



2023

Interim Report
for the third quarter

January – September 2023

Interim Report for the third quarter of 2023

January 1 – September 30, 2023

The third quarter in figures

- Net sales amounted to TSEK 31,697 (17,496), which corresponds to a growth of 81%.
- The U.S. business demonstrated 132% growth in the quarter, making it the sixth consecutive triple digit growth quarter in that market. This increased the U.S. share of global sales to 79%.
- Further acceleration of orthobiologics in the quarter, now representing 53% of total sales in the group. This translates to a growth of 155% compared to the third quarter 2022.
- Gross margin continued to develop favorably during the quarter to reach 80% (68%), driven by orthobiologics.
- Operating result of TSEK -17,910 (-23,011) was an improvement of MSEK 5.1 over previous year, despite strategic investments in clinical programs and increased sales dependent items, clearly demonstrating increasing operating leverage in the business.
- Other operating expenses were stable in the quarter, with the reported increase being explained by negative exchange rate effects. Per definition, sales driven operating expenses increased with sales.
- Non-recurring costs of TSEK -15,198 includes all costs related to the restructuring of the company, brought about by the planned and communicated discontinuation of our CMF franchise. In the third quarter such costs were limited to the non-cash write-down of intangible CMF fixed assets.
- Result for the period amounted to TSEK -33,125 (-19,556), with the loss increase driven by non-recurring costs.
- Earnings per share were SEK -0.5 (-0.3).
- Cash flow from current operations was TSEK -18,580 (-20,401), with the improvement being EBIT driven. The underlying cash flow trend, excluding the effect of the new share issue, continues to be positive and shows an improvement of MSEK +2.6 over the previous quarter.

The first nine months in figures

- Net sales amounted to TSEK 77,160 (37,049), which corresponds to a growth of 108%.
- The U.S. business demonstrated 174% growth, increasing the

U.S. share of global sales to 73% on a year-to-date basis.

- Further acceleration of orthobiologics, which now represents 49% of total sales in the group on a year-to-date basis. This translates to a growth of 297% compared to the same period 2022.
- Gross margin continued to develop favorably during the quarter to reach 76% (60%), driven by orthobiologics.
- Operating result of TSEK -62,855 (-76,148) showed a substantial improvement over previous year, despite strategic investments in clinical programs. The improvement came out at MSEK +13.3, or 17% better than the previous year.
- Result for the period amounted to TSEK -76,652 (-67,441), with the loss increase driven by non-recurring costs. On a recurring basis, the comparable loss after taxes would amount to TSEK 61,454.
- Earnings per share were SEK -1.1 (-1.2).
- Cash flow from current operations was TSEK -68,353 (-63,288), with the difference being more than explained by the TSEK -12,347 Working Capital effect. The underlying cash flow trend, excluding the effect of the new share issue, continued to develop positively quarter on quarter.

Important events during the third quarter

- OssDsign surpassed 200 patients in its prospective spinal fusion registry PROPEL.
- 2,000 patients treated with OssDsign® Catalyst in the U.S.
- OssDsign® Catalyst received clearance from FDA for major new indication for use in interbody cages.
- OssDsign announced strategic shift to become a pure play orthobiologics company.
- OssDsign has carried out a directed share issue of approximately SEK 150 million.

Important events after the end of the third quarter

- OssDsign Catalyst is now universally available to all Military Treatment Facilities in the U.S. via ECAT.
- Extraordinary General Meeting held in OssDsign AB.

Financial overview

	2023	2022	2023	2022	2022
	Jul 1 – Sep 30	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
The group					
Net sales, TSEK	31 697	17 496	77 160	37 055	56 985
Operating result, TSEK	-17 910	-23 011	-62 855	-76 148	-96 938
Result for the period, TSEK	-33 125	-19 556	-76 652	-67 440	-99 388
Equity ratio, %	73%	70%	73%	70%	71%
Earnings per share, SEK	-0.5	-0.3	-1.1	-1.2	-1.7
Average number of employees	476	48.0	496	475	48.2



“ Today, OssDsign is in a more favorable position than ever before, with our new strategy focused on orthobiologics in the U.S. and a strong financial position to drive further growth. ”

A new era with OssDsign as a pure play orthobiologics company

The third quarter in 2023 marks a milestone in the history of OssDsign. In September, we announced a strategic shift that will rapidly transform OssDsign into a pure orthobiologics company. In conjunction with the announcement, we successfully carried out a directed share issue, generating SEK 150 million in gross proceeds. This marks a new era for OssDsign as we can now fully focus on the huge potential in our nanosynthetic bone graft OssDsign Catalyst, paving the way for substantial value creation for our shareholders in the years to come.

A strategic shift that will substantially increase gross profitability

Following a tremendously successful entry into orthobiologics with the launch of our nanosynthetic bone graft OssDsign Catalyst in the U.S., it has become increasingly evident that this high-margin and scalable business deserves our full focus. During the third quarter, we saw a further acceleration in our orthobiologics sales, which recorded a growth of 155% compared to the same period last year. The U.S. business also continued the exponential momentum with 132% growth compared to the same period last year, making it the sixth consecutive quarter with triple-digit growth. Total net sales came in at SEK 31.7 million, representing a growth of 81% compared to the corresponding period last year, or 74% at constant exchange rates.

The gross margin for OssDsign Catalyst exceeds 90 percent, and the strategic shift to become a pure orthobiologics company is therefore expected to be highly accretive to gross profitability going forward. This has been evidenced by the company increasing its gross margin by approximately 40 percentage points since 2020 to reach 80 percent on a consolidated group level in the third quarter of 2023, mainly driven by the successful launch of OssDsign Catalyst in the U.S.

As the strategic shift implies that all activities pertaining to the company's patient-specific cranial implant business will be discontinued in a responsible manner by the end of December 2023, we expect declining sales of OssDsign Cranial in the fourth quarter.

New FDA clearance paves the way for further growth

More than 2,000 patients have now been treated with OssDsign Catalyst, representing an exponential growth from 1,000 treated patients in May and 500 patients treated in January. This steep uptake is expected to be further fueled by the newly received clearance from the U.S. Food and Drug Administration (FDA) for the use of OssDsign Catalyst in interbody cages in spinal surgery. This unique labelling will allow surgeons to use our product on-label in any interbody cage cleared for use with synthetic bone grafts. OssDsign Catalyst is the first synthetic bone graft to be cleared to market for interbody use based on bone graft data alone.

During the second half of 2023, we have also taken another important step in penetrating the U.S. military market through the inclusion of OssDsign Catalyst in the Department of Defense's Military Health System's electronic catalog (ECAT), which means that the product becomes universally available to all Military Treatment Facilities in the U.S. In addition, we continue to add Integrated Delivery Networks (IDNs) to our customer base, paving the way for even greater growth. OssDsign Catalyst is already highly appreciated by surgeons, and we are happy to see this being reflected in expanded hospital access.

Improved transparency in our financial reporting

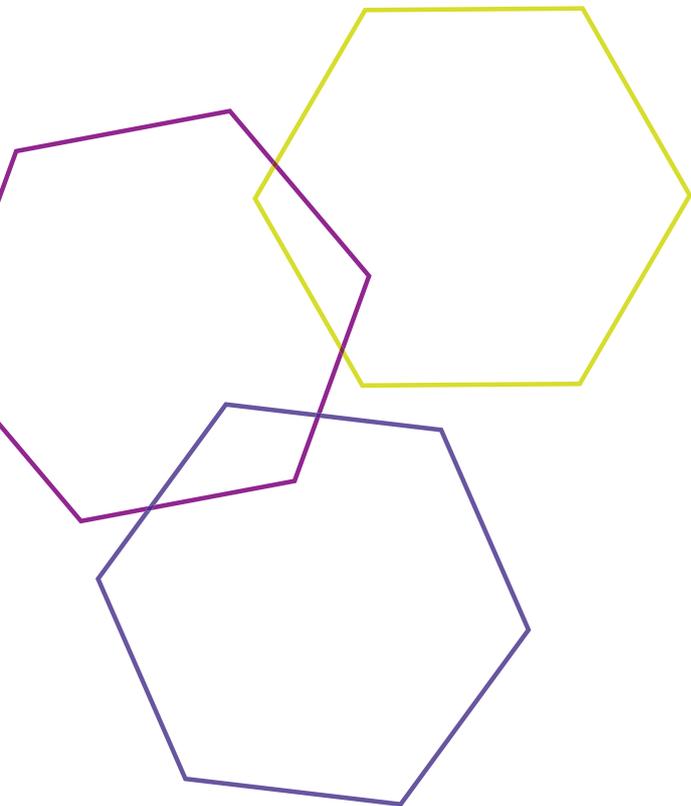
As we take the next substantial step in the development of OssDsign we have also decided to provide further transparency in our financial reporting through a revised income statement table. This will enable investors to better understand the company's underlying performance whilst also adhering more closely to the industry standard, as used by our peers.

Directed share issue brings in SEK 150 million

In conjunction with the strategy shift OssDsign carried out a directed share issue, generating SEK 150 million in gross proceeds. Those proceeds will be used to continue implementing our strategic plan to achieve profitability, whilst making focused investments to support continued strong growth. We see the great interest expressed by investors, both existing and new, as confirmation that our strategy for transforming OssDsign into a company with high sales growth and high profitability is the right way forward.

Today, OssDsign is in a more favorable position than ever before, with our new strategy focused on orthobiologics in the U.S. and a strong financial position to drive further growth. It is with great enthusiasm I look forward to leading the company into this exciting next phase.

Morten Henneveld, CEO



Statement of Operations

Based on cutting edge material science, OssDsign develops regenerative bone replacement products that support the body's own healing capabilities and thereby improve clinical outcome in a wide range of orthopedic areas with high unmet clinical needs.

Next generation bone replacement products

Current bone replacements fail to heal a wide range of skeletal defects, leading to poor clinical outcome. OssDsign is focused on two particularly challenging areas where the success rate is far from acceptable today: cranial and spinal surgeries.

OssDsign Cranial PSI – groundbreaking technology for cranial surgeries

OssDsign Cranial PSI is an implant used for patients who have lost a large part of the cranium. The implant is constructed from 3D printed medical-grade titanium covered by a regenerative calcium phosphate composition. While the titanium skeleton reinforces the implant to resist physical and mechanical stress, the unique calcium phosphate composition provides healing and regenerative properties, allowing regrowth of the patient's own bone tissues. Over time, the calcium phosphate composition is replaced with bone, leaving the patient with a well-integrated implant, potentially lasting a lifetime.

To date, OssDsign has post market surveillance data from 1,995 surgeries with OssDsign Cranial PSI, showing an exceptional performance. Many cranial implant technologies are associated with high rates of costly complications and patient suffering. Multiple studies report infection rates above 10%, of which many implants will need to be removed and replaced. In contrast, the observed rate of explantations due to infections in patients who received OssDsign Cranial PSI was only 1.4% at an average follow-up time of 21 months, implying a far lower need for implant revisions, thereby reducing the cost of care for the healthcare system and better patient outcomes.

The global market for cranial implants is estimated to be USD 2.5 billion with an expected CAGR of 7% between 2021–2025, whereof the addressable market for OssDsign's implant products is estimated to be USD 0.4 billion. OssDsign Cranial PSI has regulatory approval in Europe, the U.S. and Japan.

OssDsign Catalyst – an off-the-shelf nanosynthetic bone graft

Nearly 80% of Americans experience low back pain at some point in their lives and more than 1.5 million undergo spinal surgery each year. Approximately 20% of these surgeries are unsuccessful due to the lack of proper fusion. For a spinal fusion surgery to be successful, two or more vertebrae must fuse and be permanently connected. Bone replacement material plays a crucial role in the fusion as it stimulates bone growth between the vertebrae, but due to the presence of a relatively large gap between the vertebrae proper fusion is challenging to achieve with today's standard treatments.

OssDsign Catalyst is an innovative nanosynthetic bone graft composed of a proprietary nanocrystalline silicated calcium phosphate. Similar to the body's own bone mineral architecture, OssDsign Catalyst provides a favorable bone biology environment for rapid and reliable bone formation.

OssDsign Catalyst is a high gross margin product with great scalability and a large potential in the market for standard procedures, providing the opportunity for significant and sustained growth. OssDsign Catalyst received FDA clearance in 2020 and was launched in the U.S. in August 2021. The U.S. market for orthobiologics in spinal surgeries is valued at USD 1.8 billion and the global market at USD 2.6 billion, with an expected CAGR of 7% during 2021–2025.

COVID-19 pandemic and post-pandemic impact

OssDsign is continuously monitoring the post-pandemic impact of COVID-19 on its operations, especially as it pertains to staff shortages and delays to hospital approval processes. These continue to remain a challenge for the health care system and could, consequently, also negatively impact the company's result. The underlying demand for OssDsign products in the mid-long term, however, remains intact and OssDsign hope to see a continued improvement of the situation during 2023.

Development of profit and financial position

In order to provide further transparency in our financial reporting, the income statement is now presented as a function-based table instead of the previous cost type-based table. That impacts everything below net sales, which implies that gross margin, operating expenses and net financial items have all been redefined, reclassified and fully consolidated at group level as per the new table structure, with sales variable costs broken out on a separate line to enable a better understanding of the operating expense development.

THIRD QUARTER

Sales and Gross margin

The OssDsign Group net sales for the third quarter of 2023 amounted to TSEK 31,697 (17,496), which corresponds to an increase of 81%, or 74% in constant currency terms, compared to Q3 2022. It is also a 32% increase over the previous quarter 2023. Sales for the third quarter are an all-time-high for the OssDsign group, as well as for OssDsign Inc. In the same period the parent company's Net sales amounted to TSEK 16,244 (12,469).

Key drivers of this extraordinary growth were again the U.S. and orthobiologics. Total net sales in the U.S. for the third quarter of TSEK 24,951 equates to a growth of 132% compared to Q3 2022. This continued very strong growth, quarter on quarter, means the U.S. now constitutes 79% of the total business, having demonstrated 6 consecutive quarters of triple digit growth. The main part of U.S. sales came from orthobiologics at TSEK 16,724, signifying a 155% growth in that franchise. This also means that orthobiologics now constitutes 53% of total group sales for the quarter.

Gross margin continued to develop well in the third quarter, reaching 80%, compared to 68% in Q3 2022. The gross margin improvement is driven by orthobiologics.

Operating result

Operating result for the period July – September 2023 amounted to TSEK 17,910 (-23,011), an improvement of MSEK 5.1 over previous year. This clearly demonstrates increasing operating leverage in the business, despite strategic investments in clinical programs and increased sales driven items. As revaluation of foreign currency positions have now been reclassified as net financial items the operating result is comparable with previous year.

Operating expenses show sales variable costs broken out on a separate line to provide better clarity on our operating expense development. Whilst there is total operating expense growth vs Q3 2022, the non-sales variable costs are virtually flat compared to previous year when considering exchange rate effects. The same holds true when comparing to the previous quarter 2023.

Cash flow, investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 73,561 and at the end of the period they were TSEK 146,942. Cash flow from operating activities amounted to TSEK -18,580 (-20,401). Total cash flow for the period was TSEK 73,454 (-20,647), due to the recent new share issue, where the first tranche of TSEK 93,168 was received in the quarter, with the second tranche being received in October, after the EGM. Investments in tangible fixed assets amounted to TSEK 0 (-118) in the period.

FIRST NINE MONTHS

Sales and Gross margin

The OssDsign Group net sales for the first nine months of 2023 amounted to TSEK 77,160 (37,055), which corresponds to a growth of 108%, or 95% in constant currency terms, compared to the first nine months of 2022. In the same period the parent company's Net sales amounted to TSEK 43,226 (30,063).

Key drivers of the extraordinary growth in the first nine months were the U.S. and orthobiologics. Total net sales in the U.S. for the first nine months grew by 174% compared to the first nine months of 2022, with orthobiologics growing 297% in the same period.

Gross margin developed well in the first nine months, reaching 76%, compared to 60% in the first nine months of 2022. The gross margin improvement is driven by orthobiologics and is also the continuation of a steady upwards trend over several years.

Operating result

Operating result for the period January – September 2023 amounted to TSEK -62,855 (-76,148), an improvement of MSEK 13.3 over previous year. This clearly demonstrates increasing operating leverage in the business despite strategic investments in clinical programs and increased sales driven items. Operating expenses have increased vs previous year, primarily in sales variable items. The increase in non-sales variable costs is

mainly exchange rate driven but also partly a result of our increased activities in clinical programs and OssDsign Catalyst commercialization..

Cash flow, investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 124,653 and at the end of the period they were TSEK 146,942. Cash flow from operating activities amounted to TSEK -68,353 (-63,288), with the difference being more than explained by the TSEK -12,347 working capital effect. The total cash flow for the period was TSEK -22,053 (-63,364), with this year showing the positive impact of the new share issue, as described in more detail above. Investments in tangible fixed assets amounted to TSEK -75 (-118) in the period.

IMPORTANT EVENTS DURING THE THIRD QUARTER

OssDsign surpassed 200 patients in its prospective spinal fusion registry PROPEL

On September 13, OssDsign announced that the company has enrolled 200 patients in the multi-center, prospective spinal fusion registry, PROPEL. The registry was initiated in March 2022, to gather real-world data from patients treated with OssDsign Catalyst.

2,000 patients treated with OssDsign® Catalyst in the U.S.

On September 13, OssDsign announced that the company's orthobiologic business continues to accelerate its successful commercialization in the U.S. as 2,000 patients have been treated with the innovative nanosynthetic bone graft OssDsign Catalyst, up from 1,000 patients treated in May.

OssDsign® Catalyst received clearance from FDA for major new indication for use in interbody cages

On September 18, OssDsign announced that the company's innovative nanosynthetic bone graft OssDsign Catalyst has received clearance for use in interbody cages in spinal surgery from the U.S. Food and Drug Administration (FDA), allowing surgeons to use OssDsign Catalyst on-label in any interbody cage cleared for use with synthetic bone grafts.

OssDsign announced strategic shift to become a pure play orthobiologics company

On September 26, OssDsign announced a strategic shift to focus its operations on the orthobiologics business in the U.S, in order to increase shareholder value. The new strategy means that OssDsign will become a pure play orthobiologics company focusing on the nanosynthetic bone graft OssDsign Catalyst, exclusively on the U.S. market. All activities pertaining to the company's patient-specific cranial implant business will be discontinued in a responsible manner by the end of December 2023.

OssDsign has carried out a directed share issue of approximately SEK 150 million

On September 26, OssDsign announced that the company has completed a directed share issue of 26,315,790 shares at a subscription price of SEK 5.7 per share (the "Directed Issue"), through which the OssDsign received approximately SEK 150 million before the deduction of transaction costs.

IMPORTANT EVENTS AFTER THE END OF THE THIRD QUARTER

OssDsign Catalyst is now universally available to all Military Treatment Facilities in the U.S. via ECAT

On October 11, OssDsign announced that the company's nanosynthetic bone graft, OssDsign Catalyst has been included in the Department of Defense's Military Health System's electronic catalogue (ECAT), which means that the product is now universally available and can be ordered directly from any of the more than 50 Military Treatment Facilities in the U.S.

Extraordinary General Meeting held in OssDsign AB

On October 16, OssDsign announced that an extraordinary general meeting had been held. The general meeting resolved to approve the board's decision to issue new shares with deviation from the shareholders' preferential rights. As announced on September 26, 2023, the company's board of directors resolved a directed share issue that provided OssDsign with approximately SEK 150 million before transaction costs.

OTHER DISCLOSURES

Ownership structure

At the end of the third quarter, there were 2,638 registered shareholders in OssDsign AB of which the seven largest shareholders owned more than or close to 5.0% each and together more than 57.0% of the capital and voting rights. The total number of shares was 89,178,912. The largest shareholders on September 30, 2023, were Försäkringsaktiebolaget Avanza Pension, TAMT AB and Karolinska Development AB.

Group structure

OssDsign AB is the parent company of the Group which, in addition to OssDsign AB, consists of the wholly owned subsidiaries OssDsign Ltd with its registered office in England, OssDsign USA Inc with its registered office in Maryland, USA, and Sirakoss Ltd with its registered office in Scotland. OssDsign's operations are mainly conducted through the parent company OssDsign AB, based in Uppsala, with the sales activities increasingly being conducted through OssDsign USA Inc.

Employees

At the end of the period, there were a total of 46 (48) employees, of whom 39% were women. This includes employees at the office and production plants in Uppsala and Aberdeen, as well as sales representatives and other employees in Germany, France, the U.K. and the U.S.

Financing

The Board regularly reviews the company's existing and forecasted cash flows to ensure that the company has the funds and resources required to conduct the business and the strategic direction decided by the Board. The company's long-term cash requirements are largely determined by how successful current and future products will be on the market. In order to satisfy requirements in the medium to long term, the company has, in the third quarter, raised SEK 150 million in gross proceeds through a directed share issue. As of September 30, 2023, the group's cash and cash equivalents amounted to SEK 146.9 million, with the second tranche of the recent share issue being processed after the EGM in October. Based on the sales development of the company's products the board has confidence in the company's mid- to long-term ability to become profitable and cash flow positive.

Transactions with related parties

The subsidiaries OssDsign USA Inc, OssDsign Ltd and Sirakoss Ltd invoice their costs to the parent company in accordance with transfer pricing agreements.

As of the closing date, the Parent Company has a claim on OssDsign USA Inc of TSEK 10,186, a liability to OssDsign Ltd of TSEK 267 and a liability to Sirakoss Ltd of TSEK 237.

Risks and uncertainties

OssDsign risks and uncertainties include, but are not limited to, financial risks such as future financing, foreign exchange and credit risks. In addition to market risks, there are risks related to OssDsign operations, such as obtaining the necessary government licenses, product development, patents and intellectual property rights, product liability and forward-looking information that may affect the Company.

In addition, developments in 2022 and 2023 also introduced war, inflation, energy cost increases and interest rate risks to the agenda, all of which may come to affect access to raw materials, distribution, cost of goods and services, as well as customer demand and access to capital. Further information regarding the Company's risk exposure can be found on pages 36 and 77-80 of the OssDsign Annual Report 2022.

Post-pandemic risks related to COVID-19 should still be recognized, insofar as continued staff shortages and delays to hospital approval processes could negatively impact the company's result.

Consolidated summary income statement

SEK 000'	2023	2022	2023	2022	2022
	Jul 1 – Sep 30	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Net sales	31 697	17 496	77 160	37 049	56 985
Cost of sales	-6 466	-5 628	-18 902	-14 863	-22 023
Gross profit	25 231	11 868	58 259	22 187	34 962
Sales commissions and fees	-12 744	-5 691	-27 808	-10 487	-16 778
Selling expenses	-12 721	-13 107	-36 674	-37 988	-50 019
R&D expenses	-6 581	-5 260	-20 737	-17 144	-25 493
Administrative expenses	-11 271	-10 865	-35 773	-32 810	-45 723
Other operating income	-	-	18	6	34
Other operating expense	175	44	-140	89	6 079
Operating result	-17 910	-23 011	-62 855	-76 148	-96 938
Non-recurring costs	-15 198	-	-15 198	-	-
Net financial items	-201	3 329	878	8 332	-2 718
Result before income tax	-33 309	-19 682	-77 176	-67 816	-99 657
Income tax	184	126	523	375	268
RESULT FOR THE PERIOD	-33 125	-19 556	-76 652	-67 441	-99 388
Earnings per share					
Earnings per share, SEK	-0.5	-0.3	-1.1	-1.2	-1.7

Consolidated summary statement of comprehensive income

SEK 000'	2023	2022	2023	2022	2022
	Jul 1 – Sep 30	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Profit/loss for the period	-33 125	-19 556	-76 652	-67 440	-99 388
<i>Other comprehensive income for the period</i>					
Items that will be reclassified subsequently to profit or loss	-46	1 055	325	1 760	1 044
Other comprehensive income for the period	-46	1 055	325	1 760	1 044
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-33 171	-18 501	-76 328	-65 681	-98 344

Consolidated summary balance sheet

	2023	2022	2022
SEK 000'	Sep 30	Sep 30	Dec 31
ASSETS			
<i>Fixed assets</i>			
Intangible assets	135 014	155 356	153 866
Tangible fixed assets	12 755	14 427	13 539
Financial assets	2 469	2 517	2 885
Total fixed assets	150 239	172 300	170 290
<i>Current assets</i>			
Inventories	9 490	4 157	4 418
Accounts receivable	23 267	10 367	13 220
Other receivables	3 733	2 761	2 134
Prepayments	2 905	2 405	3 409
Cash and cash equivalents	146 942	88 756	124 653
Total current assets	186 336	108 445	147 834
TOTAL ASSETS	336 575	280 745	318 124

	2023	2022	2022
SEK 000'	Sep 30	Sep 30	Dec 31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	243 765	197 479	226 734
Total equity	243 765	197 479	226 734
<i>Long-term liabilities</i>			
Mortgage debts	342	856	727
Finance lease liabilities	8 380	10 446	9 779
Other liabilities	50 291	48 739	51 164
Total long-term liabilities	59 013	60 041	61 670
<i>Current liabilities</i>			
Mortgage debts	513	513	513
Accounts payable	12 896	5 101	5 757
Finance lease liabilities	3 080	2 577	2 581
Current tax liability	-99	-	98
Other current liabilities	1 505	1 549	1 866
Accrued expenses and deferred income	15 902	13 484	18 906
Total current liabilities	33 797	23 225	29 720
Total liabilities	92 810	83 266	91 390
TOTAL EQUITY AND LIABILITIES	336 575	280 745	318 124

Consolidated change in shareholder's equity in summary

<i>SEK 000'</i>	Share Capital	Subscribed Capital Unpaid	Other Capital Contributions	Reserves	Profit (loss) brought forward	Total Equity
Opening balance 2022-01-01	3 567	-	596 347	286	-337 478	262 722
Profit/loss for the period	-	-	-	-	-67 440	-67 440
Other comprehensive income	-	-	-	1 759	-	1 759
Total comprehensive income	-	-	-	1 759	-67 440	-65 681
<i>Transactions with shareholders</i>						
Warrant program	-	-	-	-	438	438
New share issue	-	-	-	-	-	-
Issue expenses	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	438	438
CLOSING BALANCE 2022-09-30	3 567	-	-	2 046	-404 481	197 479
Opening balance 2023-01-01	4 459	-	658 492	1 330	-437 547	266 734
Profit/loss for the period	-	-	-	-	-76 652	-76 652
Prior year adjustment	-	-	-	-	190	190
Other comprehensive income	-	-	-	325	-	325
Total comprehensive income	-	-	-	325	-76 462	-76 137
<i>Transactions with shareholders</i>						
Warrant programmes	-	-	-	-	-1	1 114
New share issue	1 115	-	100 549	-	-	100 549
Issue expenses	-	-	-8 495	-	-	-8 495
Total transactions with shareholders	1 115	-	92 054	-	-1	93 168
CLOSING BALANCE 2023-09-30	5 574	-	750 546	1 655	-514 010	243 765

Consolidated summary statement of cash flow

	2023	2022	2023	2022	2022
SEK 000'	Jul 1 – Sep 30	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Operating activities					
Operating result	-17 910	-23 011	-62 856	-76 148	-96 937
Non cash adjustment	1 834	2 353	6 545	7 197	12 089
Financial items	-369	3 329	878	8 332	-2 718
Income taxes paid/received	-42	-26	-129	-87	-545
Cash flow from operating activities before change in working capital	-16 487	-17 355	-55 562	-60 706	-88 111
Changes in inventory	-3 816	-1 266	-4 992	-1 780	-2 143
Changes in receivables	-8 635	-497	-11 116	938	-3 180
Changes in current liabilities	10 360	-602	3 316	397	7 270
Total change in working capital	-2 092	-2 365	-12 792	-445	1 947
Cash flow from operating activities	-18 579	-19 720	-68 353	-61 151	-86 164
Investment activities					
Acquisition of intangible fixed assets	-	-	-	-	-
Acquisition of tangible fixed assets	-	-118	-75	-129	-129
Acquisition of group companies	-	-	-	-	-
Cash flow from investment activities	-	-118	-75	-129	-129
Financing activities					
New share issue	101 664	-	101 664	-	65 635
Share issue costs	-8 495	-	-8 495	-	-3 717
Warrants	-1	438	-1	438	438
Repayment of borrowing	-128	-128	-385	-385	-513
Repayment of lease liabilities	-1 007	-681	-2 301	-2 137	-2 811
Cash flow from financing activities	92 032	-371	90 482	-2 084	59 032
Cash flow for the period	73 454	-20 209	22 053	-63 364	-27 261
Cash and cash equivalents at the beginning of the year	73 562	109 026	124 653	151 366	151 366
Exchange rate adjustments – cash, cash equivalents and overdrafts	-74	377	236	754	548
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	146 942	88 756	146 942	88 756	124 653

Summary income statement, parent company

SEK 000'	2023	2022	2023	2022	2022
	Jul 1 – Sep 30	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Net sales	28 965	20 094	43 226	30 063	41 743
Cost of sales	-6 145	-4 628	-18 245	-13 310	-20 751
Gross profit	22 820	15 466	24 980	16 753	20 992
Sales commissions and fees	-733	-739	-1 935	-1 351	-1 324
Selling expenses	-11 508	-19 911	-34 624	-50 231	-56 053
R&D expenses	-5 399	-3 582	-15 468	-13 200	-18 197
Administrative expenses	-10 224	-10 381	-33 330	-31 963	-43 830
Other operating income	-	-	18	6	34
Other operating expense	-	-	-	-	6 002
Operating result	-5 044	-19 146	-60 358	-79 987	-92 375
Non-recurring costs	-	-	-	-	-
Net financial items	-328	2 633	920	7 534	-2 609
Result before income tax	-5 372	-16 514	-59 437	-72 453	-94 984
Income tax	18	-	18	-	-
RESULT FOR THE PERIOD	-5 354	-16 514	-59 419	-72 453	-94 984

* Other comprehensive income in the Parent Company is in line with the result for the period.

Summary balance sheet, parent company

<i>SEK 000'</i>	2023	2022	2022
	Sep 30	Sep 30	Dec 31
ASSETS			
<i>Fixed assets</i>			
Intangible assets	–	–	–
Tangible fixed assets	10 374	1 726	1 530
Financial assets	140 002	140 002	140 002
Total fixed assets	150 375	141 728	141 532
<i>Current assets</i>			
Inventories	9 356	3 707	4 468
Accounts receivable	3 981	2 325	3 034
Intercompany receivables	13 569	3 569	7 388
Tax receivables	0	133	541
Other receivables	3 733	2 405	2 117
Prepayments	2 378	2 327	3 333
Cash and cash equivalents	142 093	82 151	120 633
Total current assets	175 111	96 618	141 514
TOTAL ASSETS	325 486	238 346	283 046

<i>SEK 000'</i>	2023	2022	2022
	Sep 30	Sep 30	Dec 31
SHAREHOLDER EQUITY AND LIABILITIES			
<i>Equity</i>			
Equity	243 243	170 390	209 778
Total equity	243 243	170 390	209 778
<i>Long-term liabilities</i>			
Mortgage debts	342	856	727
Finance lease liabilities	6 572	–	–
Other liabilities	46 858	44 394	46 950
Total long-term liabilities	53 772	45 250	47 677
<i>Current liabilities</i>			
Mortgage debts	513	513	513
Accounts payable	11 509	4 584	5 508
Intercompany liabilities	3 888	6 589	3 994
Current tax liabilities	-123	–	–
Other current liabilities	1 373	1 407	1 707
Accrued expenses and deferred income	8 831	9 614	13 869
Total current liabilities	25 991	22 706	25 591
Total liabilities	79 763	67 956	26 318
TOTAL EQUITY AND LIABILITIES	323 006	238 346	283 046

Notes

Note 1 | Accounting Principles

This summary interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act chapter 9, Interim Financial Reporting. The same accounting and valuation policies have been applied for the Group and the Parent Company as in the latest Annual Report, with the exception primarily of the income statement, which is now presented as a function-based table instead of the previous cost type-based table. This voluntary change of accounting principle provides the reader with a truer picture, more in line with practice. The effects on the comparison periods are presented in the comments and tables below. The cash flow statement has had some minor adjustments with respect to starting point (now EBIT instead of previously EBT) and IFRS 16 adjustment, also described below, but in all material aspects it remains virtually the same. Disclosures in accordance with IAS 34.16A occur in the financial reports and the accompanying notes, and also in other parts of the interim report.

INCOME STATEMENT EFFECTS

The effects of changing from a cost type-based to a function-based income statement table is displayed below and described as follows.

The new Cost of sales line is an amalgamation of the previous Cost of material and the relevant share of personnel costs as pertains to production personnel.

The new Gross profit line is the sum of Net sales and Cost of sales. Gross margin is defined as Gross profit divided by Net sales.

The remainder of the old Personnel costs (not production related), as well as Other external expenses and Depreciation, amortization & impairment losses, have been redistributed into their relevant new function lines as Sales commissions and fees (sales variable costs), Selling expenses (non-sales variable items), R&D expenses and Administrative expenses.

Other income and expenses have been grouped together immediately above Operating result. They have also been redefined so that revaluation effects on foreign currency positions, previously presented under those headings, have now been reclassified as Net financial items and are presented under that heading accordingly.

Non-recurring costs has been introduced as a new heading immediately below Operating result and defined to include all costs related to the restructuring of the company, brought about by the planned and communicated discontinuation of our CMF franchise. In the third quarter, such costs are limited to the non-cash write-down of intangible CMF fixed assets, but will in the fourth quarter also extend to any other costs incurred as part of that process.

INCOME STATEMENT EFFECTS (OLD TABLE)

SEK 000'	2022	2022	2022
	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Net sales	17 496	37 055	56 985
Other income	3 901	9 317	15 743
Cost of material	-3 406	-8 349	-11 850
Other external expenses	-16 778	-45 752	-64 356
Personnel costs	-17 925	-51 860	-74 001
Depreciation, amortisation and impairment losses	-2 442	-7 330	-9 718
Impairment losses on financial assets	44	88	77
Other expenses	-456	-757	-3 295
Operating profit	-19 566	-67 588	-90 494
<i>Profit from financial items</i>			
Net interest	-117	-228	-9 428
Profit after financial items	-19 682	-67 815	-99 629
Corporation tax for the year	126	375	-905
Profit for the period	-19 556	-67 440	-99 388

INCOME STATEMENT EFFECTS (NEW TABLE)

SEK 000'	2022	2022	2022
	Jul 1 – Sep 30	Jan 1 – Sep 30	Jan 1 – Dec 31
Net sales	17 496	37 049	56 985
Cost of sales	-5 628	-14 863	-22 023
Gross profit	11 868	22 187	34 962
Sales commissions and fees	-5 691	-10 487	-16 778
Selling expenses	-13 107	-37 988	-50 019
R&D expenses	-5 260	-17 144	-25 493
Administrative expenses	-10 865	-32 810	-45 723
Other operating income	0	6	34
Other operating expense	44	89	6 079
Operating result	-23 011	-76 148	-96 938
Non-recurring costs	0	0	0
Net financial items	3 329	8 332	-2 718
Result before income tax	-19 682	-67 816	-99 657
Income tax	126	375	268
Result for the period	-19 556	-67 441	-99 388

CASH FLOW STATEMENT EFFECTS

The starting point for the cash flow statement has been changed to Operating result rather than the previous Profit after financial items. Accordingly, financial items that impact cash flow are now explicitly posted in the cash flow statement.

In alignment with IFRS 16, Repayment of lease liabilities has now been broken out on a separate line under Financing activities. This was previously presented net, as a non-cash adjustment.

SEK 000'	Jul – Sep		Jan – Sep		Jan – Dec	
	2022 current	2022 previous	2022 current	2022 previous	2022 current	2022 previous
Non-cash adjustments	2 353	1 672	7 197	5 059	12 089	9 278
Repayment of lease liabilities	-681	-	-2 137	-	-2 811	-

Note 2 | Estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions. There has been no change in the estimates and judgments made in the Annual Report for 2022.

Note 3 | Information regarding operating segments

The Group's operations are divided into operating segments based on the parts of the business the Company's highest executive decision-maker follows up, so called "management approach". The Group's internal reporting is based on the Group management following up the operation as a whole. Based on its internal reporting, the Group has identified that the Group has only one segment.

NET SALES BY GEOGRAPHIC MARKET

SEK 000'	Jul – Sep		Jan – Sep		Jan – Dec
	2023	2022	2023	2022	2022
USA	24 951	10 769	56 243	20 524	32 546
Europe	6 614	6 617	20 500	16 202	23 917
Rest of World	133	110	417	329	522
TOTAL	31 697	17 496	77 160	37 055	56 985

Income from external customers has been attributed to individual countries from which the sales have taken place. The Group's fixed assets are located to Sweden, the U.K. and the U.S.

NET SALES BY PRODUCT CATEGORY

SEK 000'	Jul – Sep		Jan – Sep		Jan – Dec
	2023	2022	2023	2022	2022
CMF	14 951	10 938	39 338	27 548	39 944
Orthobiologics	16 724	6 558	37 784	9 507	17 041
TOTAL	31 697	17 496	77 160	37 055	56 985

Note 4 | Equity

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (quota value) value of SEK 0.0625 / share. The company has 89,178,912 class A shares.

	2023	2022
	Jan 1 – Sep 30	Jan 1 – Sep 30
Subscribed and paid shares		
At the beginning of the period	71 343 130	57 074 504
Rights issue	–	–
Directed share issue	17 835 782	–
Subscribed and paid shares	89 178 912	57 074 504
Shares for share-based payments	–	–
SUM AT THE END OF THE PERIOD	89 178 912	57 074 504

Amounts received for issued shares in addition to the nominal value during the year (premium) are included in the item "Other contributed capital", after deduction for registration and other similar fees and after deduction for attributable tax benefits.

Signatures

The Board of Directors and the CEO provide their assurance that this interim report provides an accurate view of the operations, position and earning of the Group and the Parent Company, and that it also describes the principal risks and uncertainties faced by the Parent Company and the companies included within the Group.

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version shall apply. This report has not been audited.

Financial calendar

Year-end Report 2023

February 6, 2024

OSSDSIGN AB – UPPSALA NOVEMBER 21, 2023

Simon Cartmell
Chairman of the Board

Viktor Drvota
Board member

Newton Aguiar
Board member

Anders Qvarnström
Board member

Håkan Engqvist
Board member

Jill Schiaparelli
Board member

Morten Henneveld
CEO



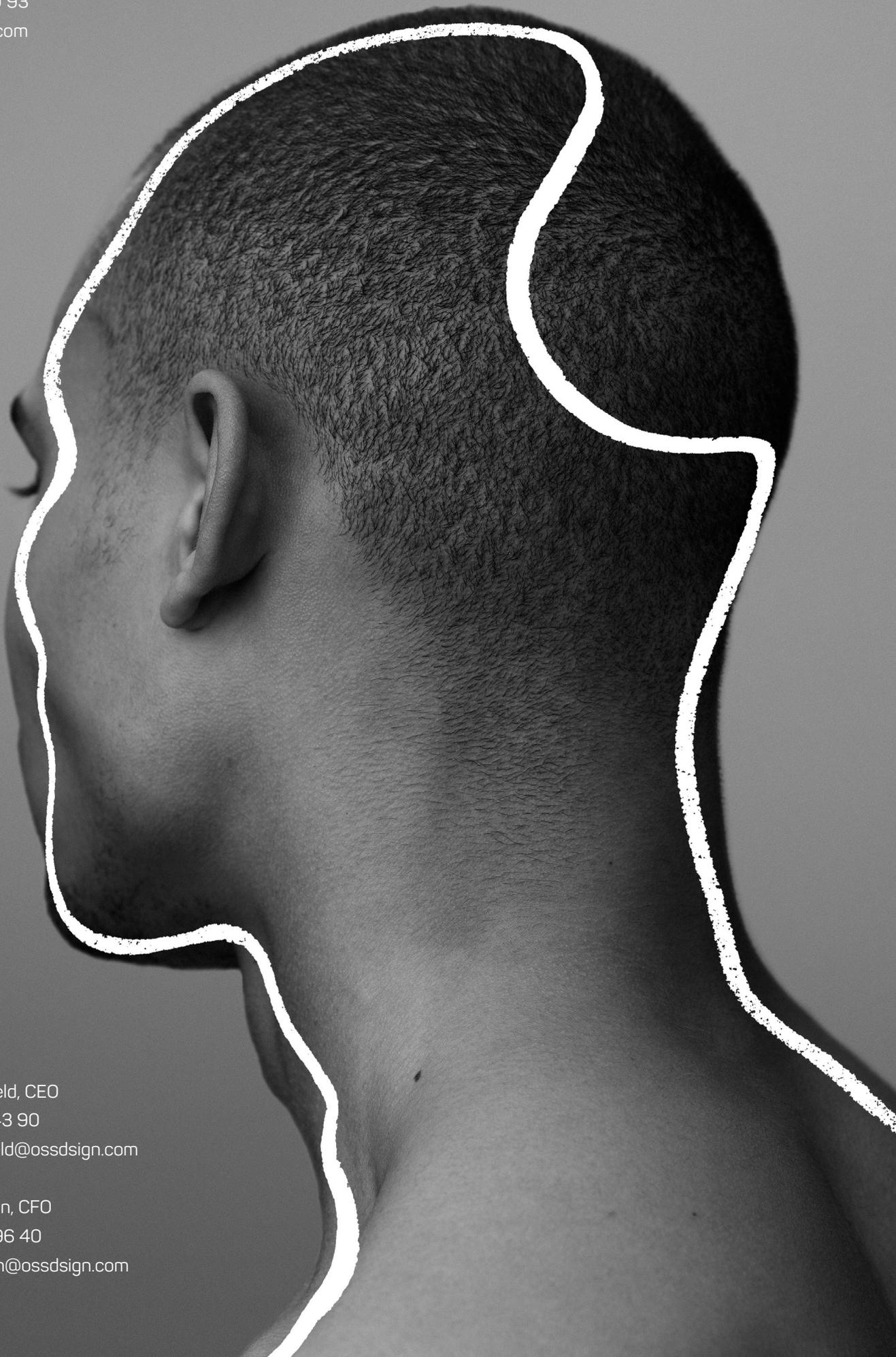
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