

INTERIM REPORT 1 JANUARY – 30 JUNE 2025

- Improved results of SEK 7.0m adjusted for re-structuring provision of SEK 3.1m, with additional cost savings identified
- More than 100% growth in the U.S. customer base and continued expansion of the U.S. distributor network, with a 46% increase in order intake during the first half of the year in the U.S.
- Ongoing establishment of European distribution operations through collaboration with Joint Operations

“During the second quarter, we made significant changes to our operations and announced further measures toward the end of the period. We now have a strong sales partner for our key European markets through Joint Operations, as well as solid representation in several other European countries. Our presence in the U.S. market is growing. During the quarter, we recorded a restructuring provision of SEK 3.1m. We have communicated a target of achieving additional annual cost savings of SEK 20.0m. Adjusted EBIT for Q2 2025 amounted to SEK -14.4m, representing an improvement of 33%, or SEK 7.0m, compared to the same quarter last year. With further savings ahead, we aim to significantly reduce our cost base, which — together with expected sales growth — gives us a solid foundation to continue improving our results and financial position”, says Pål Ryfors, CEO Episurf Medical.

Second quarter 2025 compared to 2024, Group

- » Gross order intake amounted to SEK 3.5m (3.5)
- » Group net sales amounted to SEK 2.9m (3.2)
- » Order book amounted to SEK 2.2m (2.0)
- » Loss for the period amounted to SEK -17.7m (-21.4), including SEK 3.1m re-structuring provision
- » Earnings per share amounted to SEK -0.03 (-0.07)

First six months 2025 compared to 2024, Group

- » Gross order intake amounted to SEK 7.2m (6.2)
- » Group net sales amounted to SEK 6.8m (6.2)
- » Loss for the period amounted to SEK -34.3m (-42.0)
- » Earnings per share amounted to SEK -0.05 (-0.13)

Significant events during the second quarter 2025

- » Episurf Medical has made progress in the FDA process for the Episealer® MTP implant, but certain validation activities remain, and the company is now following the FDA’s guidance with a concrete plan to complete the process

Significant events during previous quarters 2025

- » Episurf Medical announced that the response to the US FDA has been filed and addresses a request for additional information on the company’s Episealer® MTP implant
- » Episurf Medical entered into a distribution agreement for several European countries with Joint Operations Ltd
- » Episurf Medical announced the outcome of the exercise of warrants of series TO13B
- » Episurf Medical announced that CFO Veronica Wallin will leave for a new position

Significant events after the quarter

- » Episurf Medical announced re-structuring initiatives and increased focus towards the US market
- » Episurf Medical announced a rights issue of units of up to approximately SEK 29.4m

Dear shareholders,

During the second quarter, we made significant changes to our operations and announced further measures toward the end of the period. Allow me to provide some background on these developments and share where Episurf stands today.



Small implants at the intersection between biological treatments and traditional prostheses remain an innovative segment within orthopaedics. The number of patients developing osteoarthritis continues to increase globally, and Episurf aims to play an important role in establishing an increasingly effective treatment algorithm for these patients. In fact, we have already made meaningful progress and positioned ourselves as a strong alternative for patients who are too old for biological interventions, yet too young for a total joint replacement. This patient group is notoriously difficult to treat, and both patients and orthopaedic surgeons are actively seeking better options. On this, there is no doubt — and we believe we are well-positioned to continue strengthening our market presence.

Through years of dedicated work, we have established ourselves as a highly effective treatment option for these patients. It has not been easy, but we have come a long way. While several competitors have attempted standardized solutions, our patient-specific Episealer® technology has proven to be a highly effective alternative. We consider ourselves the obvious choice in this segment. This is reflected in thousands of patients treated, high awareness among orthopaedic surgeons, consistent recognition at major clinical congresses and among key opinion leaders, and regulatory access to several markets. In many respects, we have succeeded. Our focus now is to scale the commercial side of our operations to desired levels. Historically, we have worked with direct sales teams, recruited top-tier talent from leading industry players, and built a global distributor network. These efforts have yielded valuable insights, which we are now continuing to build upon.

We still require strong customer diversification — as compared to, for example, a knee prosthesis, our offering is a niche product. This necessitates geographic diversification and a robust distributor network. We must prioritize growth in the U.S. market, the world's single largest orthopaedic market, and we are doing this through our expanding presence in the U.S. We will continue to broaden our product portfolio, as evidenced by our regulatory pipeline, and we must operate with the most efficient organization possible — as reflected in the additional measures we have announced. We have identified further opportunities to reduce our cost base, and we can support our distributors and sales partners with an even more efficient organization. All the above are critical initiatives, and we are fully committed to executing them. We have ambitious yet realistic growth targets, with a growing presence in the US market.

We now have a strong sales partner for our key European markets through Joint Operations, as well as solid representation in several other European countries. Our presence in the U.S. market is growing. During the quarter, we recorded a restructuring provision of SEK 3.1m. We have communicated a target of achieving additional annual cost savings of SEK 20.0m. Adjusted EBIT for Q2 2025 amounted to SEK -14.4m, representing an improvement of 33%, or SEK 7.0m, compared to the same quarter last year. With further savings ahead, we aim to significantly reduce our cost base, which — together with expected sales growth — gives us a solid foundation to continue improving our results and financial position.

In the first half of the year, order intake in the U.S. grew by 46%, while our customer base more than doubled — over 100% growth during the same period — which is currently the single most important metric for us. Based on experience, we know that a growing customer base leads to increased usage, which in turn drives order intake and revenue. As previously communicated, the transition to Joint Operations in Europe has resulted in a period of adjustment, which led to lower activity during the quarter. This was partly due to the phase-out of a competing product from the Joint Operations portfolio.

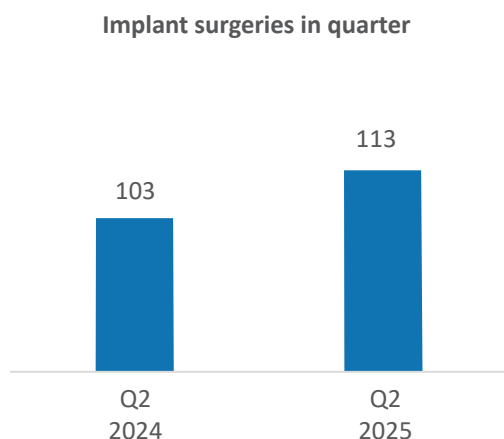
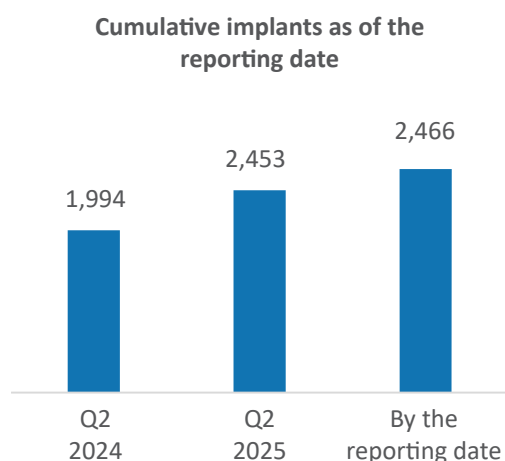
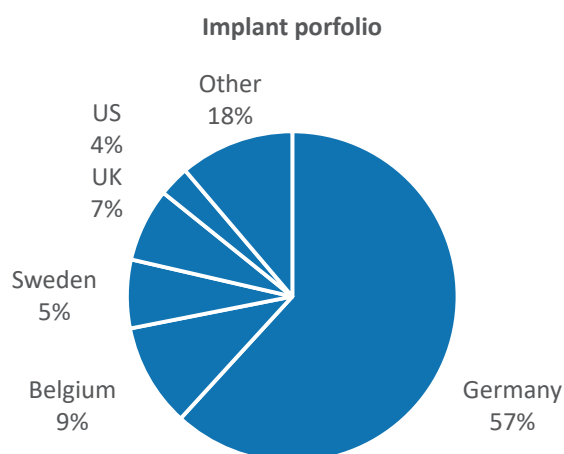
We are laser-focused on taking the next step — evolving into a leaner Episurf with a highly attractive position in the orthopaedic industry.

Stockholm, July 2025

Pål Ryfors CEO

BUSINESS UPDATE AND FORWARD-LOOKING STATEMENTS

By the reporting date on July 11, 2025, Episurf Medical's implants had been used in 2,466 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 2,466 implants, several patients have now had their implants between 5 and 11 years since the surgery date. During the second quarter, 113 surgeries were performed with the Episealer® implant. 117 orders were approved for surgery during the second quarter.



FINANCIAL INFORMATION

Group

Net sales and operating profit/loss

Group net sales amounted to SEK 2.9m (3.2) in the second quarter and SEK 6.8m (6.2) for the first six months. Loss before tax amounted to SEK -17.5m (-21.4) for the quarter and SEK -33.8m (-41.9) for the first six months. Other expenses, which for example includes expenses for clinical trials, marketing and product development, amounted to SEK -7.8m (-13.9) in the quarter and SEK -16.4m (-25.4) for the first six months. During the quarter, the company has booked an accrued one-off cost of SEK -3.1m, which refers to the operational measures that intend to improve the company's financial position and running costs significantly. During the second quarter, the company received SEK 1.0m, recorded as other operating income, as cost coverage from collaboration partners for certain personnel expenses.

Cash flow and financial position

Group cash and cash equivalents at end of period amounted to SEK 15.8m (86.7). The improved cash flow from the operating activities compared to the corresponding quarter last year is primarily due to increased operational focus and cost control. The Board continuously evaluates various financing options to ensure the continued operation of the business. Depending on the outcome of the upcoming share issue, the company assesses that there may be a need for additional financing going forward. It is the Board's assessment that the company is well positioned to secure future funding, for example through a new share issue. The equity ratio was 72.5% (88.1). Group investments in intangible assets amounted to SEK -1.6m (-2.5) for the quarter of which SEK -1.2m (-1.3) are related to capitalised development costs, and for the first six months investments in intangible assets amounted to SEK -3.9m (-3.4) of which SEK -3.4m (-1.9) 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 2025 or 2024.

Parent company

The parent company's loss before tax amounted to SEK -8.6m (-15.0) for the quarter and SEK -18.5m (-27.9) for the first six months.

Human resources

Number of employees in the Group at end of the period was 27 (26).

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 0.3m (0.3).

Planned Rights Issue

Episurf Medical has resolved on a rights issue of units amounting to approximately SEK 29.4m, fully guaranteed through subscription undertakings and guarantee commitments. The proceeds are intended to finance the completion of the FDA process for Episealer® MTP and preparations for commercialization. The subscription period runs from 8 to 22 August 2025. The rights issue is subject to approval at an extraordinary general meeting on 4 August 2025. Upon full exercise of the TO14B series warrants included in the units, the company may receive an additional SEK 14.7m. Further information is available at the company's website.

Rights Issue and warrants TO13B

Rights Issue

In 2024, Episurf Medical carried out a rights issue, raising approximately SEK 90m before issue costs. The issue included 375,662,430 new B-shares and 150,264,972 TO13B series warrants.

Guarantors had the option to receive compensation in the form of units (B-shares and TO13B warrants) instead of cash, amounting to approximately SEK 2.1m. An additional SEK 7.0m was paid in cash. The total number of shares increased from 267,065,447 to 651,477,842.

Warrants TO13B

Between 10 and 24 February 2025, a total of 1,586,850 TO13B warrants were exercised, corresponding to an exercise rate of 1.03%. Each warrant entitled the holder to subscribe for one new B-share at a price of SEK 0.24 per share, raising approximately SEK 381,000 before costs. The total number of shares increased to 653,064,692, consisting of 473,357 A-shares and 652,591,335 B-shares. The dilution effect was approximately 0.24%. Further information is available on the company's website.

Warrants and employee stock options

For more information about staff option programs, see Episurfs Annual Report 2024 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.

During the quarter, new customs regulations were introduced in the United States, affecting the import of certain goods from the EU, including medical devices. It is currently unclear whether Episurf Medical's products are directly impacted, as previous exemptions for this product category can no longer be guaranteed. We are closely monitoring the situation and maintain an ongoing dialogue with our partners in the U.S. At present, our sales have not been significantly affected, but we are analyzing potential consequences and preparing adjustments if necessary.

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 June 2025





A-shares	473,357
B-shares	652,591,335
Total number of shares	653,064,692
Total number of votes	654,011,406

The following table notes the ten largest shareholders based on information available as of June 30, 2025

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	-	42 002 013	6,4	6,4
Fjärde AP-Fonden	-	31 907 386	4,9	4,9
Pål Ryfors	-	17 533 095	2,7	2,7
Ålandsbanken Abp (Finland), svensk filial	-	17 185 302	2,6	2,6
Niles Noblitt	-	14 676 062	2,2	2,2
Per Nyve	-	14 573 077	2,2	2,2
Abanico Invest AB	-	11 700 000	1,8	1,8
Johan Flodström	-	7 364 215	1,1	1,1
Henrik Hedlund	-	7 203 738	1,1	1,1
Total, 10 largest shareholders	-	233 915 984	35,8	35,8
Summary, other	473 357	418 675 351	64,2	64,2
Total	473 357	652 591 335	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:

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

Significant risks and uncertainty factors

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

The Board of Directors and the CEO hereby give their assurance that the 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, 10 July 2025

Ulf Grunander
Board chairman

Annette Brodin Rampe
Board member

Christian Krüeger
Board member

Leif Ryd
Board member

Laura Shunk
Board member

Pål Ryfors
CEO

The information in this interim report has not been reviewed by the company's auditor

CONSOLIDATED INCOME STATEMENT

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Operating income						
Net sales	2	2,9	3,2	6,8	6,2	13,0
Capitalised development expenditure		1,6	2,5	3,9	3,4	7,6
Other operating income		1,0	0,0	1,0	0,0	0,1
Total income		5,5	5,7	11,8	9,7	20,7
Operating expenses						
Merchandise		-2,3	-2,1	-4,9	-4,6	-9,9
Other expenses	3	-7,8	-13,9	-16,4	-25,4	-42,5
Personnel costs	4	-10,6	-8,8	-20,0	-17,3	-36,5
Depreciation and write-down of equipment and non-current assets		-2,3	-2,1	-4,3	-4,3	-9,0
Total operating expenses		-22,9	-27,0	-45,6	-51,6	-97,9
Operating loss		-17,5	-21,3	-33,8	-41,9	-77,2
Financial items						
Financial income, other		0,1	0,2	0,3	0,6	2,2
Financial expenses, other		-0,1	-0,3	-0,3	-0,5	-1,0
Results from net financial items		-0,1	-0,1	-0,0	0,0	1,3
Loss before tax		-17,5	-21,4	-33,8	-41,9	-76,0
Tax on income for the period		-0,2	-0,1	-0,5	-0,1	-0,1
Loss for the period		-17,7	-21,4	-34,3	-42,0	-76,0
Net loss attributable to:						
Parent company shareholders		-17,7	-21,4	-34,3	-42,0	-76,0
Earnings per share before and after dilution, SEK		-0,03	-0,07	-0,05	-0,13	-0,15
Average number of shares		653 064 692	314 265 553	652 503 596	334 710 776	494 825 276
Average number of shares after dilution		653 064 692	314 265 553	652 503 596	334 710 776	494 825 276

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Net profit (loss)		-17,7	-21,4	-34,3	-42,0	-76,0

Other comprehensive income for the period:

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

		-0,1	-0,0	0,1	0,1	0,2
Total comprehensive income (loss) for the period		-17,8	-21,5	-34,2	-41,9	-75,9

The period's loss and comprehensive income attributable to

Owners of the parent		-17,8	-21,5	-34,2	-41,9	-75,9
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CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	30 Jun 2025	30 Jun 2024	31 Dec 2024
ASSETS				
Non-current assets				
<i>Intangible fixed assets</i>				
Capitalised development costs	5	25,9	21,8	23,9
Patents	5	10,5	12,5	11,4
Total intangible fixed assets		36,4	34,4	35,2
<i>Equipment and right-of use asset</i>				
Right-of-use assets		6,2	4,3	2,8
Equipment		0,0	0,0	0,0
Total equipment and right-of-use asset		6,2	4,3	2,8
Total non-current assets		42,6	38,7	38,0
Current assets				
Inventories		2,8	3,2	3,2
Trade receivables		3,5	2,2	2,2
Other receivables		0,8	0,9	1,3
Deferred expenses and accrued income		2,8	1,9	2,6
Cash		15,8	86,7	50,5
Total current assets		25,6	94,9	59,7
TOTAL ASSETS		68,2	133,6	97,8

CONDENSED CONSOLIDATED BALANCE SHEET

mSEK	Note	30 Jun 2025	30 Jun 2024	31 Dec 2024
EQUITY AND LIABILITIES				
Equity		49,4	117,7	83,8
Liabilities				
<i>Non-current liabilities</i>				
Non-current liabilities		0,0	0,1	0,0
Non-current lease liability		2,9	0,9	0,0
Total long-term liabilities		2,9	1,0	0,0
<i>Current liabilities</i>				
Trade payables		4,7	6,3	3,2
Current lease liability		3,0	3,0	2,3
Other liabilities		2,0	1,4	1,6
Accrued liabilities and deferred income		6,1	4,2	6,7
Total current liabilities		15,9	15,0	13,9
Total liabilities		18,8	15,9	13,9
TOTAL EQUITY AND LIABILITIES		68,2	133,6	97,8
Equity ratio		72,5%	88,1%	85,7%
Equity per share, SEK		0,08	0,18	0,13

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	
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
Opening equity January 1, 2025	6,5	832,6	-0,1	-755,2	83,8
Total comprehensive income for the period				-34,3	-34,3
Other comprehensive income			0,1	-0,5	-0,4
Total comprehensive income			0,1	-34,8	-34,7
Transactions with shareholders					
Adjustment conversion warrants, net after issue expenses**	0,0	0,3			0,3
Warrants issued to staff				0,0	0,0
Total transactions with shareholders	0,0	0,3		0,0	0,3
Closing equity June 30, 2025	6,5	832,9	-0,0	-790,0	49,4

* Issue expenses amounts to SEK 16.2m.

** Expenses amounts to SEK 0.0m.

CONSOLIDATED CASH FLOW STATEMENT

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Operating activities						
Operating loss		-17,5	-21,3	-33,8	-41,9	-77,2
<i>Adjustments for items not included in cash flow</i>						
Depreciation		2,3	2,1	4,3	4,3	9,0
Employee stock option expenses		0,1	0,2	0,0	0,6	1,0
Interest received		0,1	0,0	0,3	0,6	2,2
Interest paid		-0,1	-0,1	-0,3	-0,5	-1,0
Cash flow from current operations before change in working capital		-15,2	-19,0	-29,4	-37,0	-65,9
Change in working capital						
Decrease/increase in inventory		0,3	0,2	0,4	0,5	0,5
Decrease/increase in trade receivables		-1,1	-0,2	-1,3	-0,8	-0,8
Decrease/increase in current receivables		0,8	1,1	-0,6	-0,8	-1,8
Decrease/increase in current liabilities		0,6	-1,0	1,3	-3,2	-3,3
Change in working capital		0,6	0,1	-0,2	-4,2	-5,5
Cash flow from operating activities		-14,6	-18,9	-29,6	-41,2	-71,4
Investing activities						
Investments of intangible fixed assets		-1,6	-2,5	-3,9	-3,4	-7,6
Cash flow from investing activities		-1,6	-2,5	-3,9	-3,4	-7,6
Financing activities						
Amortisation of lease debt		-0,7	-0,8	-1,5	-0,9	-2,4
Issuance of share options		-	-	0,3	-	-
New share issue		-	90,2	-	90,2	90,2
Issue expenses		-	-15,8	-	-15,8	-16,2
Cash flow from financing activities		-0,7	73,6	-1,2	73,5	71,6
Cash flow for the period		-16,9	52,2	-34,7	28,8	-7,4
Cash and cash equivalents at beginning of period		32,6	34,6	50,5	57,9	57,9
Cash and cash equivalents at end of period		15,8	86,7	15,8	86,7	50,5

INCOME STATEMENT, PARENT COMPANY

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Operating income						
Net sales		0,2	0,4	0,5	0,6	1,2
Capitalised development expenditure		1,2	1,3	3,4	1,9	5,3
Total income		1,4	1,7	3,9	2,5	6,5
Operating costs						
Other external expenses		-5,0	-10,4	-11,0	-19,0	-33,4
Personnel costs		-4,5	-5,5	-10,3	-9,8	-23,1
Amortisation of intangible assets and depreciation of property, plant and equipment		-0,6	-0,7	-1,3	-1,5	-3,0
Total operating costs		-10,1	-16,7	-22,7	-30,3	-59,4
Operating loss		-8,7	-15,0	-18,8	-27,8	-52,9
Financial items						
Write-downs of financial fixed assets and short-term investments		-	-	-	-	-150,0
Financial income, other		0,1	0,0	0,3	0,0	1,3
Financial expenses, other		-0,0	-0,0	-0,0	-0,1	-0,2
Results from net financial items		0,1	-0,0	0,3	-0,1	-148,9
Loss before tax		-8,6	-15,0	-18,5	-27,9	-201,7
Tax on income for the period		-	-	-	-	-
Loss at end of the period		-8,6	-15,0	-18,5	-27,9	-201,7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Net profit		-8,6	-15,0	-18,5	-27,9	-201,7
<i>Other comprehensive income for the period:</i>						
Other comprehensive income for the period, net of tax		-	-	-	-	-
Total comprehensive income for the period		-8,6	-15,0	-18,5	-27,9	-201,7

CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	30 Jun 2025	30 Jun 2024	31 Dec 2024
ASSETS				
Fixed assets				
<i>Intangible fixed assets</i>				
Capitalised development costs	5	25,9	21,8	23,9
Total intangible fixed assets		25,9	21,8	23,9
<i>Financial assets</i>				
Shares in group companies		80,5	210,0	66,0
Long-term receivables from group companies		12,7	34,3	17,2
Total financial assets		93,2	244,3	83,2
Total fixed assets		119,1	266,1	107,0
Current assets				
<i>Short term receivables</i>				
Trade receivables		-	-	-
Other receivables		0,3	0,4	0,1
Prepaid expenses and accrued income		1,7	1,1	1,5
Total short term receivables		1,9	1,5	1,6
Cash		10,2	71,7	43,7
Total current assets		12,1	73,2	45,3
TOTAL ASSETS		131,2	339,3	152,3

CONDENSED BALANCE SHEET, PARENT COMPANY

mSEK	Note	30 Jun 2025	30 Jun 2024	31 Dec 2024
EQUITY AND LIABILITIES				
Equity		125,4	317,7	143,6
Liabilities				
<i>Non-current liabilities</i>				
Non-current liabilities to group companies		0,4	15,0	0,6
Total long-term liabilities		0,4	15,0	0,6
<i>Current liabilities</i>				
Trade payables		1,9	2,6	1,6
Other liabilities		1,1	0,8	0,8
Accrued liabilities and deferred income		2,4	3,2	5,8
Total current liabilities		5,4	6,7	8,2
Total liabilities		5,8	21,6	8,8
TOTAL EQUITY AND LIABILITIES		131,2	339,3	152,3

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, 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
Opening equity January 1, 2025	6,5	23,9	831,7	-516,8	-201,7	143,6
Loss for the period					-18,5	-18,5
Disposition according to AGM						
Loss brought forward				-201,7	201,7	-
Development fund		2,0		-2,0		-
Total comprehensive loss for the period		2,0		-203,8	183,2	-18,5
Transactions with shareholders						
Conversion of warrants**	0,0		0,3			0,3
Total transactions with shareholders	0,0		0,3			0,3
Closing equity June 30, 2025	6,5	25,9	832,0	-720,6	-18,5	125,4

* Issue expenses amounts to SEK 16.2m.

** Expenses amounts to SEK 0.0m.

CASH FLOW STATEMENT, PARENT COMPANY

mSEK	Note	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Current operations						
Operating loss		-8,7	-15,0	-18,8	-27,8	-52,9
<i>Adjustments for items not included in cash flow</i>						
Depreciation		0,6	0,7	1,3	1,5	3,0
Interest received		0,1	0,0	0,3	0,0	1,3
Interest paid		-0,0	-0,0	-0,0	-0,1	-0,2
Cash flow from current activities before changes in working capital		-8,0	-14,3	-17,2	-26,4	-48,8
Changes in working capital						
Decrease/increase in current receivables		0,3	1,2	-0,2	-0,6	-0,2
Decrease/increase in current liabilities		-2,5	-2,3	-2,9	-2,7	-1,1
Total changes in working capital		-2,2	-1,1	-3,2	-3,3	-1,2
Cash flow from operating activities		-10,2	-15,4	-20,3	-29,7	-50,0
Cash flow from investing activities						
Acquisition of intangible assets		-1,2	-1,3	-3,4	-1,9	-5,3
Shareholder contribution		-0,5	-2,0	-14,5	-8,0	-14,0
Repaid group companies		1,0	0,5	15,7	7,0	43,6
Loan group companies		-5,9	-4,4	-11,3	-12,4	-46,9
Cash flow from investing activities		-6,6	-7,2	-13,5	-15,3	-22,6
Cash flow from financing activities						
New share issue		-	90,2	-	90,2	90,2
Issue expenses		-	-15,8	-	-15,8	-16,2
Conversion warrants		-	-	0,3	-	-
Cash flow from financing activities		0,0	74,3	0,3	74,3	74,0
Cash flow for the period		-16,8	51,7	-33,5	29,4	1,4
Cash and cash equivalents at beginning of period		27,0	20,0	43,7	42,3	42,3
Cash and cash equivalents at end of period		10,2	71,7	10,2	71,7	43,7

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 parent company has prepared its interim 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 interim report.

Note 2 Breakdown of net sales by country is as follows

mSEK	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Germany	1,1	1,3	2,9	2,9	6,1
US	0,6	0,6	1,4	1,1	2,7
Nordic	0,1	0,1	0,2	0,3	0,6
Other countries in Europe	1,0	1,1	2,2	1,7	3,2
Other countries outside of Europe	0,1	0,1	0,1	0,2	0,3
Total net sales	2,9	3,2	6,8	6,2	13,0

Note 3 Other expenses

mSEK	Apr-Jun 2025	Apr-Jun 2024	Jan-Jun 2025	Jan-Jun 2024	Jan-Dec 2024
Product development	0,9	2,5	2,8	3,4	7,6
Patent costs	0,6	0,6	1,1	0,8	2,2
Costs for clinical studies	0,5	3,9	1,3	6,4	8,8
Sales and marketing costs	3,0	2,5	5,4	6,6	11,9
Other expenses	2,8	4,4	5,8	8,2	12,0
Total other expenses	7,8	13,9	16,4	25,4	42,5

Note 4 Changes in outstanding stock options

Changes in outstanding stock options of series 2023/2026	30 Jun 2025	31 Dec 2024
Opening balance	2 418 835	2 479 537
Expired	-394 239	-60 702
Amount at end of period	2 024 596	2 418 835

Changes in outstanding stock options of series 2022/2025	30 Jun 2025	31 Dec 2024
Opening balance	1 456 340	1 456 340
Expired	-268 842	-
Amount at end of period	1 187 498	1 456 340

Changes in outstanding stock options of series 2021/2024	30 Jun 2025	31 Dec 2024
Opening balance	2 256 503	2 256 503
Expired	-2 256 503	-
Amount at end of period	-	2 256 503

Note 5 Intangible assets

Patents, mSEK	30 Jun 2025	31 Dec 2024
Opening cost	37,2	35,7
Purchases	0,6	2,3
Sales and disposals	-0,5	-0,7
Closing accumulated cost	37,3	37,2

Opening depreciation	-25,8	-23,5
The period's depreciation	-1,0	-2,4
Sales and disposals	0,0	0,0
Closing accumulated depreciation	-26,8	-25,8

Closing carrying amount	10,5	11,4
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Development expenses, mSEK	30 Jun 2025	31 Dec 2024
Closing cost	43,8	38,5
The period's capitalisation	3,4	5,3
Closing accumulated cost	47,2	43,8

Opening depreciation	-20,0	-17,0
The period's depreciation	-1,3	-3,0
Closing accumulated depreciation	-21,3	-20,0

Closing carrying amount	25,9	23,9
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Closing carrying amount, patents and development expenses	36,4	35,2
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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 μ Fidelity® system has been developed for damage assessment, surgical pre-planning and cost-effective patient customisation of implants and associated surgical instruments. In a first step, the company's main focus has been on early stage arthritic changes in the knee joint. This is now followed by lesions in the second joint, the ankle.

Individualised implants with a focus on early stages of arthritis

Episurf Medical has two types of knee implants on the market

- » Episcaler® Knee (comprising Episcaler® Condyle Solo, Episcaler® Trochlea Solo and Episcaler® 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.
- » Episcaler® Patellofemoral System for the treatment of isolated osteoarthritis of the patellofemoral joint.



Episcaler®
Condyle Solo



Episcaler®
Trochlea Solo



Episcaler®
Femoral Twin



Episcaler®
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.

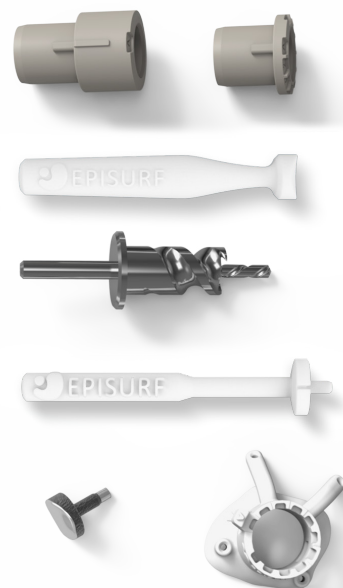
Patents and patent applications

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

Extraordinary General Meeting

4 August 2025

Interim Report July-September 2025

24 October 2025

Year-end Report 2025

6 February 2026

Extraordinary General Meeting

EPISURF MEDICAL AB (PUBL) will hold an Extraordinary General Meeting on Monday, August 4, 2025, at the offices of Snellman Advokatbyrå AB on Kungsträdgårdsgatan in Stockholm, Sweden. See more information on the website.

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 July 11, 2025 at 08.30 (CEST).

The following analysts follow Episurf Medical's development

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