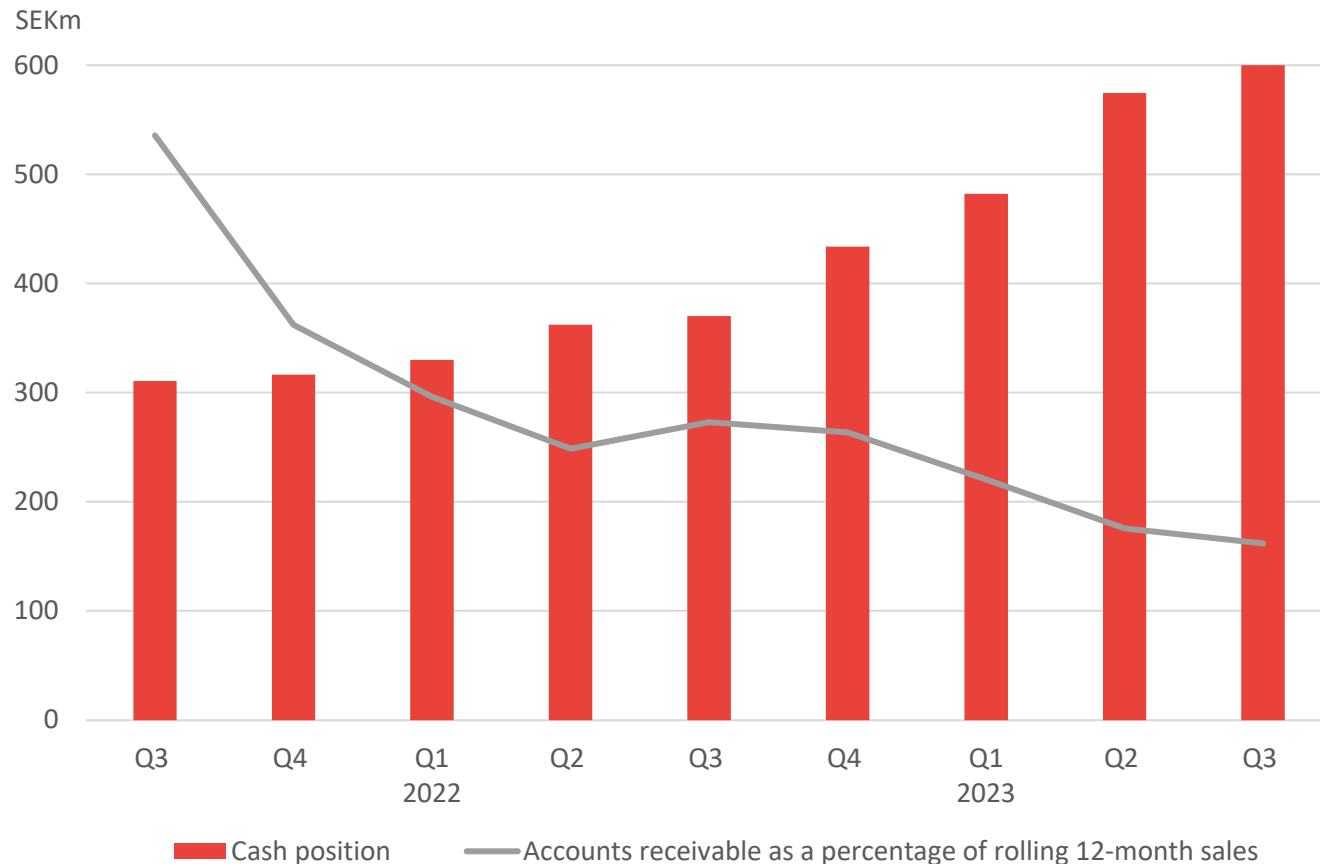


FINANCE NET AND TAXES

- Finance net for the quarter SEKm 1.7 (-9.0). Interest on bank balances, revaluation of internal loan receivables/liabilities towards subsidiaries, IFRS16 effect and revaluation of remaining contingent consideration on Mimic acquisition.
- Taxes affected by NOL carryforwards in Sweden and the US.
- Net result for the quarter SEKm 47.4 (28.5).



CASH FLOW – A/R continued to decrease



- Cash flow from operating activities SEKm 53.1 (9.5). Change in working capital SEKm -15.0 (-41.2). Inventory and A/R decreased, short-term liabilities also decreased.
- Cash flow from investing activities mainly investments in development costs.
- Cash flow from financing activities SEKm primarily IFRS16.
- Cash at end of period SEKm 606.1 (370.1).
- A/R as % of sales LTM decreasing trend.

Thank you

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