

Interim Report
1 Jan - 30 Sep 2015

Q3

- » Group net sales amounted to SEK 641,094.
- » Income after financial items for the Group amounted to SEK -29,825,819.
- » The new share issue ended on 10 September 2015 was subscribed for by shareholders to 97.8 per cent and the Company raised SEK 120 million before issue related costs.
- » Episealer® Femoral Twin was CE-marked and Episurf Medical now has three market approved implants for sale in Europe.



The period in brief

Third quarter 2015 for the Group compared to 2014

- » Net sales amounted to SEK 150,174 (78,235).
- » Other operating income amounted to SEK 1,212,350 (638,505).
- » Income after financial items amounted to SEK -10,908,522 (-7,302,119).
- » Earnings per share (weighted average) amounted to SEK -0.71 (-0.91).

First nine months 2015 for the Group compared to 2014

- » Net sales amounted to SEK 641,094 (118,485).
- » Other operating income amounted to SEK 3,778,750 (1,168,948).
- » Income after financial items amounted to SEK -29,825,819 (-24,859,094).
- » Earnings per share (weighted average) amounted to SEK -1.94 (-3.11).
- » Equity per share amounted to SEK 7.77 (5.90).

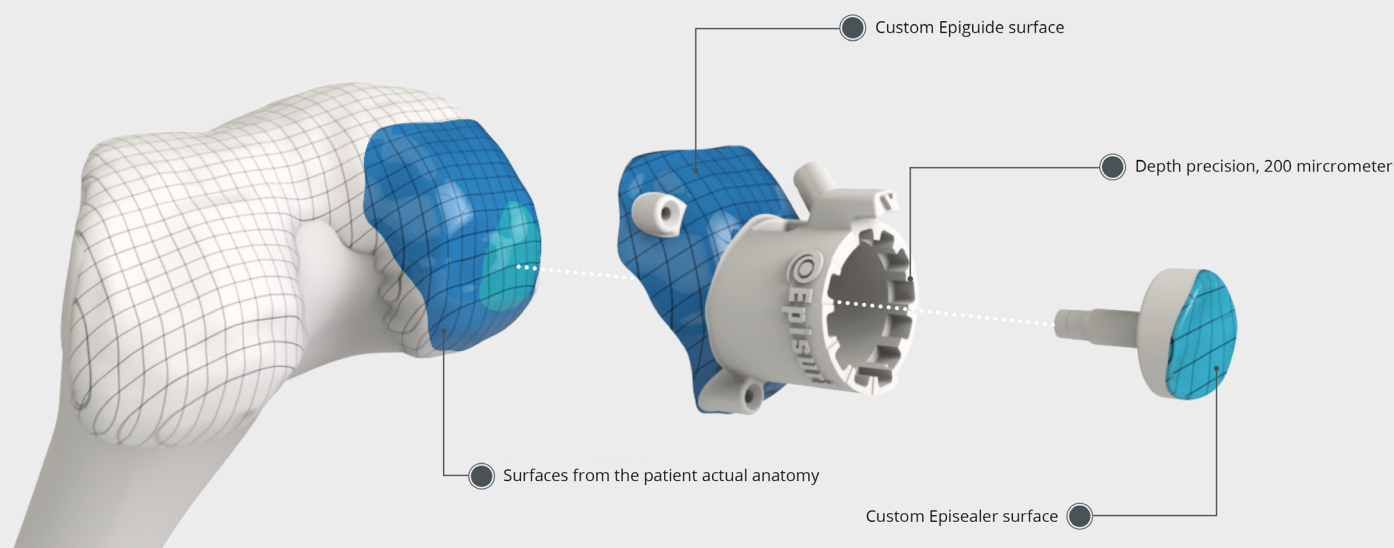
Significant events during the third quarter

- » Pål Ryfors was hired as the Company's new CFO.
- » An Extraordinary General Meeting held on August 21, 2015, decided on a rights issue of up to approximately SEK 120 million with preferential rights for the Company's shareholders and on a private placement to Episurf Medical's new CFO.
- » Michael McEwan, Chief Commercial Officer (CCO) and member of the Management Team, left his position as of August 31, 2015.
- » Episurf Medical received CE-marking of its third implant, the Episealer® Femoral Twin, which is the first "self-certified CE-mark" product via the Company's recently granted ISO 13458:2012 and Annex II certification.

- » The new share issue ended on 10 September 2015 was subscribed for by shareholders to 97.8 per cent and the Company raised SEK 120 million before issue related costs.
- » Sales and marketing efforts were intensified through increased participation at European orthopaedic conferences.

Significant events after the period

- » The two first surgeries with Episurf Medical's third product, the Episealer® Femoral Twin, were performed in Germany with positive results.



CEO Statement Q3 2015

Episurf's 2015 YTD performance over the same period PY demonstrates continued momentum across the business, resulting in positive revenue growth in all direct sales geographies and new accounts connected to the μ Fidelity® platform. Across my experience with many innovative med tech products, it's notable that I have rarely previously seen such consistently high levels of acceptance and enthusiasm from both clinicians and patients.



During my first 3 months in post, I spent a considerable amount of time in market meeting customers and listening to what they think about Episurf and its Episealer® technology platform. Increasing numbers of surgeons are acknowledging the treatment gap that exists between early biologic interventions and total knee arthroplasty and view Episurf's patient specific implant technology as a viable treatment option for younger patients as well as patients who have undergone previous failed surgeries. We are also seeing a growing public awareness around Episurf and its patient specific approach to cartilage damage. We anticipate direct patient demand for the Episealer® procedure to grow and will support this with appropriate marketing activity.

The barriers to clinical adoption are lowering quickly as our established surgeons gain experience and confidence with the procedure. Surgeons are very pleased with the ease of the procedure and comment repeatedly how the EpiGuide Kit ensures exact placement unlike alternative products. It's their view that the Episealer® and EpiGuide Kit will deliver better patient outcomes and our pre surgical damage reports enable them to make quality treatment decisions. In other words, they can choose the right treatment for the right patient thereby improving the chances for a successful, long term clinical result.

Our customers' direct feedback has also helped me understand the unique and significant future value of the damage marking report as an intelligent planning guide which could help generate additional revenue as a diagnostic and screening tool.

Through 31 October 2015, 62 Episealers have been implanted. A key metric for Episurf is patient performance data post-surgery and I am pleased to report there are no revisions within the total cohort of 62 and patients continue to report positive improvements in pain, mobility and general wellbeing.

The implants continue to perform well over time. Episurf has 20 Episealer® patients who have reached +1 year, 7 patients at +2 years and 4 patients at 30 months. Surgeon feedback suggests the Episurf Damage Marking report offers a form a pre-surgical quality control that leads to appropriate patient selection and we believe this will be borne out as more Episealer® patients reach yearly milestones.

The recent share issue resulted in SEK 120 million of new money and our largest shareholders followed their previous investment.

The new capital will be deployed to further accelerate sales and marketing activities including adding new sales heads in Germany, the UK and the Nordic markets for 2016, hiring a Marketing Director to develop Episurf's technology platform into a global leading brand whilst supporting our accelerating sales efforts with high profile marketing campaigns and to complete product improvements which will reduce EpiGuide Kit component costs.

In late August 2015, we launched the Episealer® Femoral Twin product to the sales force in anticipation of receiving the CE mark. It was notable that we had 8 pre-orders for the product in advance of the CE marking.

Episurf received CE marking for the Episealer® Femoral Twin which is the first self-certified CE mark product via the Company's recently granted ISO 13458:2012 and Annex II certification. Episurf now has three CE marked products for the treatment of cartilage lesions. The first two surgeries with the Episealer® Femoral Twin were performed in Germany with positive results. We are also on target to receive the CE mark for the MOS guide by the end of 2015. This means Episurf will finish 2015 with four CE marked products.

In July, we added a German head to the sales team covering Northern Germany and we continue to recruit for a 3rd German salesperson covering Western Germany. We have recently engaged a Dutch orthopaedic market specialist to start initial sales and reimbursement activity in Holland and bolstered our UK team with a dedicated London head. We continue to evaluate French market entry strategies.

Three key appointments in Q3 2015 were a new CFO, Pål Ryfors, a QA/Regulatory Affairs Manager and Clinical Affairs Manager. All three roles reflect the Company's progress as Episurf transitions from an R&D engineering focus into a commercial medical technology company.

Our new CFO, Pål Ryfors, brings a wealth of experience from the capital markets and will be a great asset to Episurf and myself as we progress from strength to strength. We look forward to welcoming Pål into Episurf in late Q4 2015.

Looking forward to Q4 2015 activities, Episurf will be participating in ten orthopaedic exhibitions and the Episealer® technology will feature on the scientific podium at four of these meetings. This indicates strong clinical interest in Episealer® as a treatment option for cartilage lesions. We are making final preparations for Episurf's inaugural Clinical Advisory Board meeting in November with 6 leading Episealer® surgeons and radiologists joining us in Stockholm. This group of Key Opinion Leaders will largely help us accelerate clinical adoption of Episealer® amongst their peers and act as Episurf advocates. Lastly, we are finalising our three year strategic plan to drive business growth and shareholder value.

I am confident that the trends in the business remain very positive for Episurf and that when combined with the sizable market for treating cartilage lesions and early osteoarthritis and our intelligent, scalable technology platform, the opportunity to deliver shareholder value remains compelling.

Stockholm, November 2015

Rosemary Cunningham Thomas
CEO Episurf Medical

Financial information

Group

Net sales and operating profit/loss

Group net sales amounted to SEK 150,174 (78,235) in the quarter and SEK 641,094 (118,485) for the first nine months. In 2013 the Company was awarded a grant from Vinnova on SEK 4.2 million, of which SEK 883,390 (1,168,948) has been recognized as revenue which corresponds to accrued costs during January to September 2015 (2014). The increase in personnel expenses compared with the previous year is a direct result of the Company's increased commercial focus. 8 new employees for Sales and Market have been hired since last September, two in England, two in Germany, one for the Benelux and three in Sweden. Other costs have also increased during the quarter compared to last year as a result of the increased commercial focus.

Financial position

Group cash and cash equivalents at end of period amounted to SEK 117,795,738 (41,397,725). The equity ratio was 95.2% (94.0). Group investments in intangible assets amounted to SEK 1,856,908 (495,568) for the quarter, of which SEK 1,212,398 (0) are related to capitalized development costs and SEK 644,510 (495,568) to patents, and SEK 4,345,219 (2,078,034) for the first 9 months, of which SEK 2,861,937 (0) are related to capitalized development costs and SEK 1,483,282 (2,078,034) to patents. Investments in tangible assets amounted to SEK 0 (16,274) for the quarter and SEK 0 (38,699) for the first nine months. A rights issue was performed during the third quarter and the Company raised SEK 120.2 million before issue related costs, which amounted to SEK 5.7 million.

Human resources

Number of employees in the Group at end of period was 18 (13). The increase is primarily a result of recruitment in marketing and sales.

Parent Company

Net sales and operating profit/loss

Other operating income amounted to SEK 1,209,286 (638,505) for the quarter and SEK 3,777,093 (1,168,948) for the first 9 months. Income after financial items amounted to SEK -6,026,834 (-5,154,639) for the quarter and SEK -15,245,680 (-18,731,709) for the first 9 months.

Financial position

Cash and cash equivalents at the end of period for the Parent Company amounted to SEK 115,154,059 (32,468,305). The equity/assets ratio was 96.7% (96.1). Investments in intangible assets, capitalized development costs, amounted to SEK 1,212,398 (0) for the quarter and SEK 2,861,937 (0) for the first 9 months. Investments in tangible assets amounted to SEK 0 (16,274) for the quarter and SEK 0 (16,274) for the first 9 months.

Human resources

Number of employees in the Parent Company at end of period was 13 (8).

Transactions with closely related parties

Shareholder and Board member Leif Ryd has received consulting fees of SEK 405,000 (675,000).

Rights Issue

Episurf Medical has carried out a new issue of shares with preferential rights for existing shareholders. The subscription price for the new shares of series A and B was SEK 15 per share and the subscription period ran from and including 26 August 2015 until and including 10 September 2015.

The final outcome showed that the new issue was subscribed for by shareholders by virtue of primary and secondary preferential rights to 97.81 per cent. The summation showed that 6,917,407 shares (1,550,892 A-shares and 5,366,515 B-shares), corresponding to 86.76 per cent of the offered shares, were subscribed for by virtue of subscription rights. 881,226 shares, corresponding to 11.05 per cent of the offered shares, were subscribed without the virtue of subscription rights. The remaining 174,823 shares, corresponding to 2.19 per cent of the offered shares, has been allocated to the persons having guaranteed the rights issue pursuant to agreements with the Company. The rights issue is thus fully subscribed and the Company has raised approximately SEK 120 million before issue related costs.

Through the new issue, Episurf Medical's share capital increased by SEK 2,392,036.8. The number of A-shares increased by 1,741,228 and the number of B-shares increased by 6,232,228. Consequently, the total number of shares increased by 7,973,456 and the total number of votes increased by 11,455,912.

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.

The total number of shares at the end of the period, September 30, 2015, was 15,963,305, of which 3,470,769 A-shares and 12,492,536 B-shares, and the total number of votes was 22,911,824.

The ten largest shareholders in Episurf Medical AB at September 30, 2015¹

Name	No. of A shares	No. of B shares	% of capital	% of votes
Serendipity Ixora AB	2,822,563	0	17.7	37.0
JP Morgan Bank Luxembourg	56,033	764,487	5.1	4.1
Försäkringsaktiebolaget, Avanza Pension	0	921,659	5.8	4.0
Gile Medicinkonsult AB	254,945	128,454	2.4	3.9
SEB London – Luxemburg, (Sicav Fond)	0	688,178	4.3	3.0
AMF Aktiefond Småbolag	0	620,224	3.9	2.7
LMK Stiftelsen	0	600,000	3.8	2.6
Lönn, Mikael	106,179	280,000	2.4	2.6
Kaupthing HF.	0	501,334	3.1	2.2
Clearstream Banking S.A., W8IMY	0	451,722	2.8	2.0
Total, 10 largest shareholders	3,239,720	4,956,058	51.3	64.1
Summary, others	231,049	7,536,478	48.7	35.9
Total number of shares	3,470,769	12,492,536	100.0	100.0

¹ Shares held directly and through nominees

Episurf Medical in brief

As a pioneer and industry leader in patient-specific technology for the treatment of painful joint injuries, Episurf Medical does something no other implant manufacturer has done. We put the patient in the center of the design of implants and surgical instruments.

Episurf Medical was founded in 2009 and offers people with joint pain a more active and healthier life by providing minimum-invasive, patient-specific treatment. Episurf Medical's personalised implant Episealer® and surgical drill guides Epiguide® are developed for treatment of localized cartilage defects in joints. By means of the proprietary software µFidelity®, Episurf Medical converts patient data, such as MRI and CT images, to personalized implants and a complete set of personalized surgical instruments. Individually customized implants enable optimal positioning and minimum invasion.

The technology behind patient-specific implants and surgical tools is protected by a strong patent portfolio with some 80 patents and patent applications in areas such as image processing, patient-specific implant systems, patient-specific surgical techniques, patient-specific surgical tools and manufacture for all joints in the human body.

Episurf Medical addresses a global market where one in ten people over the age of 25 suffers from joint problems. Before the end of 2015, the Company plans to have expanded its first product portfolio, the knee portfolio, to meet market potential in the west in excess of SEK 30 bn. And this is only the beginning of Episurf Medical's journey.

Objectives

Episurf Medical's objective is to introduce patient-specific treatments as the new orthopedic standard. This will be achieved by day-to-day interaction between surgeons worldwide and Episurf Medical's µFidelity® system. The Company's ambition is to be the obvious choice for clinics and surgeons that want to offer patients customized solutions for treating joint problems.

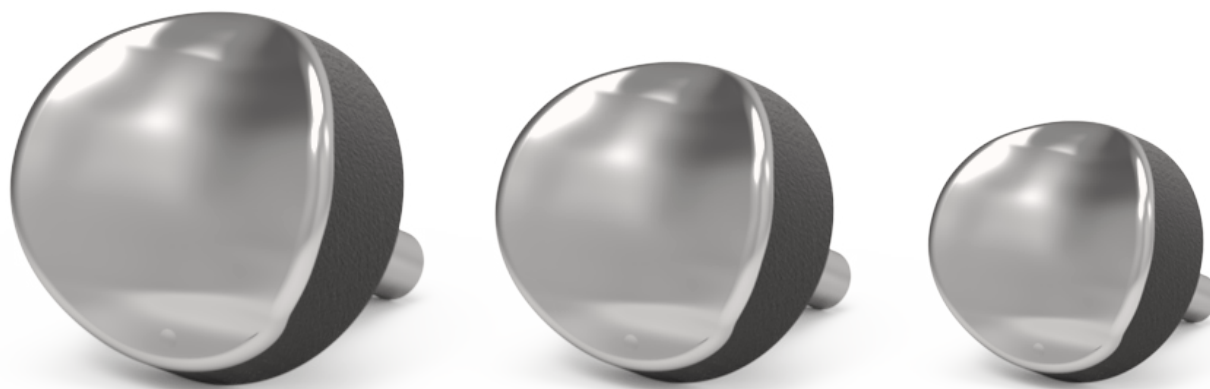
Planned significant milestones in 2015

- » Building up in house direct sales in Germany and the UK.
- » Expanding the portfolio of knee products with at least another two approved products, Episealer® Femoral Twin and Epiguide® MOS.
- » Reporting of patient data from the ongoing controlled product launches.
- » Certification of Episurf Medical according to quality management system ISO 13485.
- » Preparing the product portfolio for launch in North America within two years.
- » Having at least 100 new clinics connected to the µFidelity®-system.

Strategy

Historically, the sector has provided orthopedic implants and surgical instruments in the form of standardized products, where "one size fits all." Advances in 3D imaging and software enable Episurf to produce a full damage assessment of cartilage and bone defects in the knee. This accurate pre-screening report describes whether a patient is a suitable candidate to receive an Episealer or not. Since this can be assessed pre-operatively, unwanted events during the surgery can be avoided and the best possible outcomes guaranteed. Therefore, the Company's strategy is to develop and commercialize µFidelity IT based clinical support tools and customized implants for the treatment of painful joints.

Episurf Medical's head office is located in Stockholm, Sweden. The Company has an in-house sales team in Europe. The shares (EPIS B) are listed on Nasdaq Stockholm. More information about the Company is available on its website, www.episurf.com.



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 and dependence on key personnel and partners. The Company does not see any new material risks for the upcoming six months. For a more detailed description of significant risks and uncertainties, refer to Episurf Medical's annual report.

Forthcoming financial information

» Year End Report 2015: February 23, 2016

Review

This report has not been reviewed by the Company's auditors.

For more information, please contact:

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The information in this Interim Report is such that Episurf Medical AB is required to disclose in accordance with the Securities Markets Act and/or the Financial Instruments Trading Act. The information was published November 6, 2015, at 08:00 am.

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, November 6, 2015

Saeid Esmaeilzadeh
Board chairman

Jeppe Magnusson
Board member

Thomas Nortoft
Board member

Rosemary Cunningham Thomas
CEO

Leif Ryd
Board member

Robert Charpentier
Board member

Consolidated income statement

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net sales	150,174	78,235	641,094	118,485	173,026
Other operating income	1,212,350	638,505	3,778,750	1,168,948	2,166,468
Total income	1,362,524	716,740	4,419,844	1,287,433	2,339,494
<i>Operating costs</i>					
Other costs	-4,371,553	-3,224,003	-15,964,653	-16,844,068	-21,302,806
Personnel costs	-7,354,715	-4,452,728	-16,733,412	-8,324,661	-12,536,904
Depreciation	-544,862	-458,334	-1,557,132	-1,282,276	-1,761,043
Total operating costs	-12,271,130	-8,135,065	-34,255,197	-26,451,005	-35,600,753
Operating loss	-10,908,606	-7,418,325	-29,835,353	-25,163,572	-33,261,259
<i>Financial items</i>					
Financial income, other	241	74,793	9,938	310,111	353,322
Financial expenses, other	-157	41,413	-404	-5,633	-6,484
Loss after net financial items	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421
Loss before tax	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421
Tax on income for the period	-	-	-	-	-
Loss at end of the period	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421

Consolidated statement of comprehensive income

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net profit	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421
<i>Other comprehensive income for the period:</i>					
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421
Net profit and comprehensive income attributable Parent Company shareholders	-10,908,522	-7,302,119	-29,825,819	-24,859,094	-32,914,421
Earnings per share before and after dilution	-0.71	-0.91	-1.94	-3.11	-4.14
Average number of shares	15,349,468	7,985,400	15,349,468	7,985,400	7,956,416

Consolidated balance sheet

SEK	Sep 30 2015	Sep 30 2014	Dec 31 2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized development costs	3,345,639	-	483,702
Patent	5,434,320	5,587,624	5,411,307
Total intangible fixed assets	8,779,959	5,587,624	5,895,009
<i>Tangible fixed assets</i>			
Machinery and equipment	329,820	460,030	426,682
Total tangible fixed assets	329,820	460,030	426,682
Total fixed assets	9,109,779	6,047,654	6,321,691
Current assets			
Inventories Finished goods and goods for resale	1,251,849	1,239,070	1,473,664
Accounts receivable	174,425	-	24,344
Other receivables	1,341,320	263,607	468,558
Prepaid expenses and accrued income	728,256	970,410	460,331
Cash and bank balances	117,795,738	41,397,725	34,489,799
Total current assets	121,291,588	43,870,812	36,916,696
TOTAL ASSETS	130,401,367	49,918,466	43,238,387

Consolidated balance sheet

SEK	Sep 30 2015	Sep 30 2014	Dec 31 2014
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to owners of the parent</i>			
Share capital	4,788,991	2,386,974	2,386,974
Other capital	237,233,216	124,560,235	124,560,235
Reserves	-	-	-
Earned income including net result	-117,923,451	-80,042,303	-88,097,632
Total equity	124,098,756	46,904,906	38,849,577
Liabilities			
<i>Current liabilities</i>			
Accounts payable	1,039,649	1,566,371	1,089,888
Other liabilities	857,283	229,795	678,925
Accrued liabilities and deferred income	4,405,679	1,217,394	2,619,997
Total current liabilities	6,302,611	3,013,560	4,388,810
Total liabilities	6,302,611	3,013,560	4,388,810
TOTAL EQUITY AND LIABILITIES	130,401,367	49,918,466	43,238,387
Solidity	95.2%	94.0%	89.8%
Equity per share, SEK	7.77	5.90	4.88

Consolidated statement of changes in equity

SEK	Attributable to Parent Company shareholders				
	Share capital	Other capital	Reserves	Earned income including net result	Total equity
Opening equity Jan 1, 2014	2,386,196	124,410,878	-	-55,183,211	71,613,861
Total					
Loss for the year				-32,914,421	-32,914,421
Total comprehensive income				-32,914,421	-32,914,421
Transactions with shareholders					
New share issue	778	149,357			150,135
Issue expenses	-	-			-
Total transactions with shareholders	778	149,357			150,135
Closing equity Dec 31 2014	2,386,974	124,560,235	-	-88,097,632	38,849,575
Opening equity Jan 1, 2015	2,386,974	124,560,235	-	-88,097,632	38,849,575
Total					
Loss for the period				-29,825,819	-29,825,819
Total comprehensive income				-29,825,819	-29,825,819
Transactions with shareholders					
New share issue	2,402,017	118,370,955			120,772,972
Issue expenses	-	-5,697,974			-5,697,974
Total transactions with shareholders	2,402,017	112,672,981			115,074,998
Closing equity Sep 30 2015	4,788,991	237,233,216	-	-117,923,451	124,098,756

Condensed cash flow statement

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Current operations					
Operating loss	-10,908,606	-7,418,325	-29,835,353	-25,163,572	-33,261,259
Adjustments for items not included in cash flow					
Depreciation	544,862	458,334	1,557,132	1,282,276	1,761,043
Interest received	241	74,793	9,938	310,111	353,322
interest paid	-157	41,413	-404	-5,633	-6,484
Paid taxes	-	-	-	-	-
Cash flow from current operations before change in working capital	-10,363,660	-6,843,785	-28,268,687	-23,576,818	-31,153,378
Change in working capital					
Decrease/increase in inventory	177,369	-35,543	221,815	-699,590	-934,184
Decrease/increase in accounts receivables	13,252	-	-150,081	-	-8,927
Decrease/increase in current receivables	-28,292	686,266	-1,140,685	567,316	857,027
Decrease/increase in current liabilities	866,034	-3,187,025	1,913,799	-1,795,212	-419,964
Change in working capital	1,028,363	-2,536,302	844,848	-1,927,486	-506,048
Cash flow from current operations	-9 335 297	-9 380 087	-27,423,839	-25,504,304	-31,659,426
Investing activities					
Purchase of intangible fixed assets	-1,856,908	-495,568	-4,345,219	-2,078,034	-2,830,838
Purchase of tangible fixed assets	-	-16,274	-	-38,699	-38,699
Cash flow from investing activities	-1,856,908	-511,842	-4,345,219	-2,116,733	-2,869,537
Financing activities					
New share issue	114,474,997	-	115,074,997	150,135	150,135
Cash flow from financing activities	114,474,997	-	115,074,997	150,135	150,135
Cash-flow for the period	103,282,792	-9,891,929	83,305,939	-27,470,902	-34,378,828
Cash and cash equivalents at beginning of period	14,512,946	51,289,654	34,489,799	68,868,627	68,868,627
Cash and cash equivalents at end of period	117,795,738	41,397,725	117,795,738	41,397,725	34,489,799

Income statement, Parent Company

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Operating income					
Net sales	-	-	-	-	195,978
Other operating income	1,209,286	638,505	3,777,093	1,168,948	2,166,468
Total income	1,209,286	638,505	3,777,093	1,168,948	2,362,446
Operating costs					
Other costs	-2,379,502	-2,370,833	-9,768,101	-13,415,735	-16,537,846
Personnel costs	-4,862,879	-3,606,626	-9,455,030	-6,830,542	-9,401,693
Depreciation	-31,166	-31,683	-93,499	-94,505	-126,730
Total operating costs	-7,273,547	-6,009,142	-19,316,630	-20,340,782	-26,066,269
Operating loss	-6,064,261	-5,370,637	-15,539,537	-19,171,834	-23,703,823
Financial items					
Financial income, other	37,507	216,285	293,981	445,253	577,725
Financial expenses, other	-80	-287	-124	-5,128	-5,239
Loss after net financial items	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-23,131,337
Loss before contribution and tax	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-23,131,337
Contribution					
Group contributions	-	-	-	-	-3,446,000
Loss before tax	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-26,577,337
Tax on income for the period	-	-	-	-	-
Loss at end of the period	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-26,577,337

Parent Company statement of comprehensive income

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Net profit	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-26,577,337
<i>Other comprehensive income for the period:</i>					
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-6,026,834	-5,154,639	-15,245,680	-18,731,709	-26,577,337

Balance sheet, Parent Company

SEK	Sep 30 2015	Sep 30 2014	Dec 31 2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized development costs	3,345,639	-	483,702
Patent	-	-	-
Total intangible fixed assets	3,345,639	-	483,702
<i>Tangible fixed assets</i>			
Machinery and equipment	315,247	440,971	408,745
Total tangible fixed assets	315,247	440,971	408,745
<i>Financial assets</i>			
Shares in group companies	15,900,000	6,100,000	6,100,000
Long-term receivables from group companies	13,559,085	15,202,713	12,051,689
Total financial assets	29,459,085	21,302,713	18,151,689
Total fixed assets	33,119,971	21,743,684	19,044,136
Current assets			
<i>Short term receivables</i>			
Other receivables	1,239,153	146,347	233,043
Prepaid expenses and accrued income	390,555	825,420	395,037
Total short term receivables	1,629,708	971,767	628,080
Cash and bank balances	115,154,059	32,468,305	28,603,699
Total current assets	116,783,767	33,440,072	29,231,779
TOTAL ASSETS	149,903,738	55,183,756	48,275,915

Balance sheet, Parent Company

SEK	Sep 30 2015	Sep 30 2014	Dec 31 2014
EQUITY AND LIABILITIES			
Equity			
<i>Equity Restricted equity</i>			
Share capital	4,788,991	2,386,974	2,386,974
Total restricted equity	4,788,991	2,386,974	2,386,974
<i>Unrestricted equity</i>			
Share premium reserve	236,033,216	123,360,235	123,360,235
Loss brought forward	-80,546,687	-53,969,350	-53,969,350
Loss for the period	-15,245,680	-18,731,709	-26,577,337
Total unrestricted equity	140,240,849	50,659,176	42,813,548
Total equity	145,029,840	53,046,150	45,200,522
Liabilities			
<i>Current liabilities</i>			
Accounts payable	780,493	1,060,257	458,247
Other liabilities	480,787	258,863	394,728
Accrued liabilities and deferred income	3,612,618	818,486	2,222,418
Total current liabilities	4,873,898	2,137,606	3,075,393
Total liabilities	4,873,898	2,137,606	3,075,393
TOTAL EQUITY AND LIABILITIES	149,903,738	55,183,756	48,275,915
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Statement of changes in equity, Parent Company

SEK	Share capital	Share premium reserve	Loss brought forward	Loss for the period	Total equity
Opening equity Jan 1, 2014	2,386,196	123,210,878	-31,126,515	-22,842,835	71,627,724
Comprehensive loss for the period					
Loss for the period				-26,577,337	-26,577,337
Disposition according to AGM					
Loss brought forward			-22,842,835	22,842,835	-
Other			-	-	-
Total comprehensive loss for the period			-53,969,350	-26,577,337	45,050,387
Transactions with shareholders					
New share issue	778	149,357			150,135
Issue expenses	-	-			-
Total transactions with shareholders	778	149,357			150,135
Closing equity Dec 31 2014	2,386,974	123,360,235	-53,969,350	-26,577,337	45,200,522
Opening equity Jan 1, 2015	2,386,974	123,360,235	-53,969,350	-26,577,337	45,200,522
Comprehensive loss for the period					
Loss for the period				-15,245,680	-15,245,680
Disposition according to AGM					
Loss brought forward			-26,577,337	26,577,337	-
Other			-	-	-
Total comprehensive loss for the period			-80,546,687	-15,245,680	29,954,842
Transactions with shareholders					
New share issue	2,402,017	118,370,955			120,772,972
Issue expenses	-	-5,697,974			-5,697,974
Total transactions with shareholders	2,402,017	112,672,981			115,074,998
Closing equity Sep 30, 2015	4,788,991	236,033,216	-80,546,687	-15,245,680	145,029,840

Condensed cash flow statement, Parent Company

SEK	July-Sep 2015	July-Sep 2014	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Current operations					
Operating loss	-6,064,261	-5,370,637	-15,539,537	-19,171,834	-23,703,823
Adjustments for items not included in cash flow					
Depreciation	31,166	31,683	93,499	94,505	-3,319,270
Interest received	37,507	216,285	293,981	445,253	577,725
interest paid	-80	-287	-124	-5,128	-5,239
Cash flow from current operations before change in working capital	-5,995,668	-5,122,956	-15,152,181	-18,637,204	-26,450,607
Change in working capital					
Decrease/increase in current receivables	118,347	638,735	-1,001,634	584,311	927,998
Decrease/increase in current liabilities	926,203	-3,287,459	1,798,511	-2,489,695	-1,551,908
Change in working capital	1,044,550	-2,648,724	796,877	-1,905,384	-623,910
Cash flow from current operations	-4,951,118	-7,771,680	-14,355,304	-20,542,588	-27,074,517
Investing activities					
Acquisition of subsidiaries					
Acquisition of intangible assets	-1,212,398	-	-2,861,937	-	-483,702
Acquisition of tangible assets	-	-16,274	-	-16,274	-16,274
Changes in financial assets	-3,499,722	-247,974	-11,307,396	-15,807,641	-12,656,617
Cash flow from investing activities	-4,712,120	-264,248	-14,169,333	-15,823,915	-13,156,593
Financing activities					
New share issue	114,474,997	-	115,074,997	150,135	150,135
Cash flow from financing activities	114,474,997	-	115,074,997	150,135	150,135
Cash-flow for the period	104,811,759	-8,035,928	86,550,360	-36,216,368	-40,080,975
Cash and cash equivalents at beginning of period	10,342,300	40,504,233	28,603,699	68,684,673	68,684,673
Cash and cash equivalents at end of period	115,154,059	32,468,305	115,154,059	32,468,305	28,603,698

Notes

NOTE 1

Accounting principles

The consolidated financial statements have been prepared in accordance with the *Annual Accounts Act*, Supplementary Accounting Rules for Groups and the International Financial Reporting Standards (IFRS) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU.

The group's accounting policies are unchanged from the previous year.

Capitalized expenditures for development of products

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

- 1) It is technically possible to complete the intangible asset and use or sell it,
- 2) The Company intends to complete the intangible asset and use or sell it,
- 3) The conditions to use or sell the intangible asset are in place,
- 4) The Company demonstrates how the intangible asset will generate likely future economic benefits,
- 5) There are adequate technological, economic and other resources to complete development and to use or sell the intangible asset, and
- 6) The expenditure relating to the intangible asset during its development can be measured reliably

Directly related expenditure that is capitalized mainly consists of expenditure from subcontractors and expenses for employees.

Other development expenditure that does not satisfy these criteria is expensed when it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods.

After first-time reporting, capitalized development expenditure is recognized at cost after deducting for accumulated amortization and potential accumulated impairment. Amortization of capitalized expenditure for product development started in October 2014.

NOTE 2

Transactions with closely related parties

Shareholder and Board member Leif Ryd has received consulting fees of SEK 405,000 (675,000).



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