

2024

Interim Report for the first quarter

January – March 2024



Interim Report for the first quarter of 2024

January 1 – March 31, 2024

The first quarter in figures

- Net sales amounted to TSEK 27,029 (21,466), now with all sales coming from orthobiologics in the U.S., which corresponds to a sales growth of 207% vs comparable numbers in Q1 2023.
- The U.S. business continued its strong underlying growth, quarter on quarter, and has now demonstrated eight consecutive quarters of triple-digit growth.
- Gross margin of 93.7% vs a blended margin of 70.4% in the same quarter in the previous year.
- Operating loss of TSEK 12,034 (23,696). Sales variable costs increased whereas non-sales variable costs decreased compared to the previous year. Total operating expenses decreased vs the previous year. Continued trend of improved operating leverage in the business, albeit somewhat exaggerated in Q1, as a result of positive gross margin development and lower start of year operating expenses, as the company is transitioning more functions to the U.S.
- Loss after taxes amounted to TSEK 11,148 (23,252).
- Earnings per share were SEK -0.1 (-0.3).
- Cash flow from current operations was TSEK -28,203 (-26,701), showing solid underlying improvement but, as previously stated, was expected to be adversely impacted by the outflow from high 2023 year-end bonus and non-recurring accruals.

Important events during the first quarter

- OssDsign reports compelling data from the clinical study TOP FUSION.
- 12-month data from the clinical study of OssDsign Catalyst published in Biomedical Journal of Scientific & Technical Research.
- OssDsign appoints Tom Buckland as Chief Technical Officer.

Important events after the end of the first quarter

- OssDsign awarded long-term agreement with Premier, Inc.
- OssDsign expands military access with new contract covering 100 additional VA orthopedic hospitals.

Financial overview

	2024	2023	2023
<i>The group</i>	Jan 1 – Mar 31	Jan 1 – Mar 31	Jan 1 – Dec 31
Net sales, TSEK	27 029	21 466	112 157
Operating result, TSEK	-12 034	-23 696	-91 956
Result for the period, TSEK	-11 148	-23 252	-130 493
Equity ratio, %	72%	70%	69%
Earnings per share, SEK	-0.1	-0.3	-1.6
Average number of employees	25.7	51.0	478



“ We have started 2024 with another quarter of triple-digit growth in the U.S. market, adding up to two full years of accelerating sales growth driven by OssDsign Catalyst, which has already been established in the elite class of high-performing synthetic bone grafts. ”

We have successfully entered a new era as a pure play orthobiologics company

The initial quarter of 2024 was the first where OssDsign operated as a pure play orthobiologics company. This important transition has started successfully with net sales in the first quarter amounting to SEK 27.0 million, which corresponds to a like for like growth of 207% compared to the same period last year, and the same at constant exchange rates. The quarter also marked the 8th consecutive quarter where we have reported triple-digit growth in the U.S. market.

Thanks to the full focus on orthobiologics, gross margin increased to 93.7%, compared to a 70.4% blended rate during the same period last year.

In other words, we have now entered a new era with proven higher margins, scalability, and operating leverage.

Two successful contract wins broaden access in the U.S.

During the quarter, we successfully continued to expand access in the U.S. market and were awarded two new long-term agreements, which is a clear recognition of our market offering. Just after the end of the quarter, we signed a new long-term group purchasing (GPO) agreement for Bone and Bone Substitute Implantable Products with the healthcare improvement company Premier, Inc., one of the largest purchasing organizations in the U.S. covering 4,350 U.S. hospitals and health systems and more than 300,000 other providers and organizations. The agreement, which covers a three-year period, will open the door to a vast and valuable network, making OssDsign Catalyst available to significantly more patients.

In late April, we also established an extended agreement with the Veterans Affairs (VA) covering approximately 100 additional orthopedic VA hospitals nationwide, meaning that all active military personnel as well as veterans in the U.S. will have the opportunity to be treated with OssDsign Catalyst. Gaining full access to the military market has been an important objective since entering the orthobiologics space, making this a defining step on our journey.

OssDsign continues to excel in clinical use

In January, the twelve-month data from the clinical study TOP FUSION was published in the Biomedical Journal of Scientific & Technical Research. The outstanding results with 93% fusion rate clearly show that spinal surgery with OssDsign Catalyst leads to consistent, rapid bone healing and remodeling, resulting in improved patient outcomes. In addition, all scores used to quantify pain, function and overall health in patients showed improvement in quality of life over time. The publication is another crucial step in the process of establishing OssDsign Catalyst as a clinically proven synthetic bone graft, and a testimony to our meaningful investments in clinical programs. In addition, we are running PROPEL, our U.S. based multi-center prospective spinal fusion registry, and expect to see first publications coming out during 2024.

A market with strong underlying growth and potential for broader use

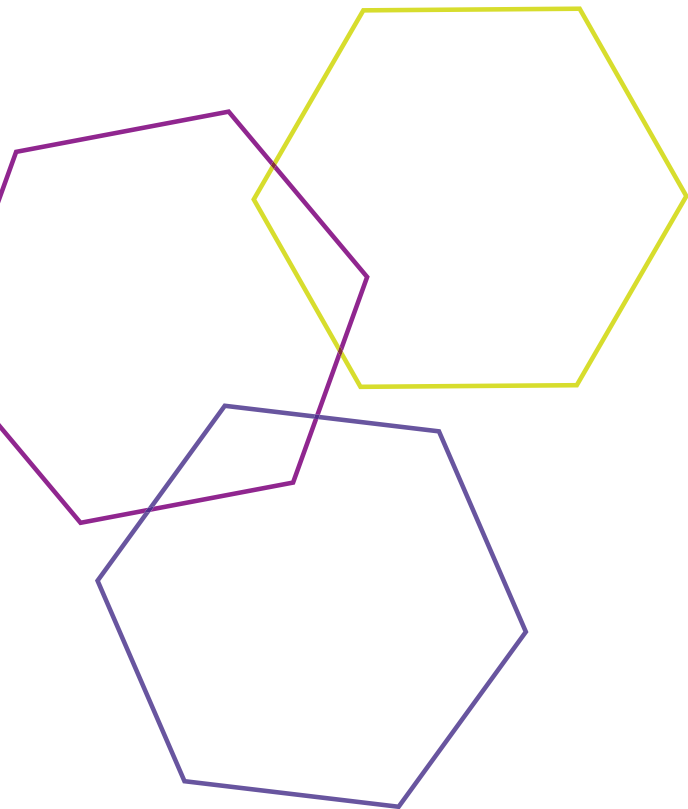
The development of the latest generation's synthetic bone graft has reached a point where they are performing on par or above autograft, but without the need for additional surgery that harvesting autograft means for the patients, or the risk of disease transmission that comes with allografts. This has resulted in surgeons' preferences moving towards synthetic bone grafts, and with that an increasing market demand. Forecasts also estimate that the spine market for the latest generation synthetic bone grafts will grow at a ratio of 4:1 compared to early generation bone grafts.

In addition, OssDsign Catalyst is already indicated for broader use including spinal fusion surgery, fusion surgeries on the ankle, foot, and extremities as well as trauma and some pelvis surgeries. Whilst we maintain a clear strategic focus on spine surgery, early steps have already been taken to expand broader, initially targeting the Foot & Ankle segment.

The year is off to a great start

In sum, we have started 2024 with another quarter of triple-digit growth in the U.S. market, adding up to two full years of accelerating sales growth driven by OssDsign Catalyst, which has already been established in the elite class of high-performing synthetic bone grafts. Combined with a strong underlying growth in the market, an increasing elderly population and the potential for broader use across orthopedic segments, we look forward to continuing building a fast-growing orthobiologics business that will create high shareholder value.

Morten Henneveld, CEO



Statement of Operations

OssDsign is a developer and global provider of next generation orthobiologic products. Based on cutting edge material science, the company develops and markets products that support the body's own healing capabilities, giving patients back the life they deserve.

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, of which approximately half will need a so-called fusion surgery. Today approximately 20% of these surgeries are unsuccessful due to the lack of proper fusion (non-union). Bone graft plays a crucial role in the surgery to stimulate bone growth. The major advances provided by orthobiologic products are resulting in a shift in spinal surgery, as the use of synthetic bone graft substitutes has become more common to avoid the need to utilise allograft or iliac crest autograft.

Traditional synthetic materials share similarities with bone tissue at a macro level, rather than on a nano level, leading to a less effective bone formation response. OssDsign Catalyst is a latest-generation nanosynthetic bone graft composed of a proprietary nanocrystalline silicate calcium phosphate. Being similar to the body's own bone mineral architecture, OssDsign Catalyst provides a favorable bone biology environment for rapid and reliable bone formation.

Clear commercial advantages

OssDsign Catalyst is a high gross margin product with great scalability and large potential in the market for standard procedures, enabling extensive growth. OssDsign Catalyst received FDA clearance in 2020 and has been very well received in the U.S. market since its launch in August 2021. By the end of 2023 over 2,000 patients had been treated with OssDsign Catalyst in the U.S.

Improved patient outcomes

OssDsign Catalyst received FDA clearance in 2020 based on preclinical results from the most established and demanding non-clinical model for spinal fusion – the Boden model. OssDsign Catalyst surpasses results typically seen with other synthetic bone grafts used in this model.

This has also been confirmed in the clinical study TOP FUSION where top-line results show a 93% spinal fusion rate at 12 months after surgery with the novel nanosynthetic bone graft. All scores used to quantify pain, function and overall health in patients showed improvement in quality of life over time and no device-related adverse events were observed during the study. This is also in line with the first post-market safety report that was published in November 2022, which did not record any device-related complaints or device-related adverse events.

The data indicates that the use of OssDsign Catalyst leads to consistent and rapid bone healing and remodeling, with improved patient outcomes as a result. Altogether, OssDsign Catalyst has the proven potential to improve the success rates of spinal surgeries – a much-welcomed development for the millions of patients who require a spinal fusion to regain an active and healthy life.

Post-pandemic impacts continue

The COVID-19 pandemic continues to cause staff shortages and delays in hospital approval processes and planned surgeries. This continues to be a challenge for the healthcare system and could, consequently, also negatively impact the company's results. The underlying demand for OssDsign products in the mid to long term, however, remains intact and OssDsign expects to see a continued improvement in the situation during 2024.

USD 1.8 billion

The U.S. market value for orthobiologics in spinal surgeries.

Development of profit and financial position

FIRST QUARTER

Sales and Gross margin

The OssDsign Group net sales for the first quarter of 2024 amounted to TSEK 27,029 (21,466). All sales now derive from orthobiologics sales in the U.S., which in the corresponding quarter 2023 amounted to TSEK 8,804. The relevant comparison corresponds to a sales growth of 207% vs Q1 2023, with negligible exchange rate impact. This continued strong underlying growth, quarter on quarter, also means the U.S. has now demonstrated eight consecutive quarters of triple digit growth.

In the same period the parent company's Net sales amounted to TSEK 2,010 (14,637), due to timing differences and inventory held in the U.S. As end customer sales no longer match intra-group sales from a timing perspective, the OssDsign Group's official external sales will always differ from the internal sales recorded in the parent company.

Gross margin continued to develop well in the first quarter to reach 93.7% vs a blended margin of 70.4% in the corresponding quarter 2023. Given the nature of the business and the still early stage of commercialization, the gross margin may be subject to some level of fluctuation as production is ramping up.

Operating result

The operating result for the period January - March 2024 amounted to TSEK -12,034 (-23,696), demonstrating continued improved operating leverage. Sales variable costs, including sales commissions and accruals, were higher than in the previous year, whereas all other non-sales variable costs were lower. Total operating expenses decreased compared to the first quarter in the previous year, further aided by positive operational exchange rate effects. As the company is transitioning more functions to the U.S., the start of year operating expenses were somewhat lower than the expected level going forward. Once the transition is completed, a somewhat higher operating expense level will naturally also impact the operating leverage development.

Cash flow, investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 165,938 and at the end of the period they were TSEK 137,728. Cash flow from operating activities amounted to TSEK -28,203 (-26,701), showing solid underlying improvement but, as previously stated, was expected to be adversely impacted by the outflow from high 2023 year-end bonus and non-recurring accruals, with a combined effect of appr MSEK -12. Adjusting for such one-off effects, operating cash flow was appr MSEK 10 better than the previous year. Total cash flow for the period was TSEK -28,541 (-29,038). Investments in tangible fixed assets amounted to TSEK 0 (-47) in the period.

IMPORTANT EVENTS DURING THE FIRST QUARTER

OssDsign reports compelling data from the clinical study TOP FUSION

On January 9, OssDsign announced that positive data from the clinical study TOP FUSION has been submitted to a peer-reviewed scientific journal. Top-line results show a 93% spinal fusion rate at 12 months as assessed with CT by independent radiological review from Medical Metrics Inc.

12-month data from the clinical study of OssDsign Catalyst published in Biomedical Journal of Scientific & Technical Research

On January 24, OssDsign announced that the previously communicated outstanding 12-month results from the clinical study TOP FUSION have been published in the peer-reviewed journal Biomedical Journal of Scientific & Technical Research. The results show a 93% spinal fusion rate as well as improvements in quality of life and pain following surgery with the novel nanosynthetic bone graft OssDsign Catalyst.

OssDsign appoints Tom Buckland as Chief Technical Officer

On February 29, OssDsign announced that the company's current VP of Strategy, Business Development and Regulatory Affairs, Tom Buckland, has been appointed Chief Technical Officer (CTO). The promotion is a key part of the company's change of direction into a pure-play orthobiologics company focusing exclusively on the U.S. Market. Tom Buckland, currently VP of Strategy, Business Development and Regulatory Affairs, will in his new role be responsible for Operations & Manufacturing, Research & Development as well as Quality Assurance and Regulatory Affairs.

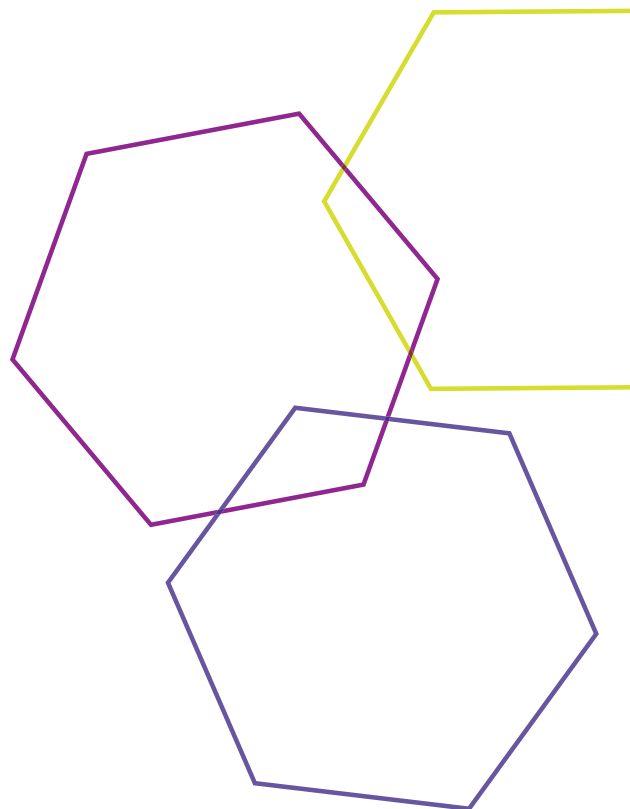
IMPORTANT EVENTS AFTER THE END OF THE FIRST QUARTER

OssDsign awarded long-term agreement with Premier, Inc.

On April 2, OssDsign announced that the company would be awarded a new group purchasing (GPO) agreement for Bone and Bone Substitute Implantable Products with Premier, Inc., a leading U.S. healthcare improvement company uniting an alliance of approximately 4,350 U.S. hospitals and health systems and more than 300,000 other providers and organizations. The agreement is for a period of three years. Effective July 1, 2024, the agreement allows Premier members, at their discretion, to take advantage of special pricing and terms pre-negotiated by Premier for OssDsign's nanosynthetic bone graft OssDsign Catalyst.

OssDsign expands military access with new contract covering 100 additional VA orthopedic hospitals

On April 29, OssDsign announced that the company has been awarded a new Veteran Affairs (VA) contract which covers approximately 100 additional VA orthopedic hospitals nationwide, giving OssDsign increased access to the important U.S. military market. The new contract is a continuation of OssDsign's collaboration with Red One Medical.



OTHER DISCLOSURES

Ownership structure

At the end of the first quarter, there were 3,430 registered shareholders in OssDsign AB, of which the five largest shareholders owned more than or close to 5.0% each and the ten largest shareholders together owned more than 58.1% of the capital and voting rights. The total number of shares was 97,658,920. The largest shareholders on March 31, 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 being conducted solely through OssDsign USA Inc from January 1, 2024.

Employees

At the end of the period, there were a total of 25 (52) employees, of whom 40% were women. This includes employees in Sweden, 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 raised SEK 150 million in gross proceeds through a directed share issue in 2023. As of March 31, 2024, the group's cash and cash equivalents amounted to SEK 137.7 million. The board deems the current liquidity to be sufficient for at least the next twelve months. 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 14,506 and a liability to Sirakoss Ltd of TSEK 1,012.

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 intellectually property rights, product liability and forward-looking information that may affect the Company.

In addition, developments in recent years have 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.

Condensed consolidated income statement

	2024	2023	2023
SEK 000'	Jan 1 – Mar 31	Jan 1 – Mar 31	Jan 1 – Dec 31
Net sales	27 029	21 466	112 157
Cost of sales	-1 713	-6 352	-28 512
Gross profit	25 315	15 114	83 646
Sales commissions and fees	-13 227	-5 760	-46 785
Selling expenses	-8 733	-12 783	-46 729
R&D expenses	-5 524	-7 641	-28 765
Administrative expenses	-10 762	-12 940	-49 923
Other operating income	–	18	487
Other operating expense	897	295	-3 887
Operating result	-12 034	-23 696	-91 956
Non-recurring costs	–	–	-35 673
Net financial items	753	-97	-3 026
Result before income tax	-11 281	-23 794	-130 655
Income tax	134	542	162
RESULT FOR THE PERIOD	-11 148	-23 252	-130 493
Earnings per share			
Earnings per share, SEK	-0.1	-0.3	-1.6

Consolidated summary statement of comprehensive income

	2024	2023	2023
SEK 000'	Jan 1 – Mar 31	Jan 1 – Mar 31	Jan 1 – Dec 31
Profit/loss for the period	-11 148	-23 252	-130 493
<i>Other comprehensive income for the period</i>			
Items that will be reclassified subsequently to profit or loss	-600	37	371
Other comprehensive income for the period	-600	37	371
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-10 548	-23 289	-130 864

Consolidated summary balance sheet

	2024	2023	2023
SEK 000'	March 31	March 31	Dec 31
ASSETS			
<i>Fixed assets</i>			
Intangible assets	133 628	152 386	134 321
Tangible fixed assets	2 379	12 799	2 454
Financial assets	2 467	2 503	2 458
Total fixed assets	138 474	167 687	139 234
<i>Current assets</i>			
Inventories	9 798	5 148	4 304
Accounts receivable	21 330	14 239	23 020
Tax receivable	431	–	314
Other receivables	2 045	2 862	2 442
Prepayments	4 067	3 177	4 923
Cash and cash equivalents	137 728	95 611	165 938
Total current assets	175 399	121 037	200 942
TOTAL ASSETS	313 873	288 724	340 175

	2024	2023	2023
SEK 000'	March 31	March 31	Dec 31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	224 370	203 444	234 918
Total equity	224 370	203 444	234 918
<i>Long-term liabilities</i>			
Mortgage debts	86	599	214
Finance lease liabilities	1 474	9 151	1 602
Other liabilities	55 955	50 654	56 109
Total long-term liabilities	57 514	60 403	57 924
<i>Current liabilities</i>			
Mortgage debts	513	513	513
Accounts payable	11 536	6 083	9 915
Finance lease liabilities	882	2 615	821
Tax liability	–	455	–
Other current liabilities	2 100	2 079	3 190
Accrued expenses and deferred income	16 957	13 132	32 894
Total current liabilities	31 989	24 877	47 334
Total liabilities	89 503	85 280	105 258
TOTAL EQUITY AND LIABILITIES	313 873	288 724	340 175

Consolidated change in shareholder's equity in summary

SEK 000'	Share Capital	Subscribed Capital Unpaid	Other Capital Contributions	Reserves	Profit (loss) brought forward	Total Equity
Opening balance 2023-01-01	4 459	–	658 492	1 330	-437 547	266 734
Profit/loss for the period	–	–	–	–	-23 252	-23 252
Other comprehensive income	–	–	–	-39	–	-39
Total comprehensive income	–	–	658 492	-39	-23 252	-23 291
<i>Transactions with shareholders</i>						
Warrant program	–	–	–	–	–	–
New share issue	–	–	–	–	–	–
Issue expenses	–	–	–	–	–	–
Total transactions with shareholders	–	–	–	–	–	–
CLOSING BALANCE 2023-03-31	4 459	–	658 492	1 291	-460 798	203 444
Opening balance 2024-01-01	5 574	–	796 232	959	-567 848	234 918
Profit/loss for the period	–	–	–	–	-11 148	-11 148
Prior year adjustment	–	–	–	–	–	0
Other comprehensive income	–	–	–	600	–	600
Total comprehensive income	–	–	–	600	-11 148	-10 548
<i>Transactions with shareholders</i>						
Warrant programmes	–	–	–	–	–	–
New share issue	–	–	–	–	–	–
Issue expenses	–	–	–	–	–	–
Total transactions with shareholders	–	–	–	–	–	–
CLOSING BALANCE 2024-03-31	5 574	–	796 232	1 559	-578 996	224 370

Consolidated summary statement of cash flow

	2024	2023	2023
SEK '000'	Jan 1 – Mar 31	Jan 1 – Mar 31	Jan 1 – Dec 31
Operating activities			
Operating result	-12 034	-23 617	-91 956
Non cash adjustment	912	3 862	-12 232
Financial items	753	-177	-3 026
Income taxes paid/received	-106	773	-677
	-10 476	-19 159	-107 891
Changes in inventories	-4 532	-745	-5
Changes in receivables	4 267	-1 631	-7 580
Changes in current liabilities	-17 463	-5 166	20 616
Total change in working capital	-17 728	-7 542	13 030
Cash flow from operating activities	-28 203	-26 701	-94 861
Investment activities			
Proceeds and purchase of intangible assets, net	-	-	-
Proceeds and purchase of property, plant and equipment, net	-	-47	828
Proceeds and purchase of subsidiaries and activities, net	-	-	-
Cash flow from investment activities	-	-47	828
Financing activities			
New share issue	-	-	150 000
Share issue costs	-	-	-11 145
Warrants	-	-	-1
Proceeds/repayments from borrowings, net	-128	-128	-513
Repayment of lease liabilities	-210	-2 162	-2 945
Cash flow from financing activities	-338	-2 290	135 395
Cash flow for the period	-28 541	-29 038	41 362
Cash and cash equivalents at the beginning of the period	165 938	124 653	124 653
Exchange rate adjustments – cash, cash equivalents and overdrafts	332	-4	-76
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	137 728	95 611	165 938

Condensed summary income statement, parent company

	2024	2023	2023
SEK 000'	Jan 1 – Mar 31	Jan 1 – Mar 31	Jan 1 – Dec 31
Net sales	2 010	14 637	52 948
Cost of goods sold	-1 686	-6 090	-31 010
Gross profit	324	8 547	21 939
Sales commissions and fees	-323	-744	-3 020
Selling expenses	-1 012	-13 174	-46 036
R&D expenses	-3 139	-5 381	-22 356
Administrative expenses	-8 118	-11 549	-56 123
Other operating income	–	18	487
Other operating expense	–	–	-4 688
Operating result	-12 268	-22 284	-109 797
Costs not included in operating profit/loss	–	–	–
Net financial items	756	-89	-2 970
Result before income tax	-11 512	-22 373	-112 767
Income tax	–	–	-74
RESULT FOR THE PERIOD	-11 512	-22 373	-112 841

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

Summary balance sheet, parent company

	2024	2023	2023
SEK 000'	Mar 31	Mar 31	Dec 31
ASSETS			
<i>Fixed assets</i>			
Intangible assets	–	–	–
Tangible fixed assets	–	1 405	–
Financial assets	140 002	140 002	140 002
Total fixed assets	140 002	141 407	140 002
<i>Current assets</i>			
Inventories	8 920	4 753	4 288
Accounts receivable	356	4 089	1 132
Intercompany receivables	14 506	7 673	14 763
Tax receivable	0	179	–
Other receivables	2 020	2 287	2 419
Prepayments	3 574	3 133	4 606
Cash and cash equivalents	132 081	89 667	160 936
Total current assets	161 571	111 781	188 144
TOTAL ASSETS	301 457	253 187	328 146

	2024	2023	2023
SEK 000'	Mar 31	Mar 31	Dec 31
SHAREHOLDER EQUITY AND LIABILITIES			
<i>Equity</i>			
Equity	223 993	187 403	235 506
Total equity	223 993	187 403	235 506
<i>Long-term liabilities</i>			
Mortgage debts	86	599	214
Finance lease liabilities	–	–	–
Other liabilities	52 700	46 950	52 700
Total long-term liabilities	52 786	47 549	52 914
<i>Current liabilities</i>			
Mortgage debts	513	513	513
Accounts payable	10 881	3 618	9 383
Intercompany liabilities	1 012	3 735	3 389
Current tax liabilities	-219	–	-115
Other current liabilities	1 853	1 891	2 976
Accrued expenses and deferred income	10 639	8 478	23 580
Total current liabilities	24 679	18 235	39 726
Total liabilities	77 464	65 784	92 640
TOTAL EQUITY AND LIABILITIES	301 457	253 187	328 146

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, as of Q3 2023, is 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 Cranial PSI business line.

INCOME STATEMENT EFFECTS (OLD TABLE)

SEK 000'	2023
	Jan 1 – Mar 31
Net sales	21 466
Other income	31
Cost of material	-3 326
Other external expenses	-19 688
Personnel costs	-20 126
Depreciation, amortisation and impairment losses	-2 337
Impairment losses on financial assets	-28
Other expenses	310
Operating profit	-23 697
<i>Profit from financial items</i>	
Net interest	-97
Profit after financial items	-23 794
Corporation tax for the year	542
Profit for the period	-23 252

INCOME STATEMENT EFFECTS (NEW TABLE)

SEK 000'	2023
	Jan 1 – Mar 31
Net sales	21 466
Cost of sales	-6 352
Gross profit	15 114
Sales commissions and fees	-5 760
Selling expenses	-12 783
R&D expenses	-7 641
Administrative expenses	-12 940
Other operating income	18
Other operating expense	295
Operating result	-23 696
Non-recurring costs	-
Net financial items	-97
Result before income tax	-23 794
Income tax	542
RESULT FOR THE PERIOD	-23 252

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'	Jan – Mar	
	2023 current	2023 previous
Non-cash adjustments	3 862	1 700
Repayment of lease liabilities	-2 162	-

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. With respect to the discontinued business, we do not deem that to be a separable business line, neither financially nor operationally, as per the definition in IFRS 5. Consequently, we have not treated it as a discontinued business according to IFRS 5.

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'	Jan – Mar		Jan – Dec
	2024	2023	2023
USA	27 029	14 056	87 311
Europe	–	7 306	24 394
Rest of World	–	104	453
TOTAL	27 029	21 466	112 157

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'	Jan – Mar		Jan – Dec
	2024	2023	2023
CMF	–	12 662	47 547
Orthobiologics	27 029	8 804	64 610
TOTAL	27 029	21 466	112 157

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 97,658,920 class A shares.

	2024	2023
	Jan 1 – Mar 31	Jan 1 – Mar 31
Subscribed and paid shares		
At the beginning of the period	97 658 920	71 343 130
Rights issue	–	–
Directed share issue	–	–
Subscribed and paid shares	97 658 920	71 343 130
Shares for share-based payments	–	–
SUM AT THE END OF THE PERIOD	97 658 920	71 343 130

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 2024

Annual Report 2023	May 22, 2024
Annual General Meeting 2024	June 25, 2024
Interim Report Q2	August 20, 2024
Interim Report Q3	November 5, 2024
Year-end Report	February 4, 2025

OSSDSIGN AB – UPPSALA, MAY 14, 2024

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
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