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Table of Contents Â UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D. C. 20549 Â FORM 10-Q Â (Mark One) â˜’ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended December 31, 2024 or â˜ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 Commission File Number: 0-23837 Â Surmodics, Inc. (Exact name of registrant as specified in its charter) Â Minnesota 41-1356149 (State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.) 9924 West 74th Street, Eden Prairie, Minnesota 55344 (Address of principal executive offices) (Zip Code) Â (952) 500-7000 (Registrantâ€™s telephone number, including area code) Â Â Â Securities registered pursuant to Section 12(b) of the Act: Â Title of each class Â Trading Symbol Â Name of each exchange on which registered Common Stock, $0.05 par value Â SRDX Â Nasdaq Global Select Market Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes â˜’ No â˜ Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes â˜’ No â˜ Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act. Â Large accelerated filer â˜ Accelerated filer â˜’ Â Â Non-accelerated filer â˜ Smaller reporting company â˜ Â Emerging Growth Company â˜ If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. â˜ Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes â˜ No â˜’ The number of shares of the registrantâ€™s Common Stock, $0.05 par value per

share, as of January 27, 2025 was 14,295,998 Â Â Table of Contents Â TABLE OF CONTENTS Â PART I. FINANCIAL INFORMATION Â Item 1. Financial Statements 3 Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations 20 Item 3. Quantitative and Qualitative Disclosures About Market Risk 29 Item 4. Controls and Procedures 30 Â PART II. OTHER INFORMATION Â Item 1. Legal Proceedings 31 Item 1A. Risk Factors 31 Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 31 Item 3. Defaults Upon Senior Securities 32 Item 4. Mine Safety Disclosures 32 Item 5. Other Information 32 Item 6. Exhibits 33 SIGNATURES Â 34 Â 2 Table of Contents Â PART I. FINANCIAL INFORMATION Item 1. Financial Statements Surmodics, Inc. and Subsidiaries Condensed Consolidated Balance Sheets Â December 31, Â Â September 30, Â Â 2024 Â Â 2024 Â (In thousands, except per share data) (Unaudited) Â ASSETS Â Â Â Â Â Current Assets: Â Â Â Â Â Cash and cash equivalents $ 30,145 Â Â $ 36,115 Â Available-for-sale securities Â â€” Â Â Â 3,997 Â Accounts receivable, net of allowances of $220Â and $144Â as ofDecember 31, 2024 and September 30, 2024, respectively Â 12,559 Â Â Â 13,292 Â Contract assets Â 9,879 Â Â Â 9,872 Â Inventories Â 15,261 Â Â Â 15,168 Â Prepaids and other Â 4,005 Â Â Â 2,860 Â Total Current Assets Â 71,849 Â Â Â 81,304 Â Property and equipment, net Â 23,805 Â Â Â 24,956 Â Intangible assets, net Â 21,271 Â Â Â 23,569 Â Goodwill Â 42,408 Â Â Â 44,640 Â Other assets Â 4,407 Â Â Â 4,093 Â Total Assets $ 163,740 Â Â $ 178,562 Â LIABILITIES AND STOCKHOLDERSâ€™ EQUITY Â Â Â Â Â Current Liabilities: Â Â Â Â Â Accounts payable $ 2,561 Â Â $ 2,786 Â Accrued liabilities: Â Â Â Â Â Compensation Â 4,882 Â Â Â 11,099 Â Accrued other Â 3,582 Â Â Â 3,795 Â Deferred revenue Â 266 Â Â Â 1,619 Â Income tax payable Â 1,894 Â Â Â 1,244 Â Total Current Liabilities Â 13,185 Â Â Â 20,543 Â Long-term debt, net Â 29,591 Â Â Â 29,554 Â Deferred income taxes Â 1,595 Â Â Â 1,785 Â Other long-term liabilities Â 7,600 Â Â Â 7,783 Â Total Liabilities Â 51,971 Â Â Â 59,665 Â Commitments and ContingenciesÂ (Note 11) Â Â Â Â Â Stockholdersâ€™ Equity: Â Â Â Â Â Series A Preferred stock â€” $.05Â par value, 450Â shares authorized; noÂ shares issued and outstanding Â â€” Â Â Â â€” Â Common stock â€” $.05Â par value, 45,000Â shares authorized; 14,294Â and 14,325Â sharesissued and outstanding as of December 31, 2024 and September 30, 2024, respectively Â 715 Â Â Â 716 Â Additional paid-in capital Â 45,135 Â Â Â 44,594 Â Accumulated other comprehensive loss Â (6,143) Â Â (2,126) Retained earnings Â 72,062 Â Â Â 75,713 Â Total Stockholdersâ€™ Equity Â 111,769 Â Â Â 118,897 Â Total Liabilities and Stockholdersâ€™ Equity $ 163,740 Â Â $ 178,562 Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. 3 Table of Contents Â Surmodics, Inc. and Subsidiaries Condensed Consolidated Statements of Operations Â Three Months Ended December 31, Â Â 2024 Â Â 2023 Â (In thousands, except per share data) (Unaudited) Â Revenue: Â Â Â Â Â Product sales $ 16,548 Â Â $ 18,827 Â Royalties and license fees Â 10,634 Â Â Â 9,179 Â Research, development and other Â 2,740 Â Â Â 2,546 Â Total revenue Â 29,922 Â Â Â 30,552 Â Operating costs and expenses: Â Â Â Â Â Product costs Â 7,425 Â Â Â 8,803 Â Research and development Â 8,941 Â Â Â 8,664 Â Selling, general and administrative Â 15,174 Â Â Â 12,537 Â Acquired intangible asset amortization Â 863 Â Â Â 870 Â Total operating costs and expenses Â 32,403 Â Â Â 30,874 Â Operating (loss) income Â (2,481) Â Â (322) Other expense, net: Â Â Â Â Â Interest expense, net Â (882) Â Â (896) Foreign exchange gain (loss) Â 32 Â Â Â (45) Investment income, net Â 387 Â Â Â 539 Â Other expense, net Â (463) Â Â (402) (Loss) income before income taxes Â (2,944) Â Â (724) Income tax expense Â (707) Â Â (62) Net (loss) income $ (3,651) Â $ (786) Â Â Â Â Â Basic net (loss) income per share $ ($0.26) Â $ ($0.06) Diluted net (loss) income per share $ ($0.26) Â $ ($0.06) Â Â Â Â Â Â Weighted average number of shares outstanding: Â Â Â Â Â Basic Â 14,231 Â Â Â 14,102 Â Diluted Â 14,231 Â Â Â 14,102 Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. 4 Table of Contents Â Surmodics, Inc. and Subsidiaries Condensed Consolidated Statements of Comprehensive (Loss) Income Â Â Three Months Ended December 31, Â Â 2024 Â Â 2023 Â (In thousands) (Unaudited) Â Net (loss) income $ (3,651) Â $ (786) Other comprehensive (loss) income: Â Â Â Â Â Derivative instruments: Â Â Â Â Â Unrealized net gain (loss) Â 506 Â Â Â (620) Net gain reclassified to earnings Â (29) Â Â (62) Net changes related to available-for-sale securities, net of tax Â â€” Â Â Â (8) Foreign currency translation adjustments Â (4,494) Â Â 2,797 Â Other comprehensive (loss) income Â (4,017) Â Â 2,107 Â Comprehensive (loss) income $ (7,668) Â $ 1,321 Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. 5 Table of Contents Â Surmodics, Inc. and Subsidiaries Condensed Consolidated Statements of Stockholdersâ€™ Equity Â Three Months Ended December 31, 2024 and 2023 Â Â (Unaudited) Â Â Â Â Â Accumulated Â Â Â Â Â Â Â Â Â Â Â Â Â Additional Â Â Other Â Â Â Â Â Total Â Â Common Stock Â Â Paid-In Â Â Comprehensive Â Â Retained Â Â Stockholdersâ€™ Equity Â (In thousands) Shares Â Â Amount Â Â Capital Â Â Loss Â Â Earnings Â Â Equity Â Balance at September 30, 2024 Â 14,325 Â Â Â $ 716 Â Â $ 44,594 Â Â $ (2,126) Â $ 75,713 Â Â $ 118,897 Â Â Net loss Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â (3,651) Â Â Â (3,651) Other comprehensive loss, net of tax Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â (4,017) Â Â Â â€” Â Â Â (4,017) Issuance of common stock Â (1) Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Common stock options exercised, net Â 3 Â Â Â Â â€” Â Â Â 105 Â Â Â Â â€” Â Â Â Â â€” Â Â Â 105 Â Purchase of common stock to pay employee taxes Â (33) Â Â Â (1) Â Â Â (1,307) Â Â Â â€” Â Â Â Â â€” Â Â Â Â (1,308) Stock-based compensation Â â€” Â Â Â Â â€” Â Â Â 1,743 Â Â Â Â â€” Â Â Â Â â€” Â Â Â 1,743 Â Balance at December 31, 2024 Â 14,294 Â Â Â $ 715 Â Â $ 45,135 Â Â $ (6,143) Â $ 72,062 Â Â $ 111,769 Â Balance at September 30, 2023 Â 14,155 Â Â Â $ 708 Â Â $ 36,706 Â Â $ (4,759) Â $ 87,255 Â Â $ 119,910 Â Net loss Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â (786) Â Â Â (786) Other comprehensive income, net of tax Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â 2,107 Â Â Â Â â€” Â Â Â 2,107 Â Issuance of common stock Â 102 Â Â Â Â 5 Â Â Â Â (5) Â Â Â â€” Â Â Â Â â€” Â Â Â Â â€” Â Â Â Â Common stock options exercised, net Â 7 Â Â Â Â â€” Â Â Â 39 Â Â Â Â â€” Â Â Â Â â€” Â Â Â 39 Â Purchase of common stock to pay employee taxes Â (29) Â Â Â (1) Â Â Â (1,087) Â Â Â â€” Â Â Â Â â€” Â Â Â Â (1,088) Stock-based compensation Â â€” Â Â Â Â â€” Â Â Â 1,968 Â Â Â Â â€” Â Â Â Â â€” Â Â Â 1,968 Â Balance at December 31, 2023 Â 14,235 Â Â Â $ 712 Â Â $ 37,621 Â Â $ (2,652) Â $ 86,469 Â Â $ 122,150 Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. 6 Table of Contents Â Surmodics, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows Â Three Months Ended December 31, Â Â 2024 Â Â 2023 Â (In thousands) (Unaudited) Â Operating Activities: Â Â Â Â Â Net loss $ (3,651) Â $ (786) Adjustments to reconcile net loss to net cash (used in) provided by operating activities: Â Â Â Â Â Depreciation and amortization Â 2,083 Â Â Â 2,333 Â Stock-based compensation Â 1,743 Â Â Â 1,968 Â Noncash lease expense Â 208 Â Â Â 183 Â Amortization of debt issuance costs Â 76 Â Â Â 76 Â Provision for credit losses Â 76 Â Â Â 6 Â Deferred taxes Â (68) Â Â (97) Other Â 5 Â Â Â (123) Change in operating assets and liabilities: Â Â Â Â Â Accounts receivable and contract assets Â 435 Â Â Â (3,430) Inventories Â (93) Â Â 401 Â Prepaids and other Â (515) Â Â (788) Accounts payable Â (216) Â Â (428) Accrued liabilities Â (7,362) Â Â (7,084) Income taxes Â 738 Â Â Â 99 Â Deferred revenue Â (1,353) Â Â (1,122) Net cash (used in) provided by operating activities Â (7,894) Â Â (8,792) Investing Activities: Â Â Â Â Â Purchases of property and equipment Â (302) Â Â (720) Purchases of available-for-sale securities Â â€” Â Â Â (9,750) Maturities of available-for-sale securities Â 4,000 Â Â Â 2,000 Â Net cash (used in) provided by investing activities Â 3,698 Â Â Â (8,470) Financing Activities: Â Â Â Â Â Issuance of common stock Â 105 Â Â Â 39 Â Payments for taxes related to net share settlement of equity awards Â (1,308) Â Â (1,088) Net cash (used in) provided by financing activities Â (1,203) Â Â (1,049) Effect of exchange rate changes on cash and cash equivalents Â (571) Â Â 247 Â Net change in cash and cash equivalents Â (5,970) Â Â (18,064) Cash and Cash Equivalents: Â Â Â Â Â Beginning of period Â 36,115 Â Â Â 41,419 Â End of period $ 30,145 Â Â $ 23,355 Â Supplemental Information: Â Â Â Â Â Cash paid for income taxes $ â€” Â Â $ â€” Â Cash paid for interest Â 785 Â Â Â 779 Â Noncash investing and financing activities: Â Â Â Â Â Acquisition of property and equipment Â 141 Â Â Â 43 Â Right-of-use assets obtained in exchange for operating lease liabilities Â â€” Â Â Â 845 Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â 7 Table of Contents Â Surmodics, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements Period Ended December 31, 2024 (Unaudited) Â 1. OrganizationDescription of BusinessSurmodics, Inc. and subsidiaries (referred to as â€œSurmodics,â€ the â€œCompany,â€ â€œwe,â€ â€œus,â€ â€œourâ€ and other like terms) is a leading provider of performance coating technologies for intravascular medical devices and chemical and biological components for in vitro diagnostic (â€œIVDâ€) immunoassay tests and microarrays. Surmodics develops and commercializes highly differentiated vascular intervention medical devices that are designed to address unmet clinical needs and engineered to the most demanding requirements. Our key growth strategy leverages the combination of the Companyâ€™s expertise in proprietary surface modification and drug-delivery coating technologies, along with its device design, development and manufacturing capabilities. The Companyâ€™s mission is to improve the detection and treatment of disease. Surmodics is headquartered in Eden Prairie, Minnesota.On May 28, 2024, Surmodics entered into a Merger Agreement (the â€œMerger Agreementâ€) with BCE Parent, LLC, a Delaware limited liability company (â€œParentâ€), and BCE Merger Sub, Inc., a Minnesota corporation and a wholly owned Subsidiary of Parent (â€œMerger Subâ€), pursuant to which Surmodics will, subject to the terms and conditions thereof, be acquired by Parent for $43.00 per share in cash through the merger of Merger Sub with and into the Company, with the Company as the surviving corporation and a wholly owned subsidiary of Parent. See Note 13 Merger Agreement for additional information.Basis of Presentation and Principles of ConsolidationThe accompanying unaudited condensed consolidated financial statements include all accounts and wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S. (â€œGAAPâ€). All intercompany transactions have been eliminated. The Company operates on a fiscal year ending on September 30. In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (â€œSECâ€), the Company has omitted footnote disclosures that would substantially duplicate the disclosures contained in the audited consolidated financial statements of the Company. These unaudited condensed consolidated financial statements should be read together with the audited consolidated financial statements for the fiscal year ended September 30, 2024, and notes thereto included in our Annual Report on Form 10-K as filed with the SEC.Use of EstimatesThe preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Ultimate results could differ from those estimates. The results of operations for the three months ended December 31, 2024 are not necessarily indicative of the results that may be expected for the entire 2025 fiscal year.New Accounting PronouncementsNot Yet AdoptedIn November 2023, the Financial Accounting Standards Board (â€œFASBâ€) issued Accounting Standards Update (â€œASUâ€) No. 2023-07, Segment Reporting: Improvements to Reportable Segment Disclosures. This guidance requires disclosure of incremental segment information on an annual and interim basis. This amendment is effective for our fiscal year ending September 30, 2025 and interim periods within our fiscal year ending September 30, 2026. We are currently assessing the impact of this guidance on our disclosures. In December 2023, the FASB issued ASU No. 2023-09, Income Taxes: Improvements to Income Tax Disclosures. This guidance requires consistent categories and greater disaggregation of information in the rate reconciliation and disclosures of income taxes paid by jurisdiction. This amendment is effective for our fiscal year ending September 30, 2026 and interim periods within our fiscal year ending September 30, 2027. We are currently assessing the impact of this guidance on our disclosures.No other new accounting pronouncement issued or effective during our fiscal year ending September 30, 2025, or is expected to have, a material impact on the Companyâ€™s condensed consolidated financial statements. 8 Table of Contents Â 2. RevenueThe following table is a disaggregation of revenue within each reportable segment. Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Medical Device Â Â Product sales $ 10,116 Â Â $ 11,950 Â Royalties & license fees â€“ performance coatings Â 9,383 Â Â Â 8,208 Â License fees â€“ SurVeilÂ DCB Â 1,251 Â Â Â 971 Â Research, development and other Â 2,531 Â Â Â 2,416 Â Medical Device Revenue Â 23,281 Â Â Â 23,545 Â In Vitro Diagnostics Â Â Â Â Â Product sales Â 6,432 Â Â Â 6,877 Â Research, development and other Â 209 Â Â Â 130 Â In Vitro Diagnostics Revenue Â 6,641 Â Â Â 7,007 Â Total Revenue $ 29,922 Â Â $ 30,552 Â Contract assets totaled $10.7 million and $10.6 million as of December 31, 2024 and September 30, 2024, respectively, and was reported in contract assets, current and other assets, noncurrent (Note 5) on the condensed consolidated balance sheets. Fluctuations in the balance of contract assets result primarily from (i) fluctuations in the sales volume of performance coating royalties and license fees earned, but not collected, at each balance sheet date due to payment timing and contractual changes in the normal course of business; and (ii) starting in fiscal 2024, sales-based profit-sharing earned, but not collected, related to a collaborative arrangement (Note 3).Deferred revenue totaled $0.3 million and $1.6 million as of December 31, 2024 and September 30, 2024, respectively, on the condensed consolidated balance sheets and was primarily related to a collaborative arrangement (Note 3). For the three months ended December 31, 2024 and 2023, the total amount of revenue recognized that was included in the respective beginning of fiscal year balances of deferred revenue on the condensed consolidated balance sheets totaled $1.3 million and $1.0 million, respectively. 3. Collaborative ArrangementOn February 26, 2018, the Company entered into an agreement with Abbott Vascular, Inc. (â€œAbbottâ€) with respect to one of the device products in our Medical Device reportable segment, the SurVeilâ„¢ drug-coated balloon (â€œDCBâ€) for treatment of the superficial femoral artery (the â€œAbbott Agreementâ€). In June 2023, the SurVeil DCB received U.S. Food and Drug Administration (â€œFDAâ€) premarket approval (â€œPMAâ€) and may now be marketed and sold in the U.S. by Abbott.SurVeil DCB License FeesUnder the Abbott Agreement, Surmodics is responsible for conducting all necessary clinical trials, including completion of the ongoing, five-year TRANSCEND pivotal clinical trial of the SurVeil DCB. The Company has received payments totaling $87.8 million for achievement of clinical and regulatory milestones under the Abbott Agreement, which consisted of the following: (i) a $25 million upfront fee in fiscal 2018, (ii) a $10 million milestone payment in fiscal 2019, (iii) a $10.8 million milestone payment in fiscal 2020, (iv) a $15 million milestone payment in fiscal 2021, and (v) a $27 million milestone payment in the third quarter of fiscal 2023 upon receipt of PMA for the SurVeil DCB from the FDA. There are no remaining contingent or other milestone payments under the Abbott Agreement.License fee revenue on milestone payments received under the Abbott Agreement is recognized using the cost-to-cost method based on total costs incurred to date relative to total expected costs for the TRANSCEND pivotal clinical trial, which is expected to be competed in fiscal 2025. See Note 2 Revenue for SurVeil DCB license fee revenue recognized in our Medical Device reportable segment.As of December 31, 2024, deferred revenue on the condensed consolidated balance sheets included $0.3 million from upfront and milestone payments received under the Abbott Agreement. This represented the Companyâ€™s remaining performance obligations and is expected to be recognized as revenue in the second quarter of fiscal 2025 as services, principally the TRANSCEND clinical trial, are completed. 9 Table of Contents Â SurVeil DCB Product SalesUnder the Abbott Agreement, we supply commercial units of the SurVeil DCB to Abbott, and Abbott has exclusive worldwide distribution rights. During the first quarter of fiscal 2024, we commenced shipment of commercial units of the SurVeil DCB to Abbott. We recognize revenue from the sale of commercial units of the SurVeil DCB to Abbott at the time of shipment in product sales on the condensed consolidated statements of operations. The amount of SurVeil DCB product sales revenue recognized includes (i) the contractual transfer price per unit and (ii) an estimate of Surmodicsâ€™ share of net profits resulting from product sales by Abbott to third parties pursuant to the Abbott Agreement (â€œestimated SurVeil DCB profit-sharingâ€). On a quarterly basis, Abbott (i) reports to us its third-party sales of the SurVeil DCB the quarter

after those sales occur, which may occur within two years following shipment based on the productâ€™s current shelf life; and (ii) reports to us and pays the actual amount of profit-sharing. Estimated SurVeil DCB profit-sharing represents variable consideration and is recorded in contract assets, current and other assets, noncurrent on the condensed consolidated balance sheets. We estimate variable consideration as the most-likely amount to which we expect to be entitled, and we include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved. Significant judgment is required in estimating the amount of variable consideration to recognize when assessing factors outside of Surmodicsâ€™ influence, such as limited availability of third-party information, expected duration of time until resolution, and limited relevant past experience. 4. Fair Value MeasurementsAssets and liabilities measured at fair value on a recurring basis by level of the fair value hierarchy were as follows:Â Â December 31, 2024 Â (In thousands) Quoted Prices in Active Markets for Identical Instruments(Level 1) Â Â Significant OtherObservable Inputs(Level 2) Â Â SignificantUnobservable Inputs(Level 3) Â Â Total Fair Value Â Assets Â Â Â Â Â Â Â Â Â Â Â Â Cash equivalents (1) $ â€” Â Â $ 23,228 Â Â $ â€” Â Â $ 23,228 Â Available-for-sale securities (1) Â â€” Â Â Â â€” Â Â Â â€” Â Â Â â€” Â Total assets $ â€” Â Â $ 23,228 Â Â $ â€” Â Â $ 23,228 Â Â Â Â Â Â Â Â Â Â Â Â Liabilities Â Â Â Â Â Â Â Â Â Â Interest rate swap (2) Â â€” Â Â Â 196 Â Â Â â€” Â Â Â 196 Â Total liabilities $ â€” Â Â $ 196 Â Â $ â€” Â Â $ 196 Â Â Â September 30, 2024 Â (In thousands) Quoted Prices inActive Marketsfor IdenticalInstruments(Level 1) Â Â Significant OtherObservable Inputs(Level 2) Â Â SignificantUnobservable Inputs(Level 3) Â Â Total Fair Value Â Assets Â Â Â Â Â Â Â Â Â Â Â Â Cash equivalents (1) $ â€” Â Â $ 29,334 Â Â $ â€” Â Â $ 29,334 Â Available-for-sale securities (1) Â â€” Â Â Â 3,997 Â Â Â â€” Â Â Â 3,997 Â Total assets $ â€” Â Â $ 33,331 Â Â $ â€” Â Â $ 33,331 Â Â Â Â Â Â Â Â Â Â Â Â Liabilities Â Â Â Â Â Â Â Â Â Â Interest rate swap (2) $ â€” Â Â $ 673 Â Â $ â€” Â Â $ 673 Â Total liabilities $ â€” Â Â $ 673 Â Â $ â€” Â Â $ 673 Â (1)Fair value of cash equivalents (money market funds) and available-for-sale securities (commercial paper and corporate bond securities) was based on quoted vendor prices and broker pricing where all significant inputs are observable.(2)Fair value of interest rate swap is based on forward-looking, one-month term secured overnight financing rate (â€œTerm SOFRâ€) spot rates and interest rate curves (Note 7). 10 Table of Contents Â 5. Supplemental Balance Sheet InformationInvestments â€” Available-for-sale SecuritiesThe amortized cost, unrealized holding gains and losses, and fair value of available-for-sale securities were as follows:Â Â Â December 31, 2024 Â (In thousands) Â Amortized Cost Â Â Unrealized Gains Â Â Unrealized Losses Â Â Fair Value Â Commercial paper and corporate bonds Â $ â€” Â Â $ â€” Â Â $ â€” Â Â $ â€” Â Available-for-sale securities Â $ â€” Â Â $ â€” Â Â $ â€” Â Â $ â€” Â Â Â Â September 30, 2024 Â (In thousands) Â Amortized Cost Â Â Unrealized Gains Â Â Unrealized Losses Â Â Fair Value Â Commercial paper and corporate bonds Â $ 3,997 Â Â $ â€” Â Â $ â€” Â Â $ 3,997 Â Available-for-sale securities Â $ 3,997 Â Â $ â€” Â Â $ â€” Â Â $ 3,997 Â Inventories Inventories consisted of the following components:Â Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Raw materials $ 8,793 Â Â $ 8,505 Â Work-in process Â 2,268 Â Â Â 2,476 Â Finished products Â 4,200 Â Â Â 4,187 Â Inventories $ 15,261 Â Â $ 15,168 Â Prepaids and Other Assets, CurrentPrepaids and other current assets consisted of the following: Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Prepaid expenses and other $ 3,905 Â Â $ 2,752 Â Irish research and development credits receivable Â 100 Â Â Â 108 Â Prepaids and other $ 4,005 Â Â $ 2,860 Â Â 11 Table of Contents Â Intangible AssetsIntangible assets consisted of the following: Â December 31, 2024 Â (Dollars in thousands) Weighted Average Original Life (Years) Â Â Gross Carrying Amount Â Â Accumulated Amortization Â Â Net Â Definite-lived intangible assets: Â Â Â Â Â Â Â Â Â Â Customer lists and relationships Â 9.3 Â Â $ 11,066 Â Â $ (10,321) Â $ 745 Â Developed technology Â 11.9 Â Â Â 33,452 Â Â Â (14,215) Â Â 19,237 Â Patents and other Â 14.9 Â Â Â 2,338 Â Â Â (1,629) Â Â 709 Â Total definite-lived intangible assets Â Â Â Â 46,856 Â Â Â (26,165) Â Â 20,691 Â Unamortized intangible assets: Â Â Â Â Â Â Â Â Â Â Trademarks and trade names Â Â Â Â 580 Â Â Â â€” Â Â Â 580 Â Intangible assets, net Â Â Â $ 47,436 Â Â $ (26,165) Â $ 21,271 Â Â Â September 30, 2024 Â (Dollars in thousands) Weighted Average Original Life (Years) Â Â Gross Carrying Amount Â Â Accumulated Amortization Â Â Net Â Definite-lived intangible assets: Â Â Â Â Â Â Â Â Â Â Customer lists and relationships Â 9.3 Â Â $ 11,870 Â Â $ (10,844) Â $ 1,026 Â Developed technology Â 11.9 Â Â Â 35,433 Â Â Â (14,222) Â Â 21,211 Â Patents and other Â 14.9 Â Â Â 2,338 Â Â Â (1,586) Â Â 752 Â Total definite-lived intangible assets Â Â Â Â 49,641 Â Â Â (26,652) Â Â 22,989 Â Unamortized intangible assets: Â Â Â Â Â Â Â Â Â Â Trademarks and trade names Â Â Â Â 580 Â Â Â â€” Â Â Â 580 Â Intangible assets, net Â Â Â Â $ 50,221 Â Â $ (26,652) Â $ 23,569 Â Intangible asset amortization expense was $0.9 million for each of the three months ended December 31, 2024 and 2023 . Based on the intangible assets in service as of December 31, 2024, estimated amortization expense for future fiscal years was as follows: (In thousands) Â Â Remainder of 2025 $ 2,694 Â 2026 Â 2,741 Â 2027 Â 2,498 Â 2028 Â 2,488 Â 2029 Â 2,488 Â 2030 Â 2,262 Â Thereafter Â 5,520 Â Definite-lived intangible assets $ 20,691 Â Future amortization amounts presented above are estimates. Actual future amortization expense may be different as a result of future acquisitions, impairments, changes in amortization periods, foreign currency translation rates, or other factors.Goodwill Changes in the carrying amount of goodwill by segment were as follows: (In thousands) In VitroDiagnostics Â Â MedicalDevice Â Â Total Â Goodwill as of September 30, 2024 $ 8,010 Â Â $ 36,630 Â Â $ 44,640 Â Currency translation adjustment Â Â Â Â (2,232) Â Â (2,232) Goodwill as of December 31, 2024 $ 8,010 Â Â $ 34,398 Â Â $ 42,408 Â Â 12 Table of Contents Â Other Assets, NoncurrentOther noncurrent assets consisted of the following: Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Operating lease right-of-use assets $ 2,820 Â Â $ 3,028 Â Contract asset (1) Â 803 Â Â Â 689 Â Other Â 784 Â Â Â 376 Â Other assets $ 4,407 Â Â $ 4,093 Â (1)As of December 31, 2024 and September 30, 2024, the noncurrent portion of the contract asset associated with estimated SurVeil DCB profit-sharing (Note 3).Accrued Other LiabilitiesAccrued other liabilities consisted of the following: Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Accrued professional fees $ 869 Â Â $ 563 Â Accrued clinical study expense Â 377 Â Â Â 499 Â Accrued purchases Â 828 Â Â Â 1,023 Â Operating lease liabilities, current portion Â 1,049 Â Â Â 1,040 Â Other Â 459 Â Â Â 670 Â Total accrued other liabilities $ 3,582 Â Â $ 3,795 Â Other Long-term LiabilitiesOther long-term liabilities consisted of the following: Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Deferred consideration (1) $ 1,669 Â Â $ 1,661 Â Unrecognized tax benefits (2) Â 3,263 Â Â Â 3,176 Â Operating lease liabilities, less current portion Â 2,387 Â Â Â 2,648 Â Other Â 281 Â Â Â 298 Â Other long-term liabilities $ 7,600 Â Â $ 7,783 Â (1)Deferred consideration consisted of the present value of a guaranteed payment to be made in connection with the fiscal 2021 Vetex acquisition (Note 11).(2)Unrecognized tax benefits include accrued interest and penalties, if applicable (Note 10). 6. DebtDebt consisted of the following: Â December 31, Â Â September 30, Â (In thousands) 2024 Â Â 2024 Â Revolving Credit Facility, Term SOFR + 3.00%, maturing October 1, 2027 $ 5,000 Â Â $ 5,000 Â Tranche 1 Term Loans, Term SOFR +5.75%, maturing October 1, 2027 Â 25,000 Â Â Â 25,000 Â Long-term debt, gross Â 30,000 Â Â Â 30,000 Â Less: Unamortized debt issuance costs Â (409) Â Â (446) Long-term debt, net $ 29,591 Â Â $ 29,554 Â Â 13 Table of Contents Â On October 14, 2022, the Company entered into a secured revolving credit facility and secured term loan facilities pursuant to a Credit, Security and Guaranty Agreement (the â€œMidCap Credit Agreementâ€) with Mid Cap Funding IV Trust, as agent, and MidCap Financial Trust, as term loan servicer and the lenders from time to time party thereto. The MidCap Credit Agreement provides for availability under a secured revolving line of credit of up to $25.0 million (the â€œRevolving Credit Facilityâ€). Availability under the Revolving Credit Facility is subject to a borrowing base.The MidCap Credit Agreement also provided for up to $75.0 million in term loans (the â€œTerm Loansâ€), consisting of a $25.0 million Tranche 1 (â€œTranche 1â€) and a $50.0 million Tranche 2 (â€œTranche 2â€), which was available until December 31, 2024. The Company did not draw any amounts under Tranche 2 and the Tranche 2 commitment expired on December 31, 2024. Upon closing, the Company borrowed $25.0 million of Tranche 1, borrowed $5.0 million on the Revolving Credit Facility, and used approximately $10.0 million of the proceeds to repay borrowings under the revolving credit facility with Bridgewater Bank. The Company intends to use the remaining proceeds to fund working capital needs and for other general corporate purposes, as permitted under the MidCap Credit Agreement. Pursuant to the MidCap Credit Agreement, the Company provided a first priority security interest in all existing and future acquired assets, including intellectual property and real estate, owned by the Company. The MidCap Credit Agreement contains certain covenants that limit the Companyâ€™s ability to engage in certain transactions. Subject to certain limited exceptions, these covenants limit the Companyâ€™s ability to, among other things:â€¢create, incur, assume or permit to exist any additional indebtedness, or create, incur, allow or permit to exist any additional liens;â€¢enter into any amendment or other modification of certain agreements;â€¢effect certain changes in the Companyâ€™s business, fiscal year, management, entity name or business locations;â€¢liquidate or dissolve, merge with or into, or consolidate with, any other company;â€¢pay cash dividends on, make any other distributions in respect of, or redeem, retire or repurchase, any shares of the Companyâ€™s capital stock;â€¢make certain investments, other than limited permitted acquisitions; andâ€¢enter into transactions with the Companyâ€™s affiliates.The MidCap Credit Agreement also contains customary indemnification obligations and customary events of default, including, among other things, (i) non-payment, (ii) breach of warranty, (iii) non-performance of covenants and obligations, (iv) default on other indebtedness, (v) judgments, (vi) change of control, (vii) bankruptcy and insolvency, (viii) impairment of security, (ix) termination of a pension plan, (x) regulatory matters, and (xi) material adverse effect.In the event of default under the MidCap Credit Agreement, the Company would be required to pay interest on principal and all other due and unpaid obligations at the current rate in effect plus 2%.Borrowings under the MidCap Credit Agreement bear interest at Term SOFR as published by CME Group Benchmark Administration Limited plus 0.10% (â€œAdjusted Term SOFRâ€). The Revolving Credit Facility bears interest at an annual rate equal to 3.00% plus the greater of Adjusted Term SOFR or 1.50%, and the Term Loans bear interest at an annual rate equal to 5.75% plus the greater of Adjusted Term SOFR or 1.50%. The Company is required to make monthly interest payments on the Revolving Credit Facility with the entire principal payment due at maturity. The Company is required to make 48 monthly interest payments on the Term Loans beginning on November 1, 2022 (the â€œInterest-Only Periodâ€). If the Company is in covenant compliance at the end of the Interest-Only Period, the Company will have the option to extend the Interest-Only Period through maturity with the entire principal payment due at maturity. If the Company is not in covenant compliance at the end of the Interest-Only Period, the Company is required to make 12 months of straight-line amortization payments with the entire principal amount due at maturity.Subject to certain limitations, the Term Loans have a prepayment fee for payments made prior to the maturity date equal to 1.0% of the prepaid principal amount for the third year following the closing date and thereafter. In addition, if the Revolving Credit Facility is terminated in whole or in part prior to the maturity date, the Company must pay a prepayment fee equal to 1.0% of the terminated commitment amount for the third year following the closing date of the MidCap Credit Agreement and thereafter. The Company is also required to pay a full exit fee at the time of maturity or full prepayment event equal to 2.5% of the aggregate principal amount of the Term Loans made pursuant to the MidCap Credit Agreement and a partial exit fee at the time of any partial prepayment event equal to 2.5% of the amount prepaid. This exit fee is accreted over the remaining term of the Term Loans. The Company also is obligated to pay customary origination fees at the time of each funding of the Term Loans and a customary annual administrative fee based on the amount borrowed under the Term Loan, due on an annual basis. The customary fees on the Revolving Credit Facility 14 Table of Contents Â include (i) an origination fee based on the commitment amount, which was paid on the closing date, (ii) an annual collateral management fee of 0.50% per annum based on the outstanding balance of the Revolving Credit Facility, payable monthly in arrears and (iii) an unused line fee of 0.50% per annum based on the average unused portion of the Revolving Credit Facility, payable monthly in arrears. The Company must also maintain a minimum balance of no less than 20% of availability under the Revolving Credit Facility or a minimum balance fee applies of 0.50% per annum. Expenses recognized for fees for the Revolving Credit Facility and Term Loans are reported in interest expense, net on the condensed consolidated statements of operations. 7. Derivative Financial InstrumentsAs of December 31, 2024 and September 30, 2024, derivative financial instruments on the condensed consolidated balance sheets consisted of a fixed-to-variable interest rate swap to mitigate exposure to interest rate increases related to our Term Loans (â€œinterest rate swapâ€). The interest rate swap has been designated as a cash flow hedge. See Note 6 Debt for further information on our financing arrangements. The net fair value of designated hedge derivatives subject to master netting arrangements reported on the condensed consolidated balance sheets was as follows: Â Asset (Liability) (In thousands) Gross Recognized Amount Â Â Gross Offset Amount Â Â Net Amount Presented Â Â Cash Collateral Receivable Â Â Net Amount Reported Â Â Balance Sheet Location December 31, 2024 Â Interest rate swap $ (196) Â $ â€” Â Â $ (196) Â $ 436 Â Â $ 240 Â Â Other assets, noncurrent September 30, 2024 Â Interest rate swap $ (673) Â $ â€” Â Â $ (673) Â $ 625 Â Â $ (48) Â Other long-term liabilities The pretax amounts recognized in accumulated other comprehensive loss (â€œAOCLâ€) for designated hedge derivative instruments were as follows: Â Â Three Months Ended December 31, Â (In thousands) Â 2024 Â Â 2023 Â Beginning unrealized net (loss) gain in AOCL Â $ (673) Â $ 183 Â Net gain (loss) recognized in other comprehensive (loss) income Â Â 506 Â Â Â (620) Net gain (loss) reclassified into interest expense Â Â (29) Â Â (62) Ending unrealized (loss) gain in AOCL Â $ (196) Â $ (499) Â 8. Stock-based Compensation PlansThe Company has stock-based compensation plans approved by its shareholders under which it grants stock options, restricted stock awards, restricted stock units and deferred stock units to officers, directors and key employees. Stock-based compensation expense was reported as follows in the condensed consolidated statements of operations: Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Product costs $ 59 Â Â $ 72 Â Research and development Â 301 Â Â Â 370 Â Selling, general and administrative Â 1,383 Â Â Â 1,526 Â Total $ 1,743 Â Â $ 1,968 Â As of December 31, 2024, unrecognized compensation costs related to non-vested awards totaled approximately $9.1 million, which is expected to be recognized over a weighted average period of approximately 2.0 years. 15 Table of Contents Â Stock Option Awards The Company awards stock options to officers, directors and key employees and uses the Black-Scholes option pricing model to determine the fair value of stock options as of the date of each grant. Stock option grant activity was as follows: Â Three Months Ended December 31, Â Â 2024 Â Â 2023 Â Stock option grant activity: Â Â Â Â Â Stock options granted Â - Â Â Â 250,000 Â Weighted average grant date fair value $ - Â Â $ 15.82 Â Weighted average exercise price $ - Â Â $ 33.64 Â Restricted Stock AwardsDuring the three months ended December 31, 2024, the Company did not award any shares of restricted stock. During the three months ended December 31, 2023, the Company awarded 98,000 shares of restricted stock to certain key employees and officers with a weighted average grant date fair value per share of $33.64. Restricted stock is valued based on the market value of the shares as of the date of grant.Restricted Stock Unit AwardsDuring the three months ended December 31, 2024, the Company did not award any restricted stocks (â€œRSUâ€™sâ€). During the three months ended December 31, 2023, the Company awarded 5,000 RSUâ€™s to directors and key employees in foreign jurisdictions with a weighted average grant date fair value per unit of $33.64. RSUs are valued based on the market value of the shares as of the date of grant.Employee Stock Purchase PlanOur U.S. employees are eligible to participate in the amended 1999 Employee Stock Purchase Plan (â€œESPPâ€) approved by our shareholders. During each of the three months ended December 31, 2024 and 2023 no shares were issued under the ESPP. Â 9. Net (Loss) Income Per Share DataBasic net (loss) income per common share is calculated by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted

net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of common and common equivalent shares outstanding during the period. The Companyâ€™s potentially dilutive common shares are those that result from dilutive common stock options and non-vested stock relating to restricted stock awards and RSUs. The calculation of diluted loss per share excluded 0.1 million or less in weighted-average shares for each of the three-month periods ended December 31, 2024 and 2023, as their effect was anti-dilutive. Basic and diluted weighted average shares outstanding were as follows:Â Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Basic weighted average shares outstanding Â 14,231 Â Â Â 14,102 Â Dilutive effect of outstanding stock options, non-vested restricted stock, and non-vested restricted stock units Â â€” Â Â Â â€” Â Diluted weighted average shares outstanding Â 14,231 Â Â Â 14,102 Â Â 16 Table of Contents Â 10. Income TaxesFor interim income tax reporting, the Company estimates its full-year effective tax rate and applies it to fiscal year-to-date pretax (loss) income, excluding unusual or infrequently occurring discrete items. Tax jurisdictions with losses for which tax benefits cannot be realized are excluded. The Company reported income tax expense of $(0.7) million and $(0.1) million for the three months ended December 31, 2024 and 2023, respectively.â€¢Beginning in our fiscal 2023, certain research and development (â€œR&Dâ€) costs are required to be capitalized and amortized over a five-year period under the Tax Cuts and Jobs Act enacted in December 2017. This change impacts the expected U.S. federal and state income tax expense and cash taxes paid and to be paid for our fiscal 2025 and 2024.â€¢Since September 30, 2022, we have maintained a full valuation allowance against U.S. net deferred tax assets. As a result, we are no longer recording a tax benefit associated with U.S. pretax losses and incremental deferred tax assets. â€¢Recurring items cause our effective tax rate to differ from the U.S. federal statutory rate of 21%, including foreign-derived intangible income (â€œFDIIâ€) deductions in the U.S., U.S. federal and Irish R&D credits, Irish and U.S. state tax rates, excess tax benefits associated with stock-based compensation, and non-deductible merger-related charges (Note 13).A valuation allowance is required to be recognized against deferred tax assets if, based on the available evidence, it is more likely than not (defined as a likelihood of more than 50%) that all or a portion of such assets will not be realized. We apply judgment to consider the relative impact of negative and positive evidence, and the weight given to negative and positive evidence is commensurate with the extent to which such evidence can be objectively verified. Objective historical evidence, such as cumulative three-year pre-tax losses adjusted for permanent adjustments, is given greater weight than subjective positive evidence, such as forecasts of future earnings. The more objective negative evidence that exists limits our ability to consider other, potentially positive, subjective evidence, such as our future earnings projections. Based on our evaluation of all available positive and negative evidence, and by placing greater weight on the objectively verifiable evidence, we determined, as of December 31, 2024 and September 30, 2024, that it is more likely than not that our net U.S. deferred tax assets will not be realized. Due to significant estimates used to establish the valuation allowance and the potential for changes in facts and circumstances, it is reasonably possible that we will be required to record additional adjustments to the valuation allowance in future reporting periods that could have a material effect on our results of operations.Discrete tax benefits related to stock-based compensation awards vested, expired, canceled and exercised was $0.1 million or less for each of the three months ended December 31, 2024 and 2023. The total amount of unrecognized tax benefits, excluding interest and penalties that, if recognized, would affect the effective tax rate was $3.2 million and $2.8 million as of December 31, 2024 and September 30, 2024, respectively. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense.The Company files income tax returns, including returns for its subsidiaries, in the U.S. federal jurisdiction and in various state jurisdictions, as well as several non-U.S. jurisdictions. Uncertain tax positions are related to tax years that remain subject to examination. The Internal Revenue Service commenced an examination of the Companyâ€™s fiscal 2019 U.S. federal tax return in fiscal 2022; the examination has been completed. U.S. federal income tax returns for years prior to fiscal 2020 are no longer subject to examination by federal tax authorities. For tax returns for U.S. state and local jurisdictions, the Company is no longer subject to examination for tax years generally before fiscal 2015. For tax returns for non-U.S. jurisdictions, the Company is no longer subject to income tax examination for years prior to 2020. Additionally, the Company has been indemnified of liability for any taxes relating to the fiscal 2021 acquisition of Vetex Medical Limited (â€œVetexâ€) and the fiscal 2016 acquisitions of Creagh Medical, Ltd and NorMedix, Inc. for periods prior to the respective acquisition dates, pursuant to the terms of the related share purchase agreements. There were no undistributed earnings in foreign subsidiaries as of December 31, 2024 and September 30, 2024. 11. Commitments and ContingenciesAsset Acquisition. In fiscal 2018, the Company acquired certain intellectual property assets of Embolitech, LLC (the â€œEmbolitech Transactionâ€). As part of the Embolitech Transaction, the Company paid the sellers $5.0 million in fiscal 2018, $1.0 million in fiscal 2020, $1.0 million in fiscal 2021, $0.5 million in fiscal 2022, $1.0 million in fiscal 2023, and $0.9 million in fiscal 2024. An additional $1.0 million payment is contingent upon the achievement of a certain regulatory milestone within a contingency period ending in 2033. Vetex Acquisition. In fiscal 2021, Surmodics acquired all of the outstanding shares of Vetex with an upfront cash payment of $39.9 million. The Company paid the sellers $1.8 million in the fourth quarter of fiscal 2024. The Company is obligated to pay an additional installment of $1.8 million in fiscal 2027. An additional $3.5 million in payments is contingent upon the achievement of certain product development and regulatory milestones within a contingency period ending in fiscal 2027. 17 Table of Contents Â 12. Segment InformationSegment revenue, operating (loss) income, and depreciation and amortization were as follows:Â Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Revenue: Â Â Â Â Â Medical Device $ 23,281 Â Â $ 23,545 Â In Vitro Diagnostics Â 6,641 Â Â Â Â 7,007 Â Total revenue $ 29,922 Â Â $ 30,552 Â Â Â Â Â Â Â Â Operating (loss) income: Â Â Â Â Â Medical Device $ 161 Â Â $ (224) In Vitro Diagnostics Â 2,922 Â Â Â 3,124 Â Total segment operating income Â 3,083 Â Â Â 2,900 Â Corporate Â (5,564) Â Â (3,222) Total operating (loss) income $ (2,481) Â $ (322) Â Â Â Â Â Â Depreciation and amortization: Â Â Â Â Â Medical Device $ 1,924 Â Â $ 2,054 Â In Vitro Diagnostics Â 91 Â Â Â 97 Â Corporate Â 68 Â Â Â 182 Â Total depreciation and amortization $ 2,083 Â Â $ 2,333 Â The Corporate category includes expenses that are not fully allocated to the Medical Device and In Vitro Diagnostics segments. These Corporate costs are related to administrative corporate functions, such as executive management, corporate accounting, information technology, legal, human resources and Board of Directors. Corporate may also include expenses, such as litigation and merger-and-acquisition-related costs, which are not specific to a segment and thus not allocated to the reportable segments. Asset information by segment is not presented because the Company does not provide its chief operating decision maker assets by segment, as the data is not readily available. 13. Merger AgreementOn May 28, 2024, Surmodics entered into the Merger Agreement with Parent and Merger Sub (Note 1). Pursuant to the Merger Agreement, and subject to the terms and conditions thereof, Merger Sub will merge (the â€œMergerâ€) with and into the Company, with the Company as the surviving corporation and a wholly owned subsidiary of Parent. At the effective time of the Merger (the â€œEffective Timeâ€), each share of common stock of the Company then outstanding (other than (1) those shares owned by Merger Sub, Parent, the Company, or any direct or indirect wholly owned subsidiary of Parent or the Company (which will be cancelled without any consideration), (2) any shares outstanding immediately prior to the Effective Time and held of record or beneficially by a Person who has not voted in favor of approval of this Agreement and who is entitled to demand and properly demands and perfects such holderâ€™s dissenterâ€™s rights with respect to such shares, and (3) any shares that have been issued as a restricted stock award pursuant to any of the Stock Incentive Plans (as defined in the Merger Agreement) and that remains unvested and subject to forfeiture thereunder (â€œRestricted Sharesâ€) (which will be treated as described below)) will be converted into the right to receive $43.00 in cash, without interest (the â€œMerger Considerationâ€). The Merger is not subject to a financing condition. If the Merger is consummated, shares of our common stock will be delisted from The Nasdaq Stock Market and deregistered under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€). During the three months ended December 31, 2024, we incurred a total of $2.3 million in Merger-related charges, which we reported within selling, general and administrative expenses on the condensed consolidated statements of operations.Merger Consideration The Merger Agreement provides that, at the Effective Time, each of the Companyâ€™s then outstanding equity awards will be treated as follows: (1) each restricted stock unit or deferred stock unit that has been issued pursuant to any of the Stock Incentive Plans will be cancelled in exchange for an amount in cash equal to the Merger Consideration net of any taxes withheld pursuant to the Merger Agreement; (2) each Restricted Share will be cancelled in exchange for an amount in cash equal to the Merger Consideration, net of 18 Table of Contents Â any taxes withheld pursuant to the Merger Agreement; and (3) each unexercised option to acquire Company common stock will be (i) if the Merger Consideration for such option is equal to or greater than the exercise price per share of Company common stock subject to such option, cancelled in exchange for an amount in cash equal to the excess, if any, of the Merger Consideration over the exercise price per share of Company common stock subject to such option multiplied by the number of shares of Company common stock subject to such option, and (ii) if the Merger Consideration for such option is less than the exercise price per share of Company common stock subject to such option, cancelled for no consideration.ConditionsThe obligations of the parties to consummate the Merger are subject to the satisfaction or waiver of closing conditions set forth in the Merger Agreement, including (1) the approval of the Companyâ€™s shareholders, (2) the expiration or termination of any waiting period applicable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the â€œHSR Actâ€), (3) the absence of a â€œCompany Material Adverse Effectâ€ (as defined in the Merger Agreement) with respect to the Company and (4) other customary closing conditions, including the absence of any injunction or other legal restraint or prohibition that would prevent or prohibit the consummation of the Merger.The Merger was approved by Surmodicsâ€™ shareholders at a special meeting on August 13, 2024. On the same date, the Company announced that it and an affiliate of Parent each received a request for additional information and documentary materials (a â€œSecond Requestâ€) from the U.S. Federal Trade Commission (â€œFTCâ€) in connection with the Merger. As of December 31, 2024, the Merger remains subject to the expiration or termination of a voluntary agreement with the FTC not to consummate the Merger for a period of time following substantial compliance with the Second Requests. The Company and Parent remain engaged with the FTC with the goal of consummating the Merger in accordance with the definitive agreement for the Merger in the Companyâ€™s second fiscal quarter ending March 31, 2025 if all the remaining closing conditions are satisfied.Termination Rights & FeesThe Merger Agreement may be terminated with the mutual written consent of Parent and the Company and also contains termination rights for each of Parent and the Company, including, among others, (1) if the Merger has not been consummated by February 28, 2025 (which date may be extended one or more times, for up to nine additional months in total, under specified circumstances), (2) if a final and non-appealable judgment or law makes consummation of the Merger illegal or prevents the consummation of the Merger, (3) if the required approval of the Companyâ€™s shareholders is not obtained, or (4) in the case of a material uncured breach by the other party, in each case as further described in, and subject to the terms and conditions of, the Merger Agreement. Parent may terminate the Merger Agreement in certain circumstances generally related to an adverse change in the Companyâ€™s board of directorsâ€™ recommendation in favor of the Merger and, as further described below, the Company may terminate the Merger Agreement to accept a Superior Proposal, as further described in, and subject to the terms and conditions of, the Merger Agreement.Upon termination of the Merger Agreement under specified circumstances, generally relating to alternative acquisition proposals or an adverse change in the Companyâ€™s board of directorsâ€™ recommendation in favor of the Merger, the Company would be required to pay Parent a termination fee of $20.4 million. Upon termination of the Merger Agreement under specified circumstances, generally relating to a failure of the Merger to be completed due to certain regulatory impediments, Parent would be required to pay the Company a reverse termination fee of $50.2 million. In certain other circumstances, generally related to a failure by Parent to consummate the Merger when required to do so pursuant to the terms of the Merger Agreement, Parent would be required to pay the Company a reverse termination fee of $47.0 million. The Merger Agreement also contains restrictions on the Companyâ€™s ability to seek specific performance of Parentâ€™s obligation to consummate the Merger and generally limits the aggregate liability of Parent for a breach of the Merger Agreement to the amount of the termination fee payable by Parent to the Company.The foregoing description of the Merger and the Merger Agreement does not purport to be and is not complete and is subject to and qualified in its entirety by reference to the full text of the Merger Agreement. 19 Table of Contents Â Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations The following discussion and analysis provides information management believes is useful in understanding the operating results, cash flows and financial condition of Surmodics. The discussion should be read in conjunction with both the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes and Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations, each included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. This discussion contains various â€œForward-Looking Statementsâ€ within the meaning of the Private Securities Litigation Reform Act of 1995. We refer readers to the statement entitled â€œForward-Looking Statementsâ€ located at the end of this Item 2. Overview Surmodics, Inc. (referred to as â€œSurmodics,â€ the â€œCompany,â€ â€œwe,â€ â€œus,â€ â€œourâ€ and other like terms) is a leading provider of performance coating technologies for intravascular medical devices and chemical and biological components for in vitro diagnostic (â€œIVDâ€) immunoassay tests and microarrays. Surmodics develops and commercializes highly differentiated vascular intervention medical devices that are designed to address unmet clinical needs and engineered to the most demanding requirements. This key growth strategy leverages the combination of the Companyâ€™s expertise in proprietary surface modification and drug-delivery coating technologies, along with its device design, development and manufacturing capabilities. The Companyâ€™s mission is to improve the detection and treatment of disease. Surmodics is headquartered in Eden Prairie, Minnesota. Merger Agreement As described more fully under Part I, Item 1, Note 13 Merger Agreement, on May 28, 2024, we entered into a Merger Agreement with BCE Parent, LLC, a Delaware limited liability company (â€œParentâ€), and BCE Merger Sub, Inc., a Minnesota corporation and a wholly owned Subsidiary of Parent (â€œMerger Subâ€), pursuant to which we will, subject to the terms and conditions of the Merger Agreement, be acquired by Parent for $43.00 per share in cash through the merger of Merger Sub with and into us (the â€œMergerâ€), with Surmodics as the surviving corporation and a wholly owned subsidiary of Parent. The Merger remains subject to customary closing conditions, including required regulatory approval. If the Merger is consummated, shares of our common stock will be delisted from The Nasdaq Stock Market and deregistered under the Exchange Act. During the three months ended December 31, 2024, we incurred a total of $2.3 million in merger-related charges, which we reported within selling, general and administrative expense on the condensed consolidated statements of operations. Vascular Intervention Medical Device Platforms Within our Medical Device segment, we develop and manufacture our own proprietary vascular intervention medical device products, which leverage our expertise in performance coating technologies, product design and engineering capabilities. We believe our strategy of developing our own medical device products has increased, and will continue to increase, our relevance in the medical device industry. This strategy is key to our future growth and profitability, providing us with the opportunity to capture more revenue and operating margin with vascular intervention device products than we would by licensing our device-enabling technologies. Highlighted below are select medical device products within our development pipeline that are our focus for commercialization and development efforts. For our drug-coated balloon (â€œDCB") platform, we commercialized our SurVeilâ„¢ DCB through a distribution arrangement with Abbott Vascular, Inc. (â€œAbbottâ€). For both our thrombectomy and radial access platforms, we are pursuing commercialization via a direct sales

strategy leveraging a small team of experienced sales professionals and clinical specialists. Beginning in fiscal 2022, we began to see modest, but meaningful and growing revenue associated with the adoption, utilization and sales of our Pounceâ„¢ and Sublimeâ„¢ platform products. Drug-coated Balloon Platform Surmodicsâ€™ DCBs are designed for vascular interventions to treat peripheral arterial disease (â€œPADâ€), a condition that causes a narrowing of the blood vessels supplying the extremities. â€¢SurVeil DCB is a paclitaxel-coated DCB to treat PAD in the upper leg (superficial femoral artery), which utilizes a proprietary paclitaxel drug-excipient formulation for a durable balloon coating and is manufactured using an innovative process to improve coating uniformity. In June 2023, the SurVeil DCB received U.S. Food and Drug Administration (â€œFDAâ€) premarket approval (â€œPMAâ€) and may now be marketed and sold in the U.S. by Abbott under our exclusive worldwide distribution agreement for the product (the â€œAbbott Agreementâ€). The SurVeil DCB also has the necessary regulatory approval for commercialization in the European Union. 20 Table of Contents Â In the first quarter of fiscal 2024, we completed shipment of Abbottâ€™s initial stocking order of commercial units of the SurVeil DCB, resulting in recognition of product sales, which included both (i) the contractual transfer price, and (ii) an estimate of Surmodicsâ€™ share of net profits resulting from product sales by Abbott to third parties. Beginning in January 2024, the SurVeil DCB is a commercial product available in the U.S. through Abbott. Throughout fiscal 2024 and the first quarter of fiscal 2025, we continued to manufacture and ship commercial units to Abbott in support of Abbottâ€™s commercialization of the product. â€¢SundanceTM DCB is a sirolimus-coated DCB used for the treatment of below-the-knee PAD. We completed six-month patient follow-up visits in the fourth quarter of fiscal 2021 for the SWING first-in-human, 35-patient clinical study of our Sundance DCB. SWING study data at 24 months have demonstrated an excellent safety profile and promising signals of potential performance. We continue to evaluate our strategy for further clinical investment in the Sundance DCB based on the experience we have gained from the PMA application process for the SurVeil DCB and market interest. Thrombectomy Systems We have successfully developed, internally and through acquisitions, multiple FDA 510(k)-cleared mechanical thrombectomy devices, which require no capital equipment, for the non-surgical removal of thrombi and emboli (clots) from the peripheral arterial and venous vasculatures, while minimizing the need for thrombolytics. We believe that the ease of use, intuitive design, and performance of our thrombectomy systems make these products attractive first-line treatment options for interventionalists. â€¢Pounce Thrombectomy Platform, indicated for the peripheral arterial vasculature, is a suite of mechanical thrombectomy systems designed for the capture and non-surgical removal of thrombi and emboli (clots) without the need for capital equipment or aspiration while minimizing the use of thrombolytics. Two different-sized systems are commercially available. The original Pounce (mid profile) Thrombectomy System is indicated for use in peripheral arterial vessels 3.5 mm to 6 mm in diameter, such as those found above the knee. Commercial sales of the Pounce Thrombectomy System began in fiscal 2022. The Pounce LP (Low Profile) Thrombectomy System is indicated for use in peripheral arterial vessels 2 mm to 4 mm in diameter, such as those found below the knee. The Pounce LP Thrombectomy System received FDA 510(k) regulatory clearance in fiscal 2023, and we began limited market evaluations of the product in the first quarter of fiscal 2024. In the third quarter of fiscal 2024, we completed limited market evaluations for the Pounce LP Thrombectomy System, and the product was commercially launched. The Pounce XL Thrombectomy System is indicated for use in peripheral arterial vessels 5.5 mm to 10 mm in diameter, making it suitable for iliac, femoral, and other arteries within this range. The Pounce XL Thrombectomy System received FDA 510(k) regulatory clearance in the fourth quarter of fiscal 2024. We have initiated, and plan to continue, limited market evaluations of the product in the first half of fiscal 2025, with commercialization following the completion of the limited market evaluations. â€¢Pounce Venous Thrombectomy System is a mechanical thrombectomy system indicated for mechanical de-clotting and controlled and selective infusion of physician-specified fluids, including thrombolytics, in the peripheral vasculature. The Pounce Venous System is designed to remove mixed-morphology, wall-adherent venous clot in a single session, minimizing the need for thrombolytics and without the need for capital equipment. We conducted limited market evaluations of the Pounce Venous Thrombectomy System in fiscal 2023 and in the first half of fiscal 2024 to obtain physician feedback across a variety of cases and clinical conditions. In the second quarter of fiscal 2024, we completed limited market evaluations for the Pounce Venous Thrombectomy System, and the product was commercially launched. Sublime Radial Access Platform We have successfully developed and received FDA 510(k) regulatory clearance for a suite of devices designed to access and treat stenosed (narrowed) arteries from the thigh to the foot via radial (wrist) access. Our Sublime radial access platform provides a unique combination of length, profile and deliverability, allowing physicians to access and treat lesions previously inaccessible via radial access. Commercial sales of the Sublime guide sheath and RX PTA dilatation catheter devices began in fiscal 2022. â€¢Sublime guide sheath provides the conduit for peripheral intervention with an access point at the wrist that enables treatment all the way to the pedal loop of the foot. â€¢Sublime .014 RX PTA dilatation catheter treats lesions in peripheral arteries below the knee all the way to the patientâ€™s foot and around the pedal loop. â€¢Sublime .018 RX PTA dilatation catheter treats lesions in peripheral arteries above and below the knee. â€¢Sublime microcatheters (.014, .018 and .035) facilitate guidewire placement for difficult to access and treat arterial lesions above and below the knee using radial, femoral, or alternate access sites. Limited market evaluations of our Sublime microcatheters 21 Table of Contents Â began in the third quarter of fiscal 2023. In the third quarter of fiscal 2024, we completed limited market evaluations for the Sublime microcatheter, and the product was commercially launched. Performance Coatings â€“ Presideâ„¢ Hydrophilic Coatings In October 2023, we announced the commercial launch of our most advanced hydrophilic medical device coating technology, Preside hydrophilic coatings. Preside hydrophilic coatings complement our existing Sereneâ„¢ hydrophilic coatings by providing customers with a unique low-friction and low-particulate generation coating to further enhance distal access for neuro-vascular applications, as well as improved crossing for challenging coronary lesions or chronic total occlusions. Preside hydrophilic coatings are specifically formulated to meet the challenge of achieving the right balance of enhanced lubricity (reduction in friction) and excellent coating durability (resulting in low particulates) for the next-generation of neurovascular, coronary and peripheral vascular devices. Our Preside and Serene hydrophilic coatings both allow customers to leverage their existing coating process to apply these innovative surface treatments. For more information regarding our vascular intervention medical devices and performance coatings, see Part I, Item 1 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. Results of Operations Three Months Ended December 31, 2024 and 2023 Revenue. Revenue in the first quarter of fiscal 2025 was $29.9 million, a $0.6 million or 2% decrease compared to the prior-year quarter. The following is a summary of revenue streams of each reportable segment. Â Three Months Ended December 31, (Dollars in thousands) 2024 Â Â 2023 Â Â Increase/(Decrease) Medical Device Â Â Â Â Â Â Â Â Â Â Â Â Product sales $ 10,116 Â Â $ 11,950 Â Â $ (1,834) Â (15) % Royalties & license fees â€“ performance coatings Â 9,383 Â Â Â 8,208 Â Â Â 1,175 Â Â 14 Â % License fees â€“ SurVeil DCB Â 1,251 Â Â Â 971 Â Â Â 280 Â Â 29 Â % R&D and other Â 2,531 Â Â Â 2,416 Â Â Â 115 Â Â 5 Â % Medical Device Revenue Â 23,281 Â Â Â 23,545 Â Â Â (264) Â (1) % In Vitro Diagnostics Â Â Â Â Â Â Â Â Â Â Â Â Product sales Â 6,432 Â Â Â 6,877 Â Â Â (445) Â (6) % R&D and other Â 209 Â Â Â 130 Â Â Â 79 Â Â 61 Â % In Vitro Diagnostics Revenue Â 6,641 Â Â Â 7,007 Â Â Â (366) Â (5) % Total Revenue $ 29,922 Â Â $ 30,552 Â Â $ (630) Â (2) % Medical Device. Revenue in our Medical Device segment was $23.3 million in the first quarter of fiscal 2025, a 1% decrease from $23.5 million in the prior-year quarter. â€¢Medical Device product sales decreased 15% to $10.1 million in the first quarter of fiscal 2025, compared to $12.0 million in the prior-year quarter. Product sales decreased driven primarily by a decline in SurVeil commercial revenue as the prior year quarter benefited from the initial stocking order shipments of the SurVeil DCB to Abbott, the Companyâ€™s exclusive distribution partner for the product, partially offset by continued growth of the Pounce thrombectomy device platform. Based on forecasts that we have received from Abbott for purchases of SurVeil DCB products, we expect product revenue for our SurVeil DCB products to decline by approximately $6.0 million in fiscal 2025 from their fiscal 2024 level. We do not expect any increases in sales from our Pounce thrombectomy device platform to fully offset that decrease. â€¢Performance coating royalties and license fee revenue increased 14% to $9.4 million in the first quarter of fiscal 2025, compared to $8.2 million in the prior-year quarter. The year-over-year growth in performance coating royalties and license fee revenue was primarily driven by continued growth in customer utilization of our Sereneâ„¢ hydrophilic coating. â€¢SurVeil DCB license fee revenue under the Abbott Agreement was $1.3 million in the first quarter of fiscal 2025 compared to $1.0 million in the first quarter of fiscal 2024. We anticipate completion of the TRANSCEND pivotal clinical trial in the second quarter of fiscal 2025. Consequently, we expect SurVeil DCB license fee revenue to decline by $3.6 million in fiscal 2025, compared to fiscal 2024, with no further recognition of SurVeil DCB license fee revenue subsequent to March 31, 2025. 22 Table of Contents Â â€¢Medical Device research and development (â€œR&Dâ€) and other revenue increased to $2.5 million in the first quarter of fiscal 2025, compared to $2.4 million in the prior-year quarter, primarily driven by increased customer development programs. In Vitro Diagnostics. Revenue in our In Vitro Diagnostics (â€œIVDâ€) segment was $6.6 million in the first quarter of fiscal 2025, a 5% decrease from $7.0 million in the prior-year quarter. â€¢IVD product sales decreased 6% to $6.4 million in the first quarter of fiscal 2025, compared to $6.9 million in the prior-year quarter, primarily driven by unfavorable order timing for distributed antigen and diagnostic test chemical components. â€¢IVD R&D and other revenue of $0.2 million in the first quarter of fiscal 2025 increased slightly compared to $0.1 million in the prior-year quarter, primarily driven by customer development projects. Operating Costs and Expenses. Product sales, product costs, product gross profit, product gross margin, and operating costs were as follows: Â Three Months Ended December 31, (Dollars in thousands) 2024 Â 2023 Â Increase/(Decrease) Product sales $ 16,548 Â Â Â $ 18,827 Â Â Â $ (2,279) Â (12) % Product costs Â 7,425 Â Â Â Â 8,803 Â Â Â Â (1,378) Â (16) % Product gross profit (1) Â 9,123 Â Â Â Â 10,024 Â Â Â Â (901) Â (9) % % Product gross margin (2) Â 55.1 Â % Â Â 53.2 Â % Â Â 1.9 Â ppt R&D expense Â 8,941 Â Â Â Â 8,664 Â Â Â Â 277 Â Â 3 Â % % Total revenue Â 30 Â % Â Â 28 Â % Â Â Â Â Â Â SG&A expense Â 15,174 Â Â Â Â 12,537 Â Â Â Â 2,637 Â Â 21 Â % % Total revenue Â 51 Â % Â Â 41 Â % Â Â Â Â Â Â Acquired intangible asset amortization Â 863 Â Â Â Â 870 Â Â Â Â (7) Â (1) % (1)Product gross profit is defined as product sales less related product costs. (2)Product gross margin is defined as product gross profit as a percentage of product sales. Product Gross Profit and Product Gross Margins. Product gross profit decreased $0.9 million, or 9%, in the first quarter of fiscal 2025, compared to the prior-year quarter. Product gross margins were 55.1% and 53.2% in the first quarter of fiscal 2025 and fiscal 2024, respectively. The year-over-year increase in product gross margins was primarily driven by favorable product mix of higher margin products partially offset by production inefficiencies, including the expiration of inventory related to our vascular intervention medical devices. Â For the remainder of fiscal 2025, we expect product gross profit and product gross margin to decline, compared to their fiscal 2024 levels, primarily due to the expected decline in fiscal 2025 SurVeil DCB product revenue resulting in under-absorption and production inefficiencies associated with below-scale production, including potential expiration of inventory. We do not expect any increases in product gross profit from our Pounce thrombectomy device platform to fully offset that decrease. R&D Expense. R&D expense increased 3%, or $0.3 million, in the first quarter of fiscal 2025 to $8.9 million, compared to $8.7 million in the prior-year quarter. R&D expense as a percentage of revenue was 30% and 28% in the first quarter of fiscal 2025 and 2024, respectively. For the first quarter of fiscal 2025, the year-over-year increase in R&D expense was primarily driven by higher compensation expenses to support our continued investment in medical devices, including our Pounce thrombectomy and Sublime radial access product platforms. Selling, General and Administrative (â€œSG&Aâ€) Expense. SG&A expense increased 21%, or $2.6 million, in the first quarter of fiscal 2025, compared to the prior-year quarter. SG&A expense as a percentage of revenue was 51% and 41% in the first quarter of fiscal 2025 and 2024, respectively. The year-over-year increase in SG&A expense in the first quarter of fiscal 2025 was primarily driven by $2.3 million in merger-related charges. Acquired Intangible Asset Amortization. We have previously acquired certain intangible assets through business combinations, which are amortized over periods ranging from seven to 14 years. 23 Table of Contents Â Other Expense. Major classifications of other expense were as follows: Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Interest expense, net $ (882) Â $ (896) Foreign exchange gain (loss) Â 32 Â Â Â (45) Investment income, net Â 387 Â Â Â 539 Â Other expense, net $ (463) Â $ (402) Interest expense, net in the first quarter of fiscal 2025 was relatively consistent with the same prior-year period. Refer to â€œLiquidity and Capital Resourcesâ€ for further discussion of financing arrangements and expectations for fiscal 2025 interest expense. Foreign currency exchange gains (losses) result primarily from the impact of U.S. dollar to Euro exchange rate fluctuations on certain intercompany transactions and balances. Investment income, net decreased in the first quarter of fiscal 2025, compared to the same prior-year period, due to decreased investments in available-for-sale securities and lower interest rates. Income Taxes. (Loss) income before income taxes, income tax expense and our effective tax rate were as follows: Â Three Months Ended December 31, (Dollars in thousands) 2024 Â 2023 (Loss) income before income taxes $ (2,944) Â Â $ (724) Â Income tax expense Â (707) Â Â Â (62) Â Effective tax rate Â (24) % Â Â (9) % Several factors impacted income taxes and our effective tax rate: â€¢Beginning in our fiscal 2023, certain R&D costs are required to be capitalized and amortized over a five-year period under the Tax Cuts and Jobs Act enacted in December 2017. This change impacts the expected U.S. federal and state income tax expense and cash taxes paid and to be paid for our fiscal 2025 and fiscal 2024. â€¢Since September 30, 2022, we have maintained a full valuation allowance against U.S. net deferred tax assets. As a result of the full valuation allowance, we are no longer recording a tax benefit associated with U.S. pre-tax losses and incremental deferred tax assets. A valuation allowance is required to be recognized against deferred tax assets if, based on the available evidence, it is more likely than not (defined as a likelihood of more than 50%) that all or a portion of such assets will not be realized. The relevant guidance weighs available evidence such as historical cumulative taxable losses more heavily than future profitability. The valuation allowance has no impact on the availability of U.S. net deferred tax assets to offset future tax liabilities. â€¢Recurring items cause our effective tax rate to differ from the U.S. federal statutory rate of 21%, including foreign-derived intangible income (â€œFDIIâ€) deductions in the U.S., U.S. federal and Irish R&D credits, Irish and U.S. state tax rates, excess tax benefits associated with stock-based compensation, and non-deductible merger-related charges. Segment Operating Results Operating results for each of our reportable segments were as follows: Â Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Â $ Change Â Operating (loss) income: Â Â Â Â Â Â Â Â Â Â Medical Device $ 161 Â Â $ (224) Â $ 385 Â In Vitro Diagnostics Â 2,922 Â Â Â 3,124 Â Â Â (202) Total segment operating income Â 3,083 Â Â Â 2,900 Â Â Â 183 Â Corporate Â (5,564) Â Â (3,222) Â Â (2,342) Total operating (loss) income $ (2,481) Â $ (322) Â $ (2,159) Medical Device. Our Medical Device business reported operating income of $0.2 million in the first quarter of fiscal 2025, compared to an operating loss of $(0.2) million in the prior-year quarter, representing 1% and (1)% of revenue, respectively. â€¢Performance coating royalties and license fee revenue increased 14% to $9.4 million in the first quarter of fiscal 2025, compared to $8.2 million in the prior-year quarter. 24 Table of Contents Â â€¢Medical Device operating expenses, excluding product costs, increased $0.4 million year-over-year in the first quarter of fiscal 2025. R&D expenditures in our Medical Device segment increased $0.1 million year-over-year in the first quarter of fiscal 2025 primarily driven by higher compensation expenses to support our continued investment in medical devices, including our Pounce thrombectomy and Sublime radial access product platforms. SG&A expense in our Medical Device segment increased $0.3 million in the first quarter of fiscal 2025, compared to the prior-year quarter, primarily driven by higher compensation expenses. â€¢Medical Device product gross profit decreased $0.8 million in the first quarter of fiscal 2025 , compared to the prior-year quarter, primarily driven by a decline in SurVeil commercial revenue as the year-ago-period benefited

from the initial stocking order shipments of the SurVeil DCB to Abbott, the Companyâ€™s exclusive distribution partner for the product, offset by continued growth of the Pounce thrombectomy device platform. Medical Device product gross margins were 49.3% and 48.6% in the first quarter of fiscal 2025 and 2024, respectively. In Vitro Diagnostics. Our In Vitro Diagnostics business reported operating income of $2.9 million and $3.1 million in the first quarter of fiscal 2025 and 2024, respectively, representing 44% and 45% of revenue, respectively. â€¢IVD product gross profit decreased $0.1 million in the first quarter of fiscal 2025, compared to the prior-year quarter, primarily driven by unfavorable order timing for distributed antigen and diagnostic test chemical components. IVD product gross margins were 64.3% and 61.4% in the first quarter of fiscal 2025 and 2024, respectively. The gross margins increased primarily due to favorable product mix. Corporate. The Corporate category includes expenses for administrative corporate functions, such as executive management, corporate accounting, information technology, legal, human resources and Board of Directors related fees and expenses, which we do not fully allocate to the Medical Device and IVD segments. Corporate also includes expenses, such as litigation and merger-and-acquisition-related costs, which are not specific to a segment and thus not allocated to our reportable segments. The unallocated Corporate operating loss was $(5.6) million and $(3.2) million in the first quarter of fiscal 2025 and 2024, respectively. The year-over-year increase in Corporate operating loss in the first quarter of fiscal 2025 was primarily driven by $2.3 million in Merger-related charges reported in SG&A expense. Cash Flow Operating Results The following is a summary of cash flow results: Â Â Three Months Ended December 31, Â (In thousands) 2024 Â Â 2023 Â Cash (used in) provided by: Â Â Â Â Â Operating activities $ (7,894) Â $ (8,792) Investing activities Â 3,698 Â Â Â (8,470) Financing activities Â (1,203) Â Â (1,049) Effect of exchange rate changes on cash and cash equivalents Â (571) Â Â 247 Â Net change in cash and cash equivalents $ (5,970) Â $ (18,064) Operating Activities. Cash used in operating activities was $(7.9) million in the first three months of fiscal 2025, compared to $(8.8) million in the same prior-year period. Significant changes in operating assets and liabilities affecting cash flows during these periods included: â€¢Cash provided in accounts receivable and contract assets was $0.4 million in the first three months of fiscal 2025, compared to cash used of $(3.4) million in the same prior-year period. The year-over-year decrease in cash used was primarily driven by a decline in Medical Device product sales, from the initial stocking order shipments of the SurVeil DCB to Abbott. as well as a decline in IVD product sales, primarily driven by unfavorable order timing for distributed antigen and diagnostic test chemical components. â€¢Cash used in deferred revenue was $(1.4) million in the first three months of fiscal 2025, compared to cash used of $(1.1) million in the same prior-year period, primarily related to the recognition of SurVeil DCB license fees. â€¢Cash used in accrued liabilities was $(7.4) million in the first three months of fiscal 2025, compared to cash used of $(7.1) million in the same prior-year period, primarily related to the Company annual incentive plan. 25 Table of Contents Â â€¢In addition, income taxes affected the change in operating assets and liabilities. In the first three months of fiscal 2025, the change in operating assets and liabilities included cash provided by income taxes of $0.7 million. Investing Activities. Cash (used in) provided by investing activities totaled $3.7 million in the first three months of fiscal 2025, compared to cash used of $(8.5) million in the same prior-year period. â€¢Net purchases and maturities of available-for-sale investments were a source (use) of cash totaling $4.0 million and $(7.8) million in the first three months of fiscal 2025 and 2024, respectively. â€¢We invested $0.3 million and $0.7 million in property and equipment in the first three months of fiscal 2025 and 2024, respectively. Financing Activities. Cash (used in) provided by financing activities totaled $(1.2) million and $(1.0) million in the first three months of fiscal 2025 and 2024, respectively. â€¢In the first three months of fiscal 2025 and 2024, we paid $1.3 million and $1.0 million, respectively, to purchase common stock to pay employee taxes resulting from the vesting of stock awards and the exercise of stock options. â€¢In the first three months of fiscal 2025 and 2024, we generated $0.1 million and $0.0 million, respectively, from the sale of common stock related to our stock-based compensation plans. Liquidity and Capital Resources As of December 31, 2024, working capital totaled $58.7 million, a decrease of $2.1 million from $60.8 million as of September 30, 2024. We define working capital as current assets minus current liabilities. Cash and cash equivalents and available-for-sale investments totaled $30.1 million as of December 31, 2024, a decrease of $10.0 million from $40.1 million as of September 30, 2024. The Company proactively manages its access to capital to support liquidity and continued growth. On October 14, 2022, Surmodics entered into a new, five-year secured credit agreement with MidCap, which consisted of up to $100 million in term loans ($25 million of which was at the sole discretion of MidCap and $50 million of which was an additional loan commitment that expired undrawn by the Company on December 31, 2024) and a $25 million revolving credit facility. At close, the Company drew $25 million on the term loan and $5 million on the revolving credit facility. These proceeds were partially used to retire the Companyâ€™s then existing $25 million revolving credit facility with Bridgewater Bank, of which $10 million was outstanding. Upon closing in October 2022, the Companyâ€™s cash balance increased by $19.3 million. In fiscal 2025, the Company expects total interest expense under the credit agreement with MidCap to be approximately $3.5 million. â€¢Revolving Credit Facility. Surmodics has access to a revolving credit facility, which provides for maximum availability of $25 million, subject to a borrowing base. As of December 31, 2024, the outstanding balance on the revolving credit facility was $5 million. As of December 31, 2024, additional, incremental availability on the revolving credit facility was approximately $14.0 million, based on borrowing base eligibility requirements consisting primarily of the Companyâ€™s inventory, accounts receivable and contract asset balances. The revolving credit facility has an annual interest rate equal to 3.00% plus the greater of Term SOFR (as defined in the credit agreement) or 1.50%, and has a maturity date of October 1, 2027. â€¢Term Loan. As of December 31, 2024, the outstanding principal on the term loan was $25 million. The credit agreement with MidCap calls for interest-only payments on the term loan over the first four years, which can be extended to five years if certain criteria are met. The Company has entered into an interest rate swap arrangement with Wells Fargo Bank, N.A., whereby the $25 million borrowing on the term loanâ€™s variable base rate was fixed at 10.205% per annum for the five-year loan term. The term loan has a maturity date of October 1, 2027. As of December 31, 2024, the Companyâ€™s shelf registration statement with the SEC allows the Company to offer potentially up to $200 million in debt securities, common stock, preferred stock, warrants, and other securities or any such combination of such securities in amounts, at prices, and on terms announced if and when the securities are ever offered. This shelf registration statement expires in May 2026. In fiscal 2025, we anticipate SG&A and R&D expenses will continue to be significant, primarily related to medical device sales and product development, including continued investment in our Pounce and Sublime product platforms. We believe that our existing cash and cash equivalents, which totaled $30.1 million as of December 31, 2024, together with cash flow from operations and our revolving credit facility, will provide liquidity sufficient to meet our cash needs and fund our operations and planned capital expenditures for fiscal 2025. There can be no assurance, however, that our business will continue to generate cash flows at historic levels. 26 Table of Contents Â Beyond fiscal 2025, our cash requirements will depend extensively on the timing of market introduction and extent of market acceptance of products in our medical device product portfolio, including the SurVeil DCB distributed by Abbott, our exclusive distribution partner for the product. Our long-term cash requirements also will be significantly impacted by the level of our investment in commercialization of our vascular intervention device products and whether we make future corporate transactions. We cannot accurately predict our long-term cash requirements at this time. We may seek additional sources of liquidity and capital resources, including through borrowing, debt or equity financing or corporate transactions to generate cashflow. There can be no assurance that such transactions will be available to us on favorable terms, if at all. Customer Concentrations We have agreements with a diverse base of customers and certain customers have multiple products using our technology. Abbott and Medtronic are our largest customers, comprising 16% and 12%, respectively, of our consolidated revenue for fiscal 2024. Abbott and Medtronic each comprised approximately 12%, of our consolidated revenue for the three months ended December 31, 2024. Critical Accounting Policies and Significant Estimates Critical accounting policies are those policies that require the application of managementâ€™s most challenging subjective or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting policies involve judgments and uncertainties that are sufficiently likely to result in materially different results under different assumptions and conditions. For the three months ended December 31, 2024, there were no significant changes in our critical accounting policies. For a detailed description of our other critical accounting policies and significant estimates, see Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations under Item 7 in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. Forward-looking Statements This Quarterly Report on Form 10-Q, including â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ in Item 2, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, our strategies for growth and profitability; statements about the Merger and its effects; the expected duration of limited market evaluations and product commercialization following limited market evaluations; the promising signals of potential performance of our Sundance DCB; plans to evaluate our strategy for further clinical investment in the Sundance DCB; expected product revenue from SurVeil DCB products; any increase in Pounce thrombectomy platform product sales revenues or gross profits; future gross profits and gross margins; future revenue growth, our longer-term valuation-creation strategy, and our future potential; information about our product pipeline; future gross margins, operating expenses, and capital expenditures; the potential impact of a shift in revenue mix towards sales of medical devices; estimated future amortization expense; expectations regarding operating expenses and their impact on our cash flows; the period over which unrecognized compensation costs is expected to be recognized; the expected completion timeframe for the TRANSCEND clinical trial; the period over which deferred revenue related to the Abbott Agreement is expected to be recognized; anticipated cash requirements; the intended use of remaining proceeds of our borrowing under the MidCap Credit Agreement; future cash flows and sources of funding, and their ability together with existing cash, and cash equivalents, to provide liquidity sufficient to meet our cash needs and fund our operations and planned capital expenditures for fiscal 2025; statements regarding cash requirements beyond fiscal 2025; expectations regarding capital available under our secured revolving credit facility; expectations regarding the maturity of debt; future impacts of our interest rate swap transactions; our expected interest expense in fiscal 2025 under the MidCap Credit Agreement; the impact of potential lawsuits or claims; the potential impact of interest rate fluctuations on our results of operations and cash flows; the impact of potential change in raw material prices, sources of raw materials and our ability to manufacture raw materials ourselves; the potential impact on the Company of currency fluctuations; future income tax (expense) benefit; expected income tax expense and cash taxes to be paid; the likelihood that we will realize the benefits of our deferred tax assets; and the impact of the adoption of new accounting pronouncements. Without limiting the foregoing, words or phrases such as â€œanticipate,â€ â€œbelieve,â€ â€œcould,â€ â€œestimate,â€ â€œexpect,â€ â€œforecast,â€ â€œintend,â€ â€œmay,â€ â€œplan,â€ â€œpossible,â€ â€œproject,â€ â€œwillâ€ and similar terminology, generally identify forward-looking statements. Forward-looking statements may also represent challenging goals for us. These statements, which represent our expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such forward-looking statements. We caution that undue reliance should not be placed on such forward-looking statements, which speak only as of the date made. Some of the factors which could cause results to differ from those expressed in any forward-looking statement are set forth under â€œRisk Factorsâ€ in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. We disclaim any intent or obligation to update publicly these forward-looking statements, whether because of new information, future events or otherwise. 27 Table of Contents Â Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from our forward-looking statements, such factors include, among others: 1.risks related to the Merger, including (1) risks related to the consummation of the Merger, including the risks that (a) the Merger may not be consummated within the anticipated time period, or at all, (b) the parties may fail to secure the termination or expiration of any waiting period applicable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the â€œHSR Actâ€), (c) other conditions to the consummation of the Merger under the Merger Agreement may not be satisfied, including the absence of any injunction or other legal restraint or prohibition that would prevent or prohibit the consummation of the Merger, such as the voluntary agreement being in effect with the U.S. Federal Trade Commission (d) all or part of Parentâ€™s financing may not become available, and (e) the significant limitations on remedies contained in the Merger Agreement may limit or entirely prevent the Company from specifically enforcing Parentâ€™s obligations under the Merger Agreement or recovering damages for any breach by Parent; (2) the effects that any termination of the Merger Agreement may have on the Company or its business, including the risks that (a) the Companyâ€™s stock price may decline significantly if the Merger is not completed, (b) the Merger Agreement may be terminated in circumstances requiring the Company to pay Parent a termination fee of $20,380,000, or (c) the circumstances of the termination, including the possible imposition of a 12-month tail period during which the termination fee could be payable upon certain subsequent transactions, may have a chilling effect on alternatives to the Merger; (3) the effects that the announcement or pendency of the Merger may have on the Company and its business, including the risks that as a result (a) the Companyâ€™s business, operating results or stock price may suffer, (b) the Companyâ€™s current plans and operations may be disrupted, (c) the Companyâ€™s ability to retain or recruit key employees may be adversely affected, (d) the Companyâ€™s business relationships (including, customers, franchisees and suppliers) may be adversely affected, or (e) the Companyâ€™s managementâ€™s or employeesâ€™ attention may be diverted from other important matters; (4) the effect of limitations that the Merger Agreement places on the Companyâ€™s ability to operate its business, return capital to shareholders or engage in alternative transactions; (5) the nature, cost and outcome of pending and future litigation and other legal proceedings, including any such proceedings related to the Merger and instituted against the Company and others; (6) the risk that the Merger and related transactions may involve unexpected costs, liabilities or delays; and (7) other risks, including our ability to sign new license agreements, conduct clinical evaluations, and bring new products to market; 2.ongoing operating losses, interest expense, and failure to generate cash flows from operations, which could impact expected expenditures and investments in growth initiatives; 3.our reliance on a small number of significant customers, including our largest customers, Abbott and Medtronic, which causes our financial results and stock price to be subject to factors affecting those significant customers and their products, the timing of market introduction of their or competing products, product safety or efficacy concerns and intellectual property litigation impacting such customers, which could adversely affect our growth strategy and the royalties revenue we derive; 4.our ability to successfully manufacture at commercial volumes our SurVeil DCB products; 5.our ability to successfully develop, obtain and maintain regulatory approval for, commercialize, and manufacture at commercial volumes our other DCB products; 6.general economic conditions that are beyond our control, such as the impacts of recessions, inflation, rising interest rates, customer mergers and acquisitions, business investment, changes in consumer confidence, and medical epidemics or pandemics such as the COVID-19 pandemic, which negatively impacted our business and results of operations; 7.our ability to successfully and profitably commercialize our vascular intervention products, including our Pounce Venous Thrombectomy System, through our direct salesforce, or otherwise; 8.our ability to comply with the terms of our secured revolving credit facility and secured term loan facilities; 9.the difficulties and uncertainties associated with the lengthy and costly new product development and foreign and domestic regulatory approval processes, such as delays, difficulties or failures in achieving acceptable clinical results or obtaining foreign or FDA marketing clearances or

approvals, which may result in lost market opportunities, failure to bring new products to market or postpone or preclude product commercialization by licensees or ourselves; 10.whether operating expenses that we incur related to the development and commercialization of new technologies and products are effective; 28 Table of Contents Â 11.our ability to successfully perform product development activities, the related research and development expense impact, and governmental and regulatory compliance activities, with which we do not have extensive experience; 12.impairment of goodwill and intangible assets or the establishment of reserves against other assets on our balance sheets; and 13.other factors described under â€œRisk Factorsâ€ in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, which you are encouraged to read carefully. Many of these factors are outside our control and knowledge and could result in increased volatility in period-to-period results. Investors are advised not to place undue reliance upon our forward-looking statements and to consult any further disclosures by us on this subject in our filings with the Securities and Exchange Commission. Item 3. Quantitative and Qualitative Disclosures About Market Risk Our investment policy requires investments with high credit quality issuers and limits the amount of credit exposure to any one issuer. Our investments consist principally of interest-bearing corporate debt securities with varying maturity dates, which generally are less than one year. Because of the credit criteria of our investment policies, the primary market risk associated with these investments is interest rate risk. As of December 31, 2024, we did not hold any available-for-sale debt securities. Therefore, interest rate fluctuations relating to investments would have an insignificant impact on our results of operations or cash flows. Our policy also allows the Company to hold a substantial portion of funds in cash and cash equivalents, which are defined as financial instruments with original maturities of three months or less and may include money market instruments, certificates of deposit, repurchase agreements and commercial paper instruments. Loans under the Midcap Credit Agreement bear interest at floating rates tied to Term SOFR. As a result, changes in Term SOFR can affect our results of operations and cash flows to the extent we do not have effective interest rate swap arrangements in place. On October 14, 2022, we entered into a five-year interest rate swap transaction with Wells Fargo Bank, N.A. with respect to $25.0 million of notional value of the term loans funded under the MidCap Credit Agreement. The interest rate swap transaction fixes at 4.455% the one-month Term SOFR portion of interest rate under the $25.0 million term loan such that the interest rate on $25.0 million of the term loan will be 10.205% through its maturity. We have no other swap arrangements in place for any other loans under the Midcap Credit Agreement. Management believes that a reasonable change in raw material prices would not have a material impact on future earnings or cash flows because the Companyâ€™s inventory exposure is not material. We are exposed to increasing Euro currency risk with respect to our manufacturing operations in Ireland. In addition, the contractual transfer price paid by Abbott for commercial units of our SurVeil DCB product is denominated in Euros. In a period where the U.S. dollar is strengthening or weakening relative to the Euro, our revenue and expenses denominated in Euro currency are translated into U.S. dollars at a lower or higher value than they would be in an otherwise constant currency exchange rate environment. All sales transactions are denominated in U.S. dollars or Euros. We generate royalties revenue from the sale of customer products in foreign jurisdictions. Royalties generated in foreign jurisdictions by customers are converted and paid in U.S. dollars per contractual terms. Substantially all of our purchasing transactions are denominated in U.S. dollars or Euros. To date, we have not entered into any foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates. 29 Table of Contents Â Item 4. Controls and Procedures Evaluation of Disclosure Controls and Procedures The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€). The Companyâ€™s management, under the supervision and with the participation of the Companyâ€™s Chief Executive Officer and Chief Financial Officer, referred to collectively herein as the â€œCertifying Officers,â€ carried out an evaluation of the effectiveness of the design and operation of the Companyâ€™s disclosure controls and procedures as of December 31, 2024. Based on that evaluation, the Companyâ€™s Certifying Officers concluded that, as of the end of the period covered by this report, the Companyâ€™s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) were effective to ensure that information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is accumulated and communicated to the Companyâ€™s management, including its Certifying Officers, as appropriate, to allow timely decisions regarding required disclosures. Changes in Internal Controls over Financial Reporting There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. 30 Table of Contents Â PART II â€” OTHER INFORMATION Item 1. Legal Proceedings From time to time, the Company has been involved in various legal actions involving its operations, products and technologies, including intellectual property and employment disputes. Item 1A. Risk Factors The information presented below updates, and should be read in conjunction with, the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed with the Securities and Exchange Commission on November 20, 2024, under Part I, Item 1A, â€œRisk Factors.â€ Such risks could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Quarterly Report on Form 10-Q. Except as presented below, there were no other significant changes in our risk factors during the quarter ended December 31, 2024. The completion of the Merger is subject to a number of conditions, many of which are largely outside of the partiesâ€™ control, and, if these conditions are not satisfied or waived on a timely basis, the Merger Agreement may be terminated and the Merger may not be completed. The Merger is subject to various closing conditions that remain open, including: (1) the expiration or termination of the waiting period applicable to the consummation of the Merger under the HSR Act and no voluntary agreement being in effect with either the Federal Trade Commission or Antitrust Division of the Department of Justice not to consummate the transaction for any period of time; (2) the absence of any judgment, ruling, order, writ, injunction or decree of any governmental authority, nor any statute, code, decree, law, healthcare law, act, ordinance, rule, regulation or order of any governmental authority or other legal restraint or prohibition, that is in effect that would make the Merger illegal or otherwise prevent or prohibit its consummation; (3) subject to specific standards, the accuracy of the representations and warranties of the other party or parties; (4) the performance or compliance in all material respects by the other party or parties of such partyâ€™s or partiesâ€™ covenants, obligations, and agreements under the Merger Agreement; (5) with respect to Parentâ€™s and Merger Subâ€™s obligations to consummate the merger, the absence of a material adverse effect (as defined in the Merger Agreement) and the absence of any changes having occurred that would reasonably be expected to have, individually or in the aggregate, a material adverse effect; (6) our having delivered to Parent a certificate, dated as of the closing date and signed by one of our executive officers, certifying to the satisfaction of the foregoing conditions; and (7) Parent and Merger Sub having delivered to us a certificate, dated as of the closing date and signed by an executive officer, certifying to the satisfaction of the foregoing conditions. The failure to satisfy all of the required conditions could delay the completion of the Merger by a significant period of time or prevent it from closing. Any delay in completing the Merger could cause the parties to not realize some or all of the benefits that are expected to be achieved if the Merger is successfully completed within the expected timeframe. There can be no assurance that the conditions to closing of the Merger will be satisfied or waived or that the Merger will be completed within the expected timeframe, or at all. Item 2. Unregistered Sales of Equity Securities and Use of Proceeds The following table presents the information with respect to purchases made by or on behalf of Surmodics, Inc. or any â€œaffiliated purchaserâ€ (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the three months ended December 31, 2024. 31 Table of Contents Â Â Â Total Number of Shares Purchased (1) Â Â Average Price Paid Per Share Â Â Total Number of Shares Purchased as Part of Publicly Announced Programs Â Â Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs Â Period: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â October 1 â€“ 31, 2024 Â Â 63 Â Â $ 37.59 Â Â Â â€” Â Â $ 25,300,000 Â November 1 â€“ 30, 2024 Â Â 20,505 Â Â Â Â 39.45 Â Â Â Â â€” Â Â Â Â 25,300,000 Â December 1 â€“ 31, 2024 Â Â 12,448 Â Â Â Â 39.91 Â Â Â Â â€” Â Â Â Â 25,300,000 Â Total Â Â 33,016 Â Â Â Â 39.62 Â Â Â Â â€” Â Â Â Â Â (1)All shares reported were delivered by employees in connection with the satisfaction of tax withholding obligations related to the vesting of shares of restricted stock. The Company has an aggregate of $25.3 million available for future common stock purchases under the current authorizations. The MidCap Credit Agreement restricts our ability to repurchase our common stock. Item 3. Defaults Upon Senior Securities None. Item 4. Mine Safety Disclosures Not Applicable. Item 5. Other Information During the three months ended December 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K). 32 Table of Contents Â Â Item 6. Exhibits EXHIBITÂ INDEX Exhibit Â Description Â Â Â 2.1 Â Stock Purchase Agreement, dated January 8, 2016, among Surmodics, Inc. and the shareholders of NorMedix, Inc. and Gregg Sutton as Sellerâ€™s Agent â€” incorporated by reference to Exhibit 2.1 to the Companyâ€™s Form Current Report on Form 8-K filed on January 13, 2016. Â Â Â 2.2 Â Share Purchase Agreement by and among Surmodics, Inc., SurModics MD, LLC, and the shareholders of Vetex Medical Limited named therein dated as of July 2, 2021 â€” incorporated by reference to Exhibit 2.1 to the Companyâ€™s Current Report on Form 8-K dated July 2, 2021. Â Â Â 2.3 Â Put and Call Option Agreement by and among SurModics MD, LLC and the shareholders of Vetex Medical Limited named therein dated as of July 2, 2021 â€” incorporated by reference to Exhibit 2.2 to the Companyâ€™s Current Report on Form 8-K dated July 2, 2021. Â Â Â 2.4 Â Merger Agreement, dated as of May 28, 2024, by and among Surmodics, Inc., BCE Parent, LLC and BCE Merger Sub, Inc. â€” incorporated by reference to Exhibit 2.1 to the Companyâ€™s Current Report on Form 8-K dated May 28, 2024. Â Â Â 3.1 Â Restated Articles of Incorporation, as amended â€” incorporated by reference to Exhibit 3.1 of the Companyâ€™s Quarterly Report on Form 10-Q filed on July 29, 2016. Â Â Â 3.2 Â Restated Bylaws of Surmodics, Inc., as amended August 27, 2024 â€” incorporated by reference to Exhibit 3.2 to the Companyâ€™s Quarterly Report on Form 10-Q filed on July 31, 2024. Â Â Â 31.1* Â Certification of Chief Executive Officer pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Â Â Â 31.2* Â Certification of Chief Financial Officer pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Â Â Â 32.1* Â Certification of Chief Executive Officer pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Â Â Â 32.2* Â Certification of Chief Financial Officer pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Â Â Â 101.INS* Â Inline XBRL Instance Document â€“ the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document. Â Â Â 101.SCH* Â Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents. Â Â Â 104* Â Cover page formatted as Inline XBRL and contained in Exhibit 101. Â * Filed herewith 33 Table of Contents Â SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. Â January 30, 2025 Surmodics, Inc. Â Â Â By: /s/ Timothy J. Arens Â Â Timothy J. Arens Â Â Senior Vice President of Finance and Chief Financial Officer Â Â Â Â (duly authorized signatory and principal financial officer) Â 34 EX-31.1 Â EXHIBIT 31.1 Â CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 Â I, Gary R. Maharaj, certify that: 1.I have reviewed this Quarterly Report on Form 10-Q of Surmodics, Inc.; 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have: a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b.Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c.Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: January 30, 2025 Signature: /s/ Gary R. Maharaj Gary R. Maharaj President and Â Â Chief Executive Officer Â Â EX-31.2 Â EXHIBIT 31.2 Â CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 Â I, Timothy J. Arens, certify that: 1.I have reviewed this Quarterly Report on Form 10-Q of Surmodics, Inc.; 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have: a.Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b.Designed such internal control over financial reporting, or caused such

internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c.Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): a.All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and b.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: January 30, 2025 Signature: /s/ Timothy J. Arens Timothy J. Arens Senior Vice President of Finance and Chief Financial Officer Â Â EX-32.1 Â EXHIBIT 32.1 Â CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 Â In connection with the Quarterly Report of Surmodics, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended December 31, 2024, as filed with the Securities and Exchange Commission (the â€œReportâ€), I, Gary R. Maharaj, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Â§906 of the Sarbanes-Oxley Act of 2002, that: Â (1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and Â (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Date: January 30, 2025 Signature: /s/ Gary R. Maharaj Gary R. Maharaj President and Â Â Chief Executive Officer Â Â EX-32.2 Â EXHIBIT 32.2 Â CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 Â In connection with the Quarterly Report of Surmodics, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended December 31, 2024, as filed with the Securities and Exchange Commission (the â€œReportâ€), I, Timothy J. Arens, certify, pursuant to 18 U.S.C. Â§1350, as adopted pursuant to Â§906 of the Sarbanes-Oxley Act of 2002, that: Â (1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and Â (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Date: January 30, 2025 Signature: /s/ Timothy J. Arens Timothy J. Arens Senior Vice President of Finance and Chief Financial Officer Â Â Â Â Â