YEAR-END REPORT 1 JANUARY – 31 DECEMBER 2024

- Significant result and cash flow improvements
- Distribution agreement with Joint Operations for several European markets
- First sales through the Johnson & Johnson distributor network

"We hereby conclude the year 2024, a year in which we have made great progress. We have delivered on a significant part of our cost savings program. In the fourth quarter of 2024, we improved operating cash flow by SEK 7.6m to SEK -12.9m, a development I am very happy about. During 2024, we delivered on a substantial part of our cost reduction program, and we are now seeing a clearly improved trend, while also increasing sales and taking significant steps in the US. The first sale through Johnson & Johnson's distributor network has now taken place, and in Europe we are taking a big step through our recently signed agreement with Joint Operations for several European countries. Finally, we believe that we are in the absolute final phase of our 510(k) process for our big toe implant in the US. All in all, there is a high level of activity, and we look forward to 2025 with confidence", says Pål Ryfors, CEO Episurf Medical.

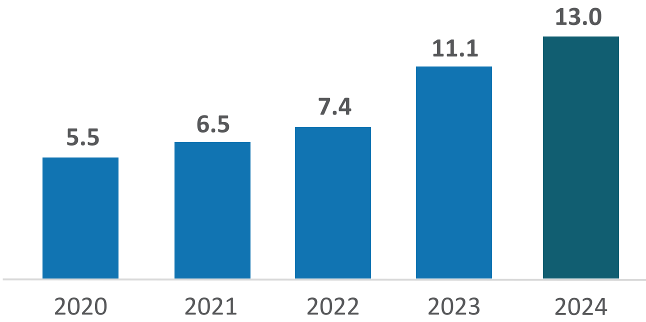
Fourth quarter 2024 compared to 2023, Group

» Gross order intake amounted to SEK 3.1m (3.1)
» Group net sales amounted to SEK 3.4m (3.0)
» Order book amounted to SEK 2.4m (3.1)
» Loss for the period amounted to SEK -18.1m (-21.9)
» Earnings per share amounted to SEK -0.03 (-0.07)

Twelve months 2024 compared to 2023, Group

» Gross order intake amounted to SEK 13.0m (11.1)
» Group net sales amounted to SEK 13.0m (10.3)
» Loss for the year amounted to SEK -76.0m (-94.8)
» Earnings per share amounted to SEK -0.15 (-0.30)

Gross order intake (mSEK)



Significant events during the fourth quarter 2024

» US VAC permissions granted for Episurf Medical
» Seven new patent approvals for Episurf Medical

Significant events during previous quarters 2024

» Results from up to 10 years follow-up of Episealer® patients were accepted for presentation
» Episurf Medical has carried out a rights issue which incl. issue guarantees were subscribed to 75.0% and the company received SEK 90m before issue costs
» Episurf Medical has entered into four distribution agreements with exclusive distributors of DePuy Synthes, the orthopaedic arm of the Johnson & Johnson Group, for several US states
» Update on 510(k) application for big toe implant
» Niles Noblitt, through Sacajo Investments LLC, made investment in Episurf through an arrangement with CEO Pål Ryfors
» Episealer® technology was presented at international scientific congress

Significant events after the quarter

» Episurf Medical has announced that a response to the US FDA, addressing a request for additional infor mation on the company's Episealer® MTP implant, has been filed
» Episurf Medical enters into a distribution agreement for several European countries with Joint Operations Ltd

Dear shareholders,

We hereby conclude the year 2024, a year in which we have made great progress. We delivered on a substantial part of our cost saving program. In the fourth quarter of 2024, we improved operating cash flow by SEK 7.6m to SEK -12.9m, a development I am very happy about. We are now seeing a clearly improved trend, while also increasing sales and taking significant steps in the US.

Below I outline a number of important milestones within our various markets.

In the USA, we continue to see great interest in our knee implant Episealer® Patellofemoral System. Proof of this is that we recently saw the first sales through Johnson & Johnson-linked distributors. We have built a strong distributor network which we continue to expand. We have received VAC approval from some of America's most prominent hospitals, which demonstrates the interest orthopaedic surgeons are showing in our technology. In the US, we face a significantly better price picture than in our other markets, and we are now seeing increasing activity in our distributor network. In the US, we showed an increase in order intake of 93% during 2024, of course from very low levels. But given that this was our first full year with a product in the US market and given that we also spent a lot of time establishing a sales network and obtaining VAC approvals, we think we are on the right track.

Within our product development activities, the focus has been entirely directed towards the FDA application for our big toe implant Episealer MTP-System. We recently announced that we have submitted a comprehensive response letter to the FDA, and we are working closely with the FDA with the hope of obtaining a 510 clearance as soon as possible. We have worked with prominent orthopaedic surgeons, and we truly feel that they look forward to adding our product to their treatment arsenal.

Another near-term milestone is the signing of distributor agreements with Joint Operations in Germany, England, Austria and Ireland. It must also be said that it is highly likely that additional countries will be added to this collaboration. In recent years, we have increasingly switched to distributor sales to the advantage of directly employed salespeople. This means a significantly greater reach, while at the same time our cost base decreases. It has been a necessity to have directly employed salespeople during the first phase of establishing our technology in the market, but in recent years it has become increasingly clear that we are ripe for a distributor model. This change has meant that we have greatly reduced the size of our own sales organization, a change that obviously affected sales negatively in the short term, but in the latter part of 2024 things started to look increasingly better. The agreement with Joint Operations is absolutely the right step for us.

We have communicated goals of reaching annual sales of SEK 150-200m in the medium term, at which point we expect to be cash flow positive. In a calculation example, you can count on us having to double the order intake and sales every year for this to happen. We are now focusing fully on giving ourselves the prerequisites for this, which will be based on the following strategies:

- Continue to grow the knee business in the US through a steadily growing distributor network, with the goal of having national coverage.
- Successfully launch the Episealer® MTP implant in the US market and develop an extensive sales network, either through distributors or a partner.
- Continue to grow the non-American business, now with Joint Operations as the main sales partner.

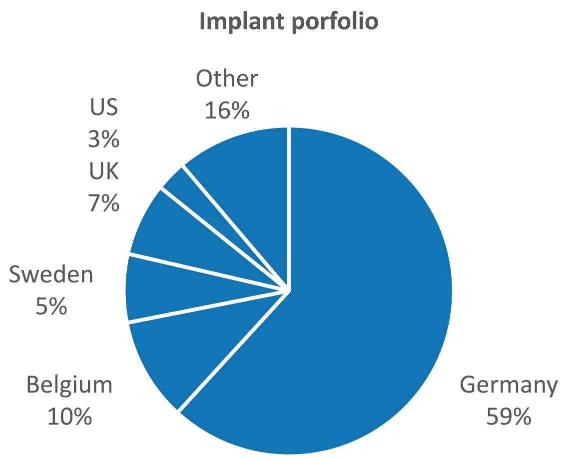
Year-to-date 2025 as of the reporting date, we are growing by 45%, and we believe the initiatives above represent opportunities that can bridge us to a growth rate of 100% which we need. Hence, continued delivery of the above is of utmost importance. I am happy that in 2024 we significantly reduced our expenses, and the cooperation with Joint Operations will mean further cost improvements, above all from 2026 onwards. During the year, the paused EPIC-knee study has generated expenses of SEK 8m, and we expect a significant reduction of this item during 2025. We have global reach with a clinically highly successful technology, and now the full focus is on achieving commercial success as well.

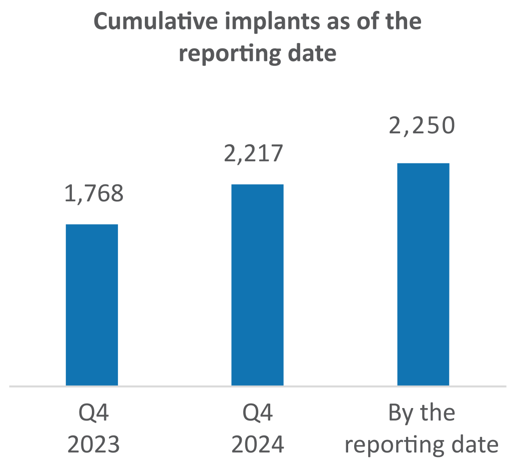
Stockholm, February 2025

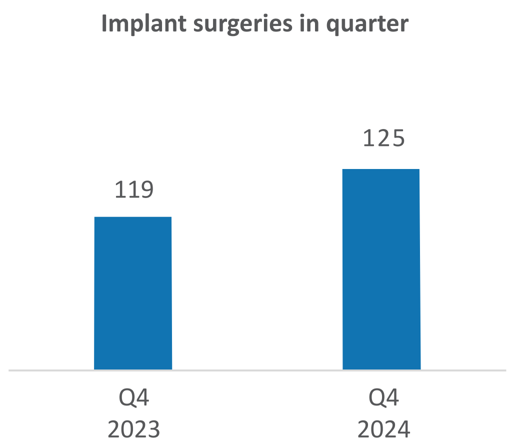
Pål Ryfors CEO

BUSINESS UPDATE AND FORWARD-LOOKING STATEMENTS

By the reporting date on February 5, 2024, Episurf Medical's implants had been used in 2,250 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 2,250 implants, several patients have now had their implants between 5 and 11 years since the surgery date. During the fourth quarter, 125 surgeries were performed with the Episealer® implant. 108 orders were approved for surgery during the fourth quarter.







FINANCIAL INFORMATION

Group

Net sales and operating profit/loss
Group net sales amounted to SEK 3.4m (3.0) in the quarter and SEK 13.0m (10.3) for the year. Loss before tax amounted to SEK -18.2m (-21.8) for the quarter and SEK -76.0m (-94.6) for the year. Other expenses, which for example includes expenses for clinical trials, marketing and product development, amounted to SEK -9.0m (-14.7) in the quarter and SEK -42.5m (-54.3) for the year.

Cash flow and financial position
Group cash and cash equivalents at end of period amounted to SEK 50.5m (57.9). The improved cash flow compared to the corresponding quarter last year is primarily due to the restructuring measures taken by the company. The board works continuously to evaluate various financing alternatives to ensure the continued operation of the business. The company has within the next twelve months additional financing needs that have not yet been secured but 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 equity ratio was 85.7% (81.0). Group investments in intangible assets amounted to SEK -2.6m (-1.5) for the quarter of which SEK -2.3m (-1.3) are related to capitalised development costs, and for the year investments in intangible assets amounted to SEK -7.6m (-9.5) of which SEK -5.3m (-8.3) 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 2024 or 2023.

Parent company
The parent company's loss before tax amounted to SEK -12.6m (-12.6) for the quarter and SEK -201.7m (-131.8) for the year. During the year, the parent company has written-down the value of shares in group companies by SEK -150.0m (-81.2).

Human resources
Number of employees in the Group at end of the period was 27 (28).

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).

Rights Issue
Episurf Medical has carried out a rights issue, which was subscribed to approx. 58% with the support of unit rights. 17.2% was allocated to the parties who provided underwriting guarantees, whereby the preferential issue was subscribed to a total of approx. 75.0%. The company thus received approximately SEK 90m before issue costs. The rights issue meant that 375,662,430 new B shares were issued and 150,264,972 warrants of series TO13B. The subscription period for the TO13 B warrants is February 10–24, 2025; upon full utilization, the company will receive an additional SEK 36m. Given the current market price, it is unlikely that any part will be used.

In connection with the completed rights issue, guarantors had the opportunity to receive guarantee compensation in the form of units consisting of newly issued B shares and warrants of series TO13B instead of cash compensation. The guarantors were awarded shares and warrants that corresponded to a total value of approximately SEK 2.1m, which corresponds to 583,331 units consisting of 8,749,965 B shares and 3,499,986 warrants of series TO13 B. Upon full subscription of the warrants, the company will be provided with SEK 0.8m. The cash part of the guarantee compensation amounted to approximately SEK 7.0m.

Through the above transactions, the number of shares has increased from 267,065,447 to 651,477,842, divided into 473,357 A shares and 651,004,485 B shares. The total number of outstanding warrants of series TO13 B is 153,764,958. See more information about the transaction on the company's website.

Warrants and employee stock options
For more information about staff option programs, see Episurfs Annual Report 2023 note 9 and note 4 below.

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.

Changes related to general economic and political conditions
The situation in Ukraine entails risks of 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 escalated conflict in Israel and Gaza since 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.

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 2024	
A-shares	473,357
B-shares	651,004,485
Total number of shares	651,477,842
Total number of votes	652,424,556

The following table notes the ten largest shareholders based on information available as of December 31, 2024

Name	No, Of A-shares	No. Of B-shares	Share capital in %	Voting rights %
Health Runner AB (Ilija Batljan)	-	69 771 096	10,7	10,7
Sebastian Jahreskog	-	37 512 638	5,8	5,7
Fjärde AP-Fonden	-	36 044 386	5,5	5,5
Pål Ryfors (vd)	-	17 533 095	2,7	2,7
Niles Noblitt	-	14 691 811	2,3	2,3
Ålandsbanken Abp (Finland), svensk filial	-	12 685 302	1,9	1,9
Nowo Fund	-	10 656 724	1,6	1,6
Tredje AP-Fonden	-	9 980 000	1,5	1,5
Per Nyve	-	9 673 471	1,5	1,5
LMK Forward AB	-	8 552 947	1,3	1,3
Total, 10 largest shareholders	**-**	**227 101 470**	**34,9**	**34,8**
Summary, other	**473 357**	**423 903 015**	**65,1**	**65,2**
Total	**473 357**	**651 004 485**	**100,0**	**100,0**

*Pål Ryfors (CEO) owns 17,533,095 B-shares (8,006,925 personally and 9,526,170 subject to a call and put option to Niles Noblitt's trust Sacajo Investments LLC)

Episurf Medical's strategy rests on four key pillars:

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

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, 4 February 2024

Ulf Grunander
Board chairman

Annette Brodin Rampe
Board member

Christian Krüeger
Board member

Leif Ryd
Board member

Laura Shunk
Board member

Jess Lonner
Board member

Pål Ryfors
CEO

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

CONSOLIDATED INCOME STATEMENT

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating income					
Net sales	2	3,4	3,0	13,0	10,3
Capitalised development expenditure		2,6	1,5	7,6	9,5
Other operating income		0,1	0,2	0,1	0,3
Total income		**6,0**	**4,6**	**20,7**	**20,1**
Operating expenses					
Merchandise		-2,4	-2,3	-9,9	-7,3
Other expenses	3	-9,0	-14,7	-42,5	-54,3
Personnel costs	4	-11,1	-9,3	-36,5	-46,6
Depreciation and write-down of equipment and non-current assets		-2,4	-2,3	-9,0	-8,7
Total operating expenses		**-25,0**	**-28,7**	**-97,9**	**-116,9**
Operating loss		**-19,0**	**-24,0**	**-77,2**	**-96,7**
Financial items					
Financial income, other		1,0	2,6	2,2	3,1
Financial expenses, other		-0,2	-0,3	-1,0	-0,9
Results from net financial items		**0,8**	**2,3**	**1,3**	**2,2**
Loss before tax		**-18,2**	**-21,8**	**-76,0**	**-94,6**
Tax on income for the period		0,1	-0,1	-0,1	-0,3
Loss for the period		**-18,1**	**-21,9**	**-76,0**	**-94,8**
Net loss attributable to:					
Parent company shareholders		-18,1	-21,9	-76,0	-94,8
Earnings per share before and after dilution, SEK		-0,03	-0,07	-0,15	-0,30
Average number of shares		651 477 842	314 265 553	494 825 276	314 185 370
Average number of shares after dilution		651 477 842	314 265 553	494 825 276	314 185 370

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net profit (loss)		**-18,1**	**-21,9**	**-76,0**	**-94,8**
Other comprehensive income for the period:					
Other comprehensive income that may be reclassified subsequently to profit or loss for the period, net of tax		0,2	-0,1	0,2	-0,1
Total comprehensive income (loss) for the period		**-17,9**	**-22,0**	**-75,9**	**-94,9**
The period's loss and comprehensive income attributable to					
Owners of the parent		-17,9	-22,0	-75,9	-94,9

CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalised development costs	5	23,9	21,5
Patents	5	11,4	12,2
Total intangible fixed assets		**35,2**	**33,7**
Equipment and right-of use asset			
Right-of-use assets		2,8	5,6
Equipment		0,0	0,0
Total equipment and right-of-use asset		**2,8**	**5,6**
Total non-current assets		**38,0**	**39,3**
Current assets			
Inventories		3,2	3,7
Trade receivables		2,2	1,4
Other receivables		1,3	0,5
Deferred expenses and accrued income		2,6	1,5
Cash		50,5	57,9
Total current assets		**59,7**	**65,0**
TOTAL ASSETS		**97,8**	**104,3**

CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity		**83,8**	**84,5**
Liabilities			
Non-current liabilities			
Non-current liabilities		0,0	0,2
Non-current lease liability		0,0	2,3
Total long-term liabilities		**0,0**	**2,4**
Current liabilities			
Trade payables		3,2	6,1
Current lease liability		2,3	2,9
Other liabilities		1,6	1,9
Accrued liabilities and deferred income		6,7	6,4
Total current liabilities		**13,9**	**17,4**
Total liabilities		**13,9**	**19,8**
TOTAL EQUITY AND LIABILITIES		**97,8**	**104,3**
Equity ratio		85,7%	81,0%
Equity per share, SEK		0,13	0,32

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent				
mSEK	**Share capital**	**Other contributed capital**	**Reserves**	**Accumulated deficit incl. loss for the year**	**Total equity**
Opening equity January 1, 2023	**80,1**	**684,8**	**-0,2**	**-587,0**	**177,7**
Total comprehensive income for the year				-94,8	-94,8
Other comprehensive income			-0,1		-0,1
Total comprehensive income			**-0,1**	**-94,8**	**-94,9**
Transactions with shareholders					
Conversion warrants, net after issue expenses*	0,0			0,2	0,2
Warrants issued to staff				1,5	1,5
Total transactions with shareholders	**0,0**	**0,0**		**1,7**	**1,7**
Closing equity December 31, 2023	**80,2**	**684,8**	**-0,3**	**-680,2**	**84,5**
Opening equity January 1, 2024	**80,2**	**684,8**	**-0,3**	**-680,2**	**84,5**
Total comprehensive income for the year				-76,0	-76,0
Other comprehensive income			0,2		0,2
Total comprehensive income			**0,2**	**-76,0**	**-75,9**
Transactions with shareholders					
Adjustment conversion warrants, net after issue expenses		0,2		-0,2	-
New share issue, net after issue expenses **	5,4	68,6			74,0
Reduction of share capital	-79,1	79,1			-
Warrants issued to staff				1,2	1,2
Total transactions with shareholders	**-73,7**	**147,8**		**1,0**	**75,2**
Closing equity December 31, 2024	**6,5**	**832,6**	**-0,1**	**-755,2**	**83,8**

* Expenses amounts to SEK 0.0m.

** Issue expenses amounts to SEK 16.2m.

CONSOLIDATED CASH FLOW STATEMENT

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating activities					
Operating loss		-19,0	-24,0	-77,2	-96,7
Adjustments for items not included in cash flow					
Depreciation		2,4	2,3	9,0	8,7
Employee stock option expenses		0,2	0,2	1,0	0,7
Interest received		1,0	2,1	2,2	2,3
Interest paid		-0,2	-0,1	-1,0	-0,6
Cash flow from current operations before change in working capital		**-15,6**	**-19,5**	**-65,9**	**-85,6**
Change in working capital					
Decrease/increase in inventory		0,1	-1,2	0,5	-1,8
Decrease/increase in trade receivables		0,5	0,5	-0,8	0,4
Decrease/increase in current receivables		-1,1	0,4	-1,8	-0,0
Decrease/increase in current liabilities		3,2	-0,7	-3,3	2,2
Change in working capital		**2,7**	**-0,9**	**-5,5**	**0,7**
Cash flow from operating activities		**-12,9**	**-20,5**	**-71,4**	**-84,8**
Investing activities					
Investments of intangible fixed assets		-2,6	-1,5	-7,6	-9,5
Investments of tangible fixed assets		-	-	-	-0,0
Cash flow from investing activities		**-2,6**	**-1,5**	**-7,6**	**-9,5**
Financing activities					
Amortisation of lease debt		-0,8	-0,8	-2,4	-3,2
Issuance of share options		-	-	-	0,2
New share issue		-0,0	-	74,0	-
Cash flow from financing activities		**-0,8**	**-0,8**	**71,6**	**-3,0**
Cash flow for the period		**-16,3**	**-22,7**	**-7,4**	**-97,4**
Cash and cash equivalents at beginning of period		66,8	80,7	57,9	155,3
Cash and cash equivalents at end of period		**50,5**	**57,9**	**50,5**	**57,9**

INCOME STATEMENT, PARENT COMPANY

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Operating income					
Net sales		0,3	0,3	1,2	1,1
Capitalised development expenditure		2,3	1,3	5,3	8,3
Total income		**2,6**	**1,6**	**6,5**	**9,4**
Operating costs					
Other external expenses		-7,4	-10,0	-33,4	-37,6
Personnel costs		-7,9	-5,6	-23,1	-22,0
Amortisation of intangible assets and depreciation of property, plant and equipment		-0,7	-0,8	-3,0	-2,7
Total operating costs		**-16,0**	**-16,4**	**-59,4**	**-62,3**
Operating loss		**-13,4**	**-14,8**	**-52,9**	**-52,9**
Financial items					
Write-downs of financial fixed assets and short-term investments		-	-	-150,0	-81,2
Financial income, other		0,8	2,2	1,3	2,3
Financial expenses, other		-0,1	-	-0,2	-0,0
Results from net financial items		**0,7**	**2,2**	**-148,9**	**-78,9**
Loss before tax		**-12,6**	**-12,6**	**-201,7**	**-131,8**
Tax on income for the period		-	-	-	-
Loss at end of the period		**-12,6**	**-12,6**	**-201,7**	**-131,8**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Net profit		**-12,6**	**-12,6**	**-201,7**	**-131,8**
Other comprehensive income for the period:					
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		**-12,6**	**-12,6**	**-201,7**	**-131,8**

CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised development costs	5	23,9	21,5
Total intangible fixed assets		**23,9**	**21,5**
Financial assets			
Shares in group companies		66,0	202,0
Long-term receivables from group companies		17,2	22,7
Total financial assets		**83,2**	**224,7**
Total fixed assets		**107,0**	**246,2**
Current assets			
Short term receivables			
Trade receivables		-	-
Other receivables		0,1	0,2
Prepaid expenses and accrued income		1,5	0,9
Total short term receivables		**1,6**	**1,1**
Cash		43,7	42,3
Total current assets		**45,3**	**43,5**
TOTAL ASSETS		**152,3**	**289,6**

CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity		**143,6**	**271,3**
Liabilities			
Non-current liabilities			
Non-current liabilities to group companies		0,6	8,9
Total long-term liabilities		**0,6**	**8,9**
Current liabilities			
Trade payables		1,6	3,3
Other liabilities		0,8	0,8
Accrued liabilities and deferred income		5,8	5,4
Total current liabilities		**8,2**	**9,5**
Total liabilities		**8,8**	**18,4**
TOTAL EQUITY AND LIABILITIES		**152,3**	**289,6**

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

mSEK	Share capital	Development fund	Share premium reserve	Loss brought forward	Loss for the period	Total equity
Opening equity January 1, 2023	**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		-
Total comprehensive loss for the period		**5,6**		**-47,6**	**-89,8**	**-131,8**
Transactions with shareholders						
Conversion warrants, net after issue expenses*	0,0		0,2			0,2
Total transactions with shareholders	**0,0**		**0,2**			**0,2**
Closing equity December 31, 2023	**80,2**	**21,5**	**684,1**	**-382,7**	**-131,8**	**271,3**
Opening equity January 1, 2024	**80,2**	**21,5**	**684,1**	**-382,7**	**-131,8**	**271,3**
Loss for the year					-201,7	-201,7
Disposition according to AGM						
Loss brought forward				-131,8	131,8	-
Development fund		2,4		-2,4		-
Total comprehensive loss for the period		**2,4**		**-134,1**	**-70,0**	**-201,7**
Transactions with shareholders						
New share issue, net after issue expenses **	5,4		68,6			74,0
Reduction of share capital	-79,1		79,1			-
Total transactions with shareholders	**-73,7**		**147,7**			**74,0**
Closing equity December 31, 2024	**6,5**	**23,9**	**831,7**	**-516,8**	**-201,7**	**143,6**

* Expenses amounts to SEK 0.0m.

** Issue expenses amounts to SEK 16.2m.

CASH FLOW STATEMENT, PARENT COMPANY

mSEK	Note	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Current operations					
Operating loss		-13,4	-14,8	-52,9	-52,9
Adjustments for items not included in cash flow					
Depreciation		0,7	0,8	3,0	2,7
Interest received		0,8	2,2	1,3	2,3
Interest paid		-0,1	-	-0,2	-0,0
Cash flow from current activities before changes in working capital		**-11,9**	**-11,8**	**-48,8**	**-47,8**
Changes in working capital					
Decrease/increase in current receivables		0,3	0,2	-0,2	0,2
Decrease/increase in current liabilities		2,2	0,9	-1,1	0,8
Total changes in working capital		**2,5**	**1,1**	**-1,2**	**1,0**
Cash flow from operating activities		**-9,4**	**-10,7**	**-50,0**	**-46,8**
Cash flow from investing activities					
Acquisition of intangible assets		-2,3	-1,3	-5,3	-8,3
Shareholder contribution		-6,0	-2,0	-14,0	-27,0
Repaid group companies		32,0	2,6	43,6	7,6
Loan group companies		-29,6	-4,5	-46,9	-7,0
Cash flow from investing activities		**-5,9**	**-5,2**	**-22,6**	**-34,7**
Cash flow from financing activities					
Raised loans group companies		-	1,0	-	2,0
Amortisation debt group companies		-	-8,5	-	-20,5
New share issue		-0,0	-	74,0	-
Conversion warrants		-	-	-	0,2
Cash flow from financing activities		**-0,0**	**-7,5**	**74,0**	**-18,3**
Cash flow for the period		**-15,3**	**-23,4**	**1,4**	**-99,8**
Cash and cash equivalents at beginning of period		59,1	65,7	42,3	142,2
Cash and cash equivalents at end of period		**43,7**	**42,3**	**43,7**	**42,3**

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 parent company has prepared its year-end report in accordance with the Annual Accounts Act and the Swedish Financial Reporting Council's recommendation RFR 2 Accounting for legal entities.

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 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Germany	1,7	1,4	6,1	6,1
US	0,7	0,3	2,7	0,4
Nordic	0,2	0,3	0,6	0,7
Other countries in Europe	0,6	0,8	3,2	2,8
Other countries outside of Europe	0,1	0,1	0,3	0,4
Total net sales	**3,4**	**3,0**	**13,0**	**10,3**

Note 3 Other expenses

mSEK	Oct-Dec 2024	Oct-Dec 2023	Jan-Dec 2024	Jan-Dec 2023
Product development	2,9	1,4	7,6	8,4
Patent costs	0,2	0,4	2,2	1,5
Costs for clinical studies	1,1	2,9	8,8	9,2
Sales and marketing costs	2,4	6,0	11,9	21,4
Other expenses	2,4	4,1	12,0	13,8
Total other expenses	**9,0**	**14,7**	**42,5**	**54,3**

Note 4 Changes in outstanding stock options

Changes in outstanding stock options of series 2023/2026	31 Dec 2024	31 Dec 2023
Opening balance	2 479 537	-
Granted	-	3 813 109
Expired	-60 702	-1 333 572
Amount at end of period	**2 418 835**	**2 479 537**

Changes in outstanding stock options of series 2022/2025	31 Dec 2024	31 Dec 2023
Opening balance	1 456 340	1 817 887
Expired	-	-361 547
Amount at end of period	**1 456 340**	**1 456 340**

Changes in outstanding stock options of series 2021/2024	31 Dec 2024	31 Dec 2023
Opening balance	2 256 503	2 443 877
Expired	-	-187 374
Amount at end of period	**2 256 503**	**2 256 503**

Changes in outstanding stock options of series 2020/2023	31 Dec 2024	31 Dec 2023
Opening balance	4 445 747	4 859 375
Expired	-4 445 747	-413 628
Amount at end of period	**-**	**4 445 747**

Note 5 Intangible assets

Patents, mSEK	31 Dec 2024	31 Dec 2023
Opening cost	38,9	37,7
Purchases	2,3	1,2
Sales and disposals	-0,7	0,0
Closing accumulated cost	**40,5**	**38,9**
Opening depreciation	-26,7	-24,1
The period's depreciation	-2,4	-2,6
Sales and disposals	0,0	0,0
Closing accumulated depreciation	**-29,1**	**-26,7**
Closing carrying amount	**11,4**	**12,2**

Development expenses, mSEK	31 Dec 2024	31 Dec 2023
Closing cost	37,5	29,2
The period's capitalisation	5,3	8,3
Closing accumulated cost	**42,9**	**37,5**
Opening depreciation	-16,1	-13,4
The period's depreciation	-3,0	-2,7
Closing accumulated depreciation	**-19,0**	**-16,1**
Closing carrying amount	**23,9**	**21,5**
Closing carrying amount, patents and development expenses	**35,2**	**33,7**

DEFINITIONS

General:	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.
Net debt/equity ratio:	Net debt at the end of the period divided by equity at the end of the period.

GLOSSARY

Approved orders:	Orders which have been approved for surgery, are in production and will be invoiced.
Arthritis:	See Osteoarthritis.
Arthroscopy:	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).
Cartilage:	Shock absorbing and friction reducing tissue. This tissue that covers the end of bones and allows movement with low friction.
Cartilage defect of grade III (ICRS scale):	Lesion through the cartilage, exposing the bone.
Cartilage defect of grade IV (ICRS scale):	Defect extending down to >50% of the cartilage depth.
CE marking:	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.
Clinical results:	Outcome from clinical treatment of humans, where parameters such as efficacy and safety are evaluated.
Cobalt chrome:	A metal alloy mainly consisting of cobalt and chromium, commonly occurring in metal alloys used in knee prostheses.
Debridement:	Removal of damaged tissue.
Degenerative origin:	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.
ESSKA:	European Society of Sports Traumatology, Knee Surgery & Arthroscopy.
FDA:	US Food and Drug Administration.
Focal cartilage defect:	A cartilage defect in a well-defined area.
Femoral condyles:	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).
Gross order intake:	Gross order intake represents the aggregated value of Episealer® orders received and approved by responsible surgeon during the relevant period.

Hydroxyapatite:	A mineral that is the major component of human bone tissue and the main mineral of dental enamel and dentin.
Invasive treatment alternative:	Treatments that require a surgical procedure.
Micro fracturing:	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.
MRI:	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.
MTP:	Short for metatarsophalangeal, refers to relations between the metatarsal bones and the proximal phalanges (toe bones) of the toes.
OA:	See osteoarthritis.
Order book:	Order book represents all orders that have been booked but where no revenue has been recognised.
Orthopaedics:	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.
Osteoarthritis:	A type of joint disease that is characterised by loss of joint function with varying destruction of joint cartilage and the underlying bone.
Osteochondral defect:	Cartilage and underlying bone defect.
Patellofemoral:	Refers to relations between the patella (knee cap) and femur (thighbone) in the knee.
Prosthesis:	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.
Reimbursement:	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.
Talus:	A foot bone constituting a part of the ankle joint. Also referred to as astragalus and ankle bone.
TKA:	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).
Traumatic damage:	Damage caused by an outside force, such as fall injuries.
The trochlea area:	The part of the knee joint that is right under the knee-cap, part of the femur (thigh bone).
UKA:	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 µiFidelity® 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 two types of knee implants on the market
» Episealer® Knee (comprising Episealer® Condyle Solo, Episealer® Trochlea Solo and Episealer® Femoral Twin) for the treatment of localised cartilage and underlying bone defects on the femoral condyles and in the trochlea area of the knee joint.
» Episealer® Patellofemoral System for the treatment of isolated osteoarthritis of the patellofemoral joint.

Episealer®
Condyle Solo

Episealer®
Trochlea Solo

Episealer®
Femoral Twin

Episealer®
Patellofemoral System

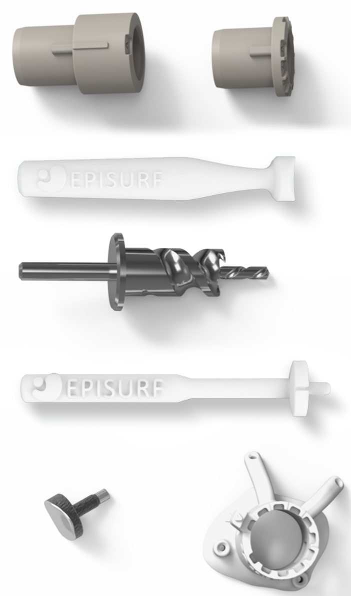
Episealer® Talus

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. 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, and to date, more than 2,000 surgeries have 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 2024	**6 March 2025**
AMG 2025	**3 April 2025**
Interim Report January-March 2025	**5 May 2025**
Interim Report April-June 2025	**11 July 2025**
Interim Report July-September 2025	**24 October 2025**
Year-end Report 2025	**6 February 2026**

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 interim report takes precedence. The information was submitted for publication, through the agency of the contact person set out below, on February 5, 2024 at 08.30 (CET).

2025 Annual General Meeting

Episurf Medicals Annual General Meeting will be held on April 3, 2025 in Stockholm, Sweden. Shareholders may contact the Committee with proposals regarding the work of the committee.

Nomination Committee ahead of 2025 Annual General Meeting

In accordance with the decision by the Annual General Meeting, Episurf Medical's Nomination Committee shall consist of four members. The members are selected by the three largest shareholders in the company that wish to participate in the committee. In addition, the Chairman of the Board is to be appointed to the Nomination Committee. The members of the Nomination Committee shall agree on a chairman/woman of the committee. In accordance with the above principles, the Nomination Committee consists of the following four members; Ulf Grunander, (Chairman of the Board Episurf Medical AB), Ilija Batljan, (representing Health Runner AB, Sebastian Jahreskog, Niles Noblitt, (representing Sajaco Investments LLC).

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

IR-contact

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EPISURF Medical

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