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| Results Reaction | Healthcare | Sweden | 21 February 2023 |
|------------------|------------|--------|------------------|

Q4: Rapid growth, again

OssDsign reported sales above our expectations, Net sales were SEK 19.9m (0.4% vs. SEBe of SEK 19.9m) corresponding to y/y growth of 117%. Catalyst sales amounted to SEK 7.5m and represented 38% of total revenues. The company had a one-off related to the revaluation of provisions for contingent consideration in the Sirakoss acquisitions, resulting in net interest expenses of SEK 8.9m. Our mid-point equity value is SEK 11 per share.

Outcome:

Sales SEK 19.9m (0.4% vs SEB at SEK 19.9m and 4.6% vs cons at SEK 19.1m), Gross profit SEK 16.4m (9.9% vs SEB at SEK 14.9m), EBIT SEK -22.9m (-21.9% vs SEB at SEK -18.8m), Net profit SEK -31.9m (-69.1% vs SEB at SEK -18.9m), EPS SEK -0.45 (-69.1% vs SEB at SEK -0.26). Growth in the US was 162% y/y and makes up 60% of total revenues, Good contribution from Catalyst sales of SEK 7.5m growing 15% q/q. Cash position of SEK 124m, a little bit higher burn rate in the quarter of SEK 25m.

Deviation table

| OssDsign (SEKm) | Q4/22E | | | Deviation SEB | | Deviation Cons | | Q4/21 | | Q3/22 | |
|---|---------|--------|---------|---------------|---------|----------------|---------|---------|---------|---------|---------|
| | Actual | SEB | Cons | Abs | Rel (%) | Abs | Rel (%) | Actual | y/y (%) | Actual | q/q (%) |
| Net sales | 19.9 | 19.9 | 19.1 | 0.1 | 0.4 | 0.9 | 4.6 | 9.2 | 117.2 | 17.5 | 13.9 |
| COGS | (3.5) | (4.9) | (4.9) | 1.4 | (28.6) | 1.3 | (27.8) | (2.9) | 18.8 | (4.5) | (22.5) |
| Gross profit | 16.4 | 14.9 | 14.2 | 1.5 | 9.9 | 2.2 | 15.7 | 6.2 | 163.9 | 13.0 | 20.6 |
| Total SG&A | (30.9) | (31.3) | n.a. | (5.7) | 18.1 | n.a. | n.a. | (28.1) | 31.5 | (30.1) | 22.5 |
| EBITDA | (20.5) | (16.3) | (18.2) | (4.2) | 25.7 | (2.3) | 12.7 | (21.9) | (6.2) | (17.2) | 19.4 |
| Of which: NRIs | 0.0 | 0.0 | n.a. | 0.0 | n.a. | n.a. | n.a. | 0.0 | n.a. | 0.0 | n.a. |
| Adj. EBITDA | (20.5) | (16.3) | (18.0) | (4.2) | 25.7 | (2.5) | 13.9 | (21.9) | (6.2) | (17.2) | 19.4 |
| Depreciation and amortization | (2.4) | (2.5) | (2.5) | 0.1 | (3.6) | 0.1 | (2.5) | (2.4) | 0.0 | (2.4) | (2.2) |
| Impairment losses on financial assets | (0.0) | 0.0 | n.a. | (0.0) | n.a. | n.a. | n.a. | (0.1) | (83.6) | 0.0 | (127.3) |
| EBIT | (22.9) | (18.8) | (20.9) | (4.1) | 21.9 | (2.0) | 9.6 | (24.3) | (5.8) | (19.6) | 17.1 |
| Adj. EBIT | (22.9) | (18.8) | (23.0) | (4.1) | 21.9 | 0.1 | (0.4) | (24.3) | (5.8) | (19.6) | 17.1 |
| Net financial costs/income | (8.9) | (0.1) | n.a. | (8.8) | 8,818.9 | n.a. | n.a. | (4.3) | 108.0 | (0.1) | 7,513.7 |
| Reported pre-tax profit | (31.8) | (18.9) | (23.0) | (12.9) | 68.4 | (8.8) | 38.3 | (28.6) | 11.2 | (19.7) | 61.6 |
| Tax expense | (0.1) | 0.0 | n.a. | (0.1) | n.a. | n.a. | n.a. | (0.1) | 15.5 | 0.1 | (206.3) |
| Net profit, reported | (31.9) | (18.9) | (23.1) | (13.1) | 69.1 | (8.8) | 38.3 | (28.7) | 11.2 | (19.6) | 63.4 |
| Net profit, adj for NRIs net of 22% tax | (31.9) | (18.9) | (20.0) | (13.1) | 69.1 | (11.9) | 59.7 | (28.7) | 11.2 | (19.6) | 63.4 |
| EPG, reported | (0.4) | (0.3) | n.a. | (0.2) | 69.1 | n.a. | n.a. | (0.5) | (11.0) | (0.3) | 30.7 |
| EPG, adj | (0.4) | (0.3) | n.a. | (0.2) | 69.1 | n.a. | n.a. | (0.5) | (11.0) | (0.3) | 30.7 |
| Sales growth (%) | 117.2 | 116.4 | 107.7 | 0.8 | n.a. | 9.6 | n.a. | 35.7 | 81.5 | 96.10 | 21.1 |
| EBITDA growth (%) | (6.2) | (25.4) | (10.8) | 19.1 | n.a. | 10.5 | n.a. | n.a. | n.a. | n.a. | n.a. |
| EBIT growth (%) | (5.8) | (22.7) | (14.1) | 16.9 | n.a. | 8.2 | n.a. | n.a. | n.a. | n.a. | n.a. |
| Adj. EBITDA (excl. NRIs) margin (%) | (102.9) | (82.2) | (94.5) | (20.7) | n.a. | (8.4) | n.a. | (238.4) | 135.5 | (98.1) | (4.8) |
| Adj. EBIT (excl. NRIs) margin (%) | (114.9) | (94.7) | (120.7) | (20.3) | n.a. | 5.8 | n.a. | (205.2) | 150.3 | (111.8) | (3.1) |
| Pre-tax margin (%) | (159.6) | (95.2) | (120.7) | (64.5) | n.a. | (38.9) | n.a. | (311.9) | 152.2 | (112.5) | (47.1) |
| Net profit margin (%) | (160.3) | (95.2) | (121.3) | (65.1) | n.a. | (39.0) | n.a. | (313.1) | 152.8 | (111.8) | (48.5) |

Source: SEB, FactSet

Outlook: Closer to clinical data

The company is now heading into 2023 with a strengthened balance sheet and with important milestone of 100 patients in its PROPEL registry reached thus taking steps towards publishing important clinical data. We believe this is one of the major triggers in 2023.

Impact: Consensus estimates on sales should come up 1-5%

On the cost side we believe consensus should increase OPEX estimates for 2023 by 2-5% on the back of slightly higher personnel expenses. We also believe sales should come up just slightly by 1-5%.

Conference call details: 11:00 (CET)

CEO Morten Henneveld and CFO Anders Svensson will be presenting the fourth quarter for OssDsign.

Link to the webcast:

<https://www.finwire.tv/webcast/ossdsign/2022-q4/>

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