

Quarterly Management
Report Q3

2009



Tigran Technologies AB (publ) is a dental sales and development company based in Malmö, Sweden. Tigran develops innovative regenerative systems for treatment of tooth-loosening diseases as well as for treatments with dental implants. The core technology is based on the porous, non-resorbable titanium granules, optimized in shape, size and surface chemistry to create a unique environment for bone regeneration.

Tigran runs an extensive clinical research program and the company's products, methods and technologies are covered by a strong intellectual property portfolio. Tigran's products are distributed through exclusive distributors.

The CEO of Tigran Technologies AB (publ) hereby presents the quarterly management report for the third quarter of 2009.

Period January–September

The numbers in brackets reflect the corresponding period in 2008.

- Invoicing amounted to MSEK 1.5 (MSEK 0.2)
- Earnings amounted to MSEK -16.2 (MSEK -13.5)
- Earnings per share – number of shares at the end of the period -0.02 SEK (-0.13 SEK)
- Number of outstanding shares at the end of the period amounted to 237,144,357 (130,784,565)

CEO's statement



Throughout the period, and particularly following June's Europerio Conference in Stockholm, peri-implantitis, i.e. bone loss around dental implants, has received increasing levels of attention. During the EAO conference, held in Monaco at the turn of October, peri-implantitis was the leading topic of conversation for the first time. Tigran began to give focus to the development of a treatment precisely for peri-implantitis already several years ago, and our efforts now appear to have been well-timed. Experimental and human studies in this area, both completed and ongoing, show that Tigran is the first and currently the only company to provide a system and a product for peri-implantitis-related bone regeneration, which prevents patients with peri-implantitis from losing their dental implants. Tigran is well-positioned in the bone regeneration segment, predicted to undergo rapid growth and estimated to have a market potential of several billion by 2015.

Tigran is present in about fifteen markets, and we estimate that several thousand patients have had their jawbones rebuilt using Tigran's bone regeneration material. We target dentists specializing in oral surgery and tooth-loosening diseases, a highly qualified group of dentists that require assurances that Tigran's product yields positive results after a significant follow-up period. This is to be expected, but involves a relatively long period before the dentist places another order, which means that it initially takes time before sales really start to take off.

We have been working intensively during this quarter on our submission to the FDA in order to enter the US market – potentially the largest market for Tigran. Work has progressed substantially, and we realistically expect to receive market clearance during the second half of 2010.

Over the third quarter, we focused on the preparations for launching a titanium brush for cleaning dental implants in cases of peri-implantitis. The product was unveiled at the EAO conference and generated quite positive levels of interest. The titanium brush is the first of many products to be launched that will complement our key product, the porous titanium granules for regenerating lost jawbone.

Several scientific abstracts and studies have been presented during this period. I would like to emphasize the work of Dr Caspar Wohlfahrt, "Porous titanium granules in furcation defects – an animal experimental study", for which Dr Wohlfahrt received the Hatton Award for the study of highest interest at a major conference in Germany in September, and which now has been published in *Clinical Oral Implants Research*. Dr Wohlfahrt's study is the basis for Tigran's studies on humans in the area of periodontitis in the event of class II furcations, where the bone resorbs between the roots of the molars. If the disease is not treated and the jawbone is not regenerated, there is an imminent risk of losing the molar. Dr Wohlfahrt's experimental study indicates, as does the ongoing human study in this area, that Tigran's granules can regenerate the jawbone in this area as well.

I remain highly optimistic about Tigran's continuing development work and look toward the future with confidence. Our customers' positive feedback reinforces my outlook.

Business Operations During the Period January–September 2009

Sales & Marketing

Turnover during the period January-September 2009 totaled MSEK 1.5, a substantial increase compared with sales of MSEK 0.2 during the corresponding period for 2008. Tigran's sales growth has been negatively impacted by the international financial crisis, which has had a large negative effect on the entire dental industry.

Clinical and Experimental Studies

We see great potential primarily within three areas. Peri-implantitis (infections around dental implants), which has received a lot of attention recently, and leading dentists are seeing a sharp increase in the number of patients with the disease. Tigran is currently the only company to prove in controlled clinical studies that bone can be regenerated in cases of peri-implantitis. We estimate that the market for Tigran's products in this area will be worth billions of Euros¹ in the coming years.

Another large segment covers bone-regeneration in certain periodontitis applications (tooth-loosening). Bone loss between the roots of the molars, class II furcations, is a major issue for which there currently is no scientifically proven solution. Tigran is conducting extensive studies in this area, which is also estimated to have a market potential of several billions of Euros¹. It is too early today to determine whether we will be successful, but results so far look very promising.

The third area where Tigran is active covers existing bone regeneration applications, such as sinus lifts (in the event of missing bone in the upper jaw to attach dental implants) and alveolar fillings (to prevent the jawbone from resorbing when a tooth is removed). This is also a significant market that is growing at 15%² annually.

Shares and Warrants

	2009-09-30	2009-06-30
Ordinary shares	131,986,665	131,384,565
Preference shares*	105,157,692	105,759,792
Warrants series 2009/2010**	105,759,792	0
Warrants series 2008/2011***	1,100,000	1,100,000

* Each preference share involves a right of priority over ordinary shares in terms of the distribution of dividends by a total amount of SEK 0,30 with an additional 15% calculated as of February 1, 2010. Dividends, after deducting the current distribution for preference shares as above, will be distributed evenly between all of the Company's shares regardless of the type of share. In the event of the Company's dissolution or liquidation, each preference share shall have priority over ordinary shares in terms of the distribution of dividends with a total amount of SEK 0,30 plus an additional 15% calculated as of February 1, 2010, after deducting the previous distribution for preference shares.

** 1 warrant entitles to subscription of 1 preference share

*** 1 warrant entitles to subscription of 1 ordinary share

During the period, the study “Porous titanium granules used as osteoconductive material for sinus floor augmentation: a clinical pilot study,” by associate professor Hans Bystedt and professor Lars Rasmusson was published in Clinical Implant Dentistry and Related Research 2/2009. The study shows that porous titanium granules effectively restore bone in connection with inserting implants.

On September 11, at IADR-CED (International Association for Dental Research – Central European Division) in Munich, Dr Caspar Wohlfahrt was awarded the NOF Hatton Award for presenting his abstract from the study “Porous titanium granules in furcation defects - an animal experimental study”. Based on the results of this and other experimental studies, a new pilot study is underway at Scandinavian universities to comprehend the effects of titanium granules in treating periodontitis class II furcations.

Significant Events after the End of the Period

Orders received

During 2009 (until November 20) orders received amounted to MSEK 2.646.

Great progress and product launch at international dental conference.

Around October 1, Tigran took part in the EAO international dental conference in Monaco. In addition to titanium granules, a completely new product was launched; a rotating titanium brush for cleaning dental implants in conjunction with peri-implantitis treatment. The brush helps dentists to clean the surface of the implant more effectively and quickly than what is currently possible with other methods. Titanium granules are then applied to the cleaned surface to rebuild the jawbone and thereby restore the function of the dental implant. In addition, a scientific poster that describes bone regeneration using Tigran's granules was presented, and a seminar about peri-implantitis was also organized and attracted a large audience.

One step closer to the US market

After thoroughly reviewing documentation and holding discussions, the FDA has approved Tigran's bone regeneration material as a class II product, meaning that the company is not required to undergo the extensive PMA registration. All that remains is to submit clinical data, which for administrative reasons, has been simplified with a new application. Tigran is hoping to receive a market clearance to sell the bone regeneration material in the US during the second half of 2010.

Clinical and experimental studies

An extremely interesting clinical case with an associated histology that clearly shows bone growth through and between titanium granules, as well as between the granules and the implant, was submitted to the Journal of Oral and Maxillofacial Implants. In addition, the periodontitis study, the abstract of which was presented at IADR-CED (International Association for Dental Research-Central European Division), was published in Clinical Oral Implants Research in November.

Audit

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

Year End Report (of Unaudited Annual Earnings Figures etc.) 2009

On February 26, 2010, Tigran Technologies AB (publ) will publish the year end report (of unaudited annual earnings figures etc.) for 2009.

Warrants of Series 2009/2010

In conjunction with the new issue with pre-emptive rights that was completed in Tigran during spring 2009, and the additional new issue that was completed shortly thereafter, the company issued a total of 105,759,792 warrants of

series 2009/2010. Each warrant entitles the holder to to subscribe for one new preference share in the Company as from January 15, 2010 up to and including January 31, 2010 at a subscription price of SEK 0.30 per preference share.

During the fall of 2009, Tigran queried the largest holders of warrants whether they intended to exercise their warrants for subscription of new preference shares. It then became clear that these holders – partly due to the current financial climate and partly due to the trend of Tigran’s share price were cautious about exercising their warrants at a subscription price of SEK 0.30.

In light hereof, the company was forced to act in order to secure continued capital for operations. Accordingly, at a meeting on November 25, 2009, the Board decided to summon an extraordinary shareholders’ meeting to allow shareholders to decide on lowering the subscription price for the warrants, whereby each warrant entitles to subscription of one new preference share in the company at a subscription price of SEK 0.20 instead of SEK 0.30. The number of warrants outstanding remains unchanged, and the reduction of the subscription price means that Tigran can obtain a maximum of SEK 21.2 million in the event that all warrants are exercised.

The Board has decided that this change of the terms and conditions of the warrants, is a more cost-effective way of raising capital than issuing new preference shares, which, inter alia, would include the drafting of a prospectus and involves a considerable amount of time and money.

The extraordinary shareholders’ meeting to address the change of the terms and conditions will be held on December 16, 2009 at 9:00 a.m. at the Company’s offices at Medeon Science Park in Malmö.



Tigran™ Brush No 1, a rotating titanium brush for cleaning dental implants in the case of peri-implantitis.

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