surgicalscience

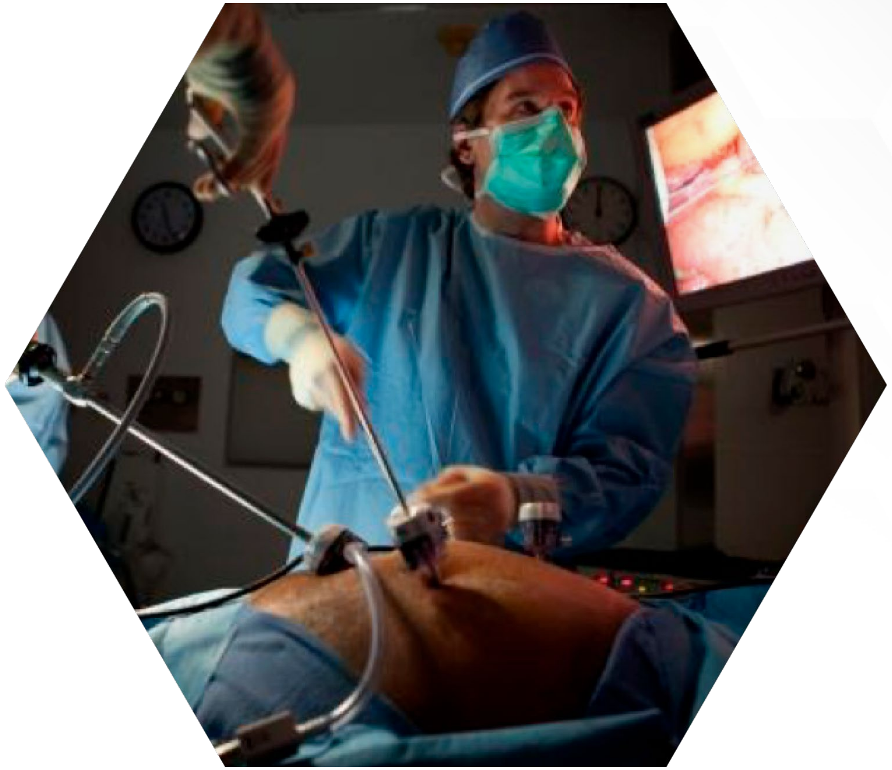
LAPSIM® ENDOSIM® TEAMSIM®

Annual Healthcare Conference
Pareto Securities

Gisli Hennermark, CEO
Anna Ahlberg, CFO

September 3, 2020

VISION

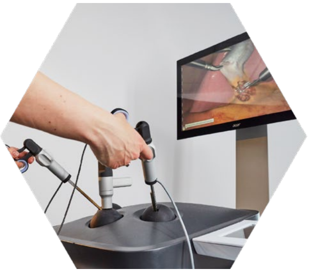


TWO BUSINESS AREAS

SURGICAL SCIENCE

EDUCATIONAL PRODUCTS

- Sales primarily to university hospitals
- Hardware and software
- Distributors / direct sales
- SuS brand



INDUSTRY/OEM

- Sales to medical device companies
- License/royalty revenue focus, initial consulting in addition
- Direct sales
- Often white label w/ SuS IP embedded

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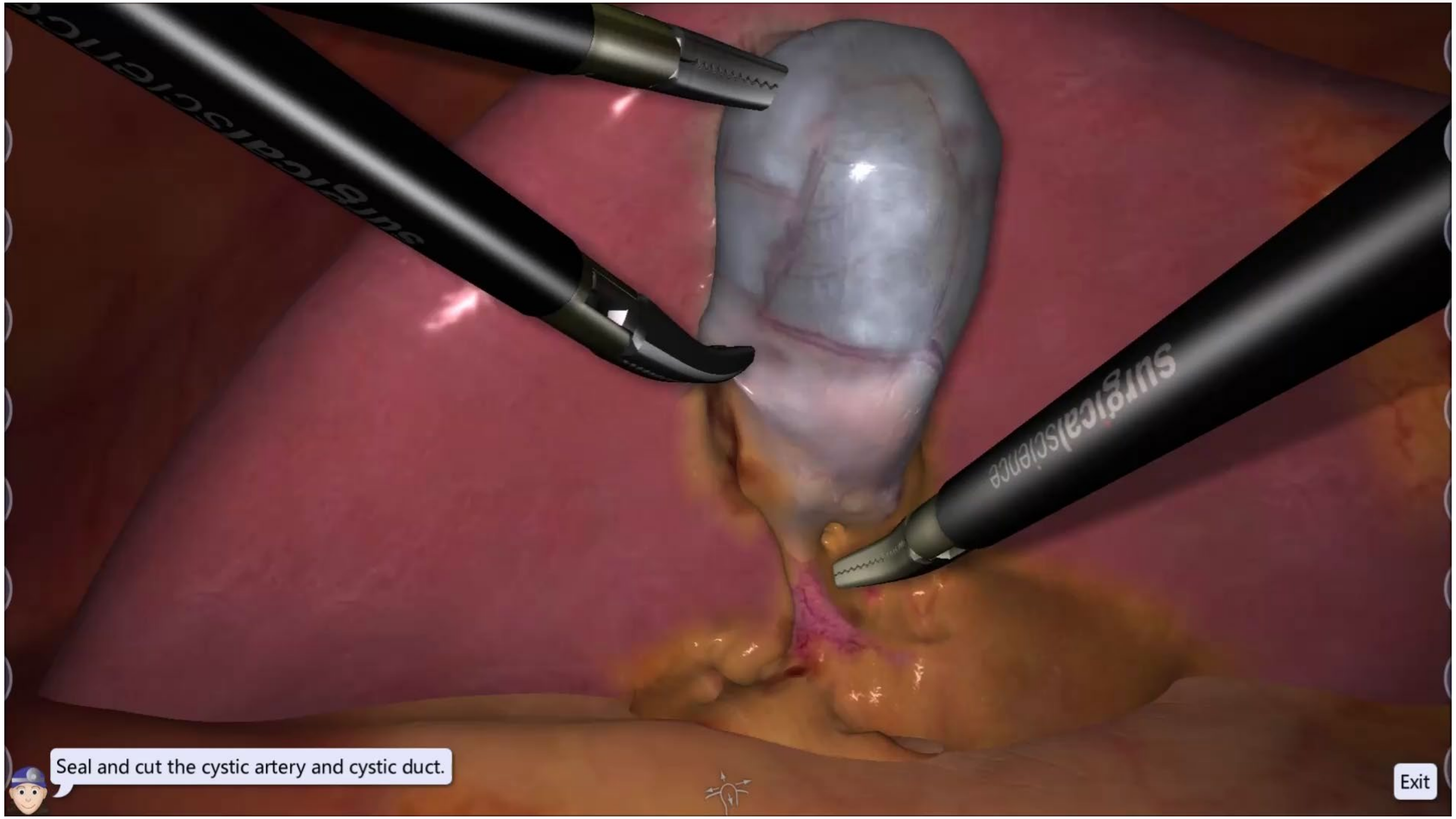
TWO BUSINESS AREAS WITH SYNERGIES

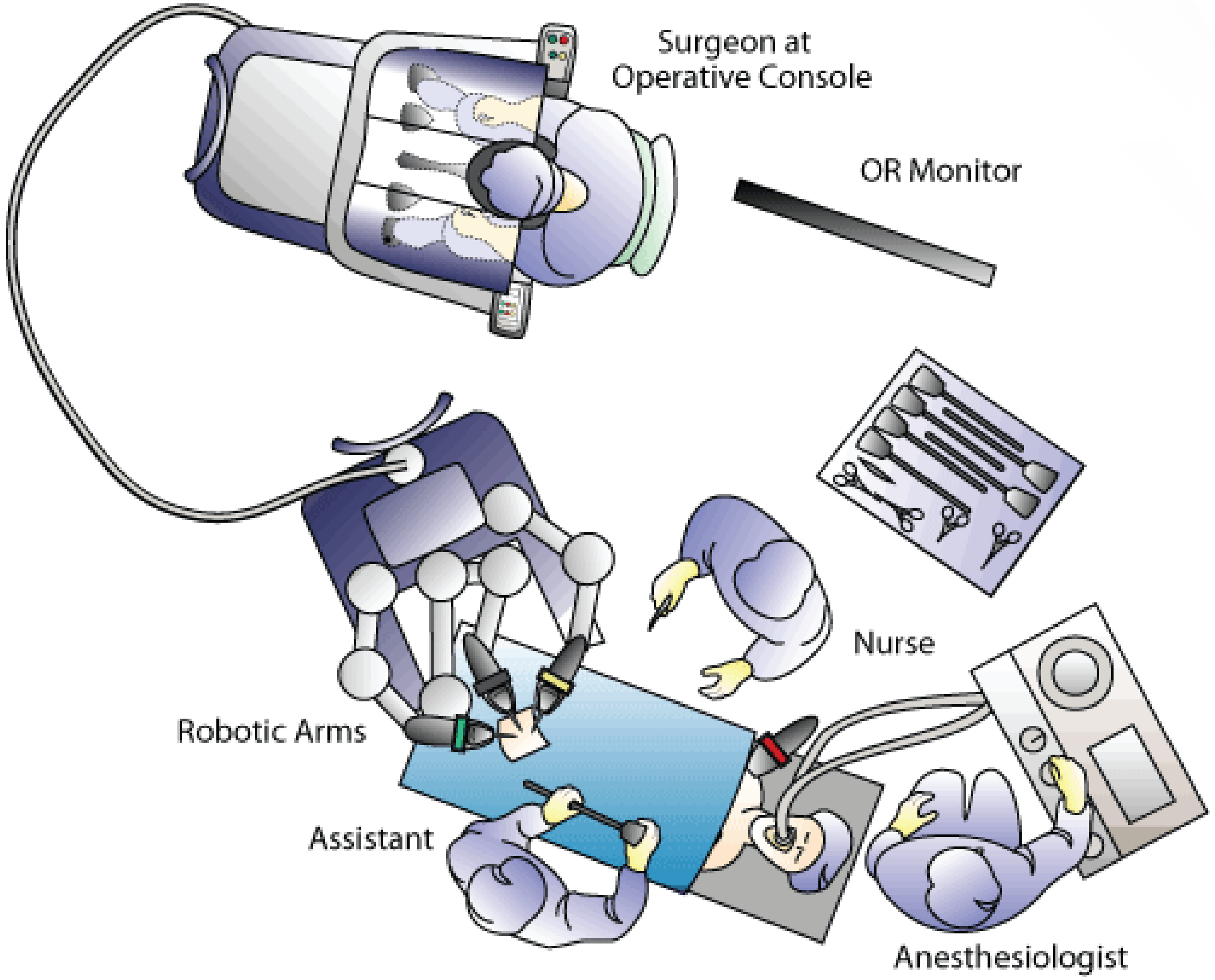
- **Common IP**
  - leverage on +20 yrs of surgical simulation R&D
- **Same development organization**
  - scale and efficiency
- **Knowledge**
  - industry and academia feed off each other

SIMULATED ENVIRONMENT
LapSim Cholecystectomy

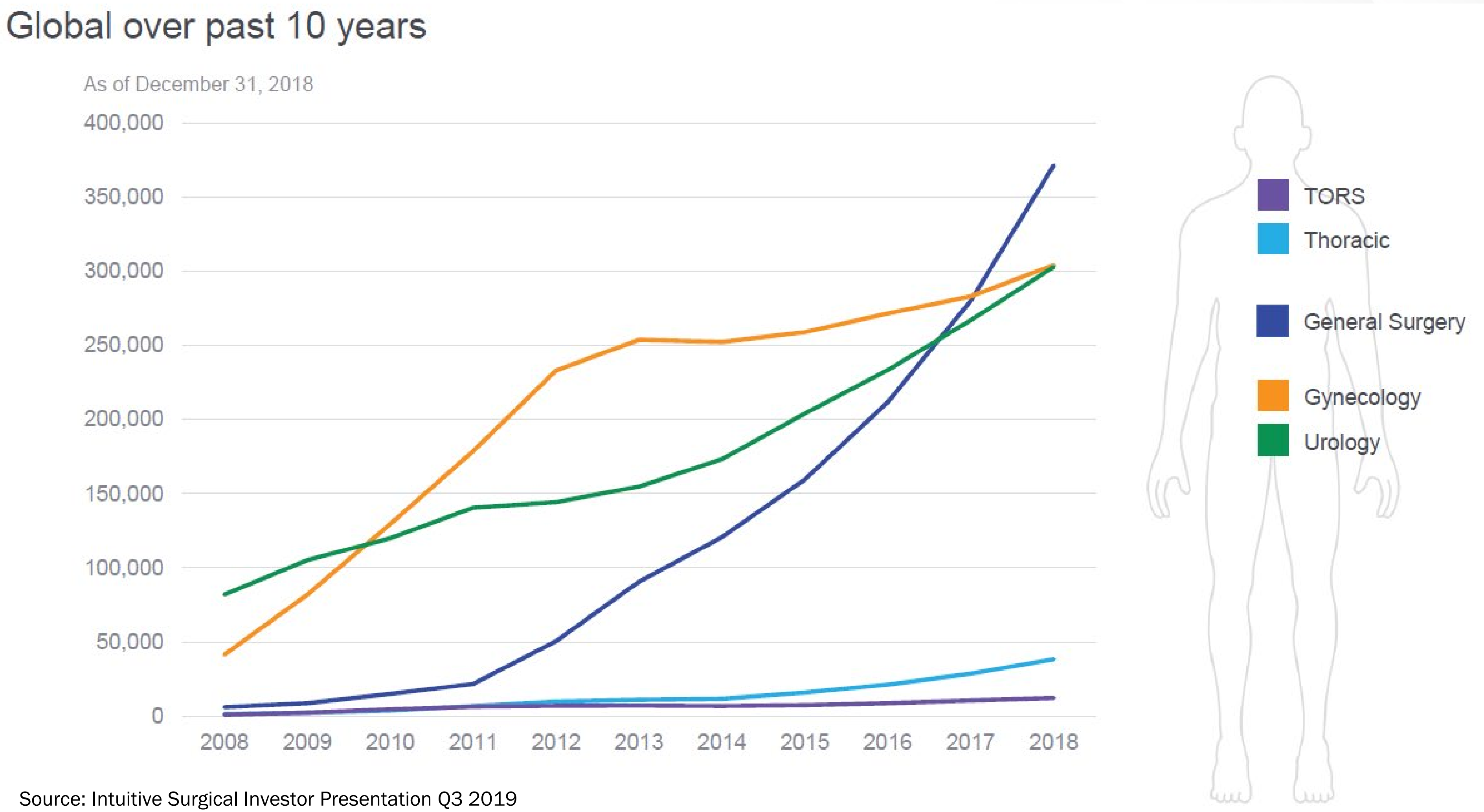


MACRO TRENDS WITHIN HEALTHCARE

WHAT IS ROBOTIC SURGERY?

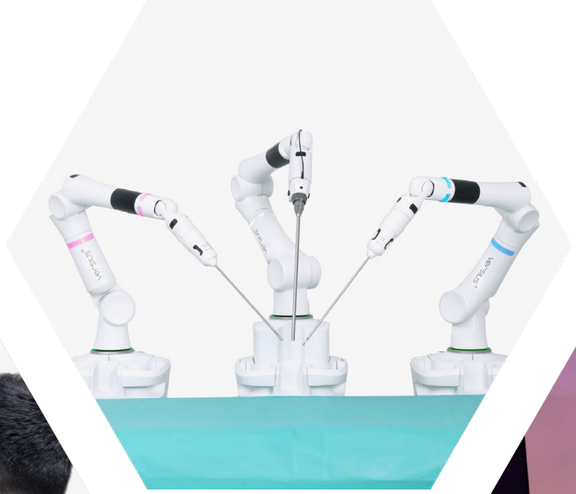


GROWTH IN PROCEDURE CATEGORIES



Source: Intuitive Surgical Investor Presentation Q3 2019

CUSTOMERS WITHIN ROBOTIC SURGERY



OTHER MEDICAL DEVICE CUSTOMERS

SPEAKER EVENTS AND SIMULATOR SCHEDULE

SUNDAY, MAY 5, 2019
4–4:30 p.m.
Exhibit Hall Theater #3

Everything you want to know about using energy to seal vessels in pulmonary surgery

Bruce Dunne, Ph.D.
Director of R&D Advanced Energy Devices
TissueFect™ Technology Research Group, Medtronic

MONDAY, MAY 6, 2019
9–9:30 a.m.
Exhibit Hall Theater #3

Optimizing lymph node dissection and vessel sealing in vats procedures with advanced energy

Rene Petersen M.D. Ph.D.
Associate Professor of Thoracic Surgery
Copenhagen University Hospital

SATURDAY, MAY 4, 2019
5:30–7:30 p.m.
SUNDAY, MAY 5, 2019
9:00 a.m.–4:30 p.m.
MONDAY, MAY 6, 2019
9:00 a.m.–4:30 p.m.
Medtronic Booth #1315

LapSim™* Haptic Simulator with LigaSure™ Maryland Jaw Thoracic Device

Perform a hands-on simulated lobectomy with the new LigaSure™ Maryland jaw thoracic device on the LapSim™* haptic simulator supported by Surgical Science.

Join us during these events to learn more about the only minimally-invasive energy device specifically indicated for sealing pulmonary veins and arteries up to and including 7 mm.[1†]

†Based on a search of publicly available regulatory databases for Harmonic™*, Enseal™*, and Thunderbeat™* devices. March 10, 2019.

1. Based on internal report #RE00147462, Pulmonary sealing claims for the LigaSure™ Maryland jaw thoracic LF1930T device (memo). March 10, 2019.

04/2019–US190487–[WF#3203715]

Medtronic
Further, Together

Q2 WAS BETTER THAN EXPECTED

- Industry/OEM:

- Approx. 60% of this quarter's revenues (SEK 12.4 million)
- Pro forma decrease was only just above 10% y/y
- Largest customer had a relatively high attach rate
- A lot of focus on how to increase competitiveness after C19 from large med tech companies

Q2 WAS BETTER THAN EXPECTED, cont.

- Educational Products:

- Sales decreased almost 50% y/y (SEK 8.2 million)
- US market challenging
- Europe better than expected despite no trade shows etc.
- Asia: getting back to more normal state even if lead times means that sales takes a while to pick up

SALES

H1 2020 (Jan-Jun)

- Total sales SEK 40.3 million (30.0), increase 34%.
- Comparable units decrease 30%.
- Sales Educational Products SEK 15.6 million, sales Industry/OEM SEK 24.7 million.

Full year 2019

- Total sales SEK 101.5 million (65.7), increase 55%.
- Pro forma sales SEK 129 million.

COSTS AND MARGINS H1

- Gross margin 85% (75). Affected by changed split between Edu and Industry in terms of sales.
- Sales costs 46% (55) of sales. Substantially lower costs for travelling and trade shows.
- R&D 23% (23) of sales. Activated costs SEK 6.7 million (2.6).
- Depreciations and amortizations SEK 8.7 million (6.1). Effect compared to last year mainly due to SG acquisition and IFRS16.
- EBITDA SEK 8.7 million (-0.7), margin 22% (-2). Full year 2019 SEK 30.4 million (margin 30%)

FINANCE NET AND CASH FLOW H1

- Finance net SEK -0.1 million (0.1). No loans.
- Cash flow from operating activities SEK -2.6 million (-1.4). Change in working capital SEK -11.3 million (-0.4), primarily build up of inventories.
- Cash flow from investing activities SEK -5.6 million (-2.9), mainly s/w development.
- Cash flow from financing activities SEK 7.5 million (0.1), primarily due to options programs.
- Cash position June 30: SEK 68.4 million (December 31, 2019: SEK 69.2 million).

FINANCIAL GOALS

- Sales of SEK 400 million in 2024. This figure might include complementing acquisitions.
- Educational Products: average 15% growth per year.
- Industry/OEM: more uneven growth.
- EBITDA: at least 40%
- Dividend policy: 1-3 yrs no dividend, 3-5 yrs 30% of net profit after paid taxes

COMMENTS AROUND C19

- No furlough support used.
- Lower general payroll tax, effect SEK 0.9 million.
- Available financial support due to lower turnover is being investigated.
- Edu: hoping the activity level will be able to be raised during fall. Long lead times means uncertainty how much and for how long lower level of activities will have effect.
- Industry: Q2 was good but uncertainty for rest of 2020 remains.
- Brand and reputation more important than ever.

Thank you for your attention!

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