OSSDSIGN®

Annual Report 2022

Contents

"2022 was focused on continued execution of our growth strategy, ASCENT25. As we summarise the year, we delivered on key promises in the strategy, laid the foundations for enhanced value creation, and became a stronger company with greater scalability. Despite challenging market conditions, we have shown record sales, three consecutive triple-digit growth quarters in the U.S., all-time high sales on Cranial PSI, and a very strong first full year on OssDsign Catalyst, confirming the transformative potential of our nanosynthetic bone graft for OssDsign."

Morten Henneveld, CEO

OssDsign at a glance

Based on advanced material science OssDsign offers innovative, regenerative bone replacement products to improve clinical outcomes in orthopaedic areas with high unmet medical needs. With two highly profiled products, OssDsign addresses a growing market that today is valued at USD 3 billion.

Patient outcome data

1.4%

The observed rate of explantations due to infections in patients who received OssDsign Cranial PSI. In contrast, other products available on the market have been shown to be associated with an infection complication rate of at least 10%.

0%

The observed rate of device-related complaints or device-related adverse events in the first post-market safety report of OssDsign Catalyst. The report covers the 511 first units that were sold since the product launch in August 2021 until August 31, 2022.

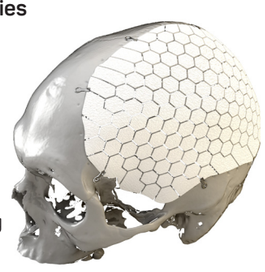
6

The first-in-patient case report of OssDsign Catalyst shows complete spinal fusion 6 months post-surgery with progression to fusion already observed at 3 months. The case report was the first from the ongoing clinical trial TOP FUSION.

Product portfolio

OssDsign Cranial PSI –
Patient specific implants for cranial surgeries

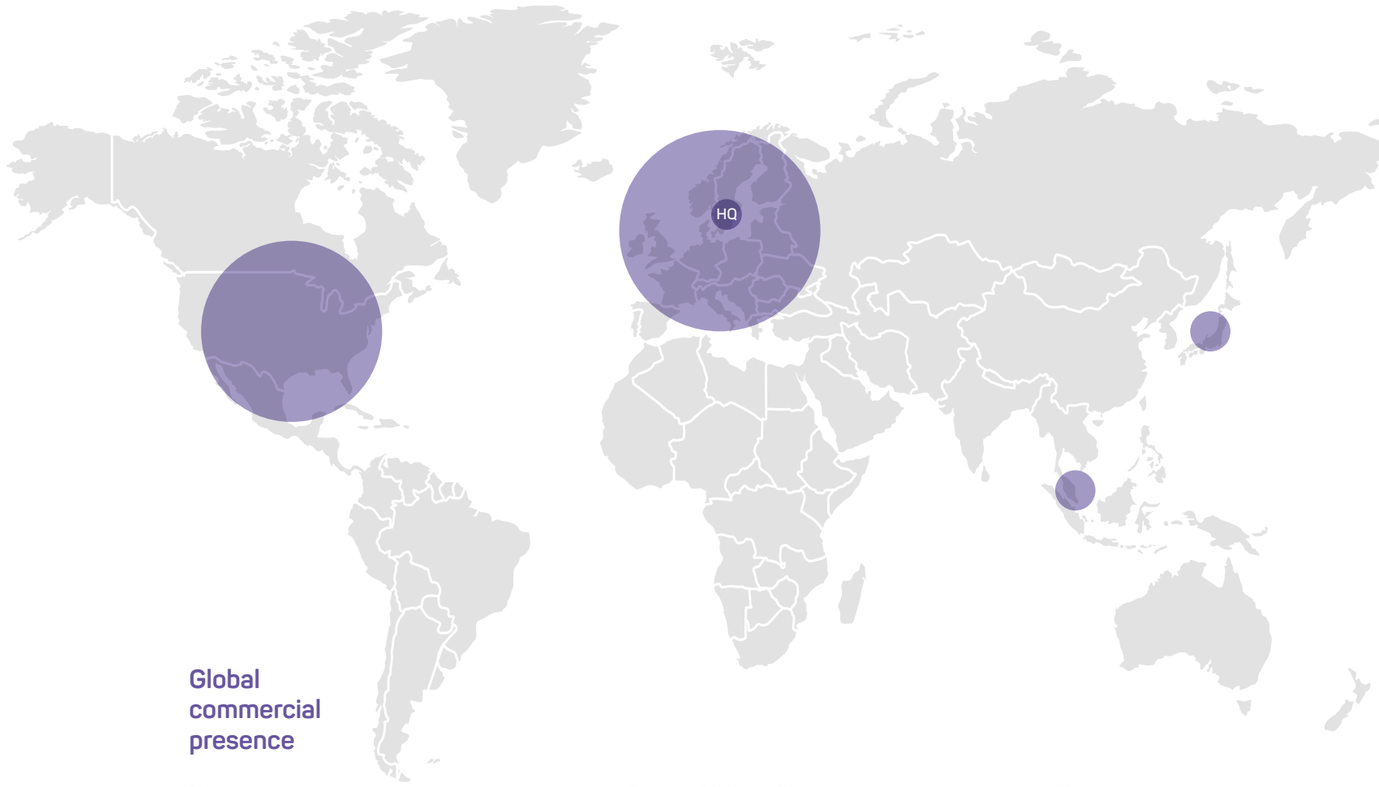
OssDsign Cranial PSI is a patient-specific cranial implant made from 3D printed medical-grade titanium covered by a regenerative calcium phosphate composition. While the titanium skeleton reinforces the implant and resists physical and mechanical stress, the unique calcium phosphate composition provides healing and regenerative properties, encouraging the regrowth of the patient's own bone.



OssDsign Catalyst –
An off-the-shelf synthetic bone graft

OssDsign Catalyst is used to help stimulate bone growth in spinal fusions. It is an innovative synthetic bone graft composed of a proprietary nanocrystalline structure of calcium phosphate. Similar to the body's own bone mineral structure, the patented nanocrystalline structure of OssDsign Catalyst provides a favorable bone biology environment for rapid and reliable bone formation.

Global commercial presence



US
Direct sales
Main group purchasing agreements:
Vizient Inc.
Premier Inc.
Red One Medical (DAPA – military and veterans)

France, UK and Germany
Direct sales

Sweden
Global HQ
Direct sales

Southern Europe
Agents/distributors
Main group purchasing agreement:
AP-HP in Paris, France

Singapore
Main distributor

Japan
Main distributor

Key Financial figures

(TSEK)	2022	2021
Net sales	56 985	31 726
Operating profit	-90 494	-89 702
Profit after financial items	-99 629	-94 130
Cash equivalents	124 653	151 366
Cash flow from operating activities	-89 229	-89 629
Equity ratio	71%	76%
Earnings per share	-1.7	-1.9
Average number of employees	48.2	44.1

Important events in 2022

OssDsign received approval to establish a clinical registry in the U.S. to collect real-world data on OssDsign Catalyst
In January, the Western Institutional Review Board (WIRB), one of the largest institutional research review organisations in the U.S., approved OssDsign's application to establish PROPEL, a multi-centre, prospective spinal fusion registry, providing opportunity to study real-world data from patients who have been treated with OssDsign Catalyst. During 2022, clinics were gradually enrolled into the registry, with the objective to evaluate the use and outcome of OssDsign Catalyst in a real-world clinical setting. The primary endpoint of the study is measuring the rate of spinal fusion, using computer tomography (CT) or radiography, 12 months postoperatively. Additionally, patients' quality of life and neurological function, as well as the clinical safety profile of the device will be recorded.

OssDsign stepped up ambition to generate further clinical evidence for its bone replacement products through key recruitment
In February, OssDsign announced the recruitment of Melanie Marshall to a new position as Vice President Clinical & Medical Affairs. This was an important step in the strategic ambition to accelerate data collection and publication of clinical evidence for the company's innovative bone replacement products, OssDsign Cranial PSI and OssDsign Catalyst. Melanie Marshall brings a wealth of experience from senior positions at global MedTech companies, such as Boston Scientific, ApaTech/Baxter and Medtronic. Melanie Marshall took her new position on March 1, 2022, is a member of the executive management team, and reports directly to the CEO.

OssDsign signed long-term contract with the largest hospital network in France to deliver unique patient specific cranial technology
In March, OssDsign announced that the company had been awarded a long-term contract to deliver OssDsign Cranial PSI to the largest hospital network in France, Assistance Publique – Hôpitaux de Paris (AP-HP). Following competitive procurement rounds, OssDsign was selected as one of two suppliers and will deliver its innovative cranioplasty product from April 1, 2022, until October 31, 2025. Assistance Publique – Hôpitaux de Paris (AP-HP) is a world-renowned French university hospital organisation that delivers care to 8.3 million individuals annually. Further, the network holds several prestigious clinical research institutions and represents more than 10% of the cranial surgery market in France. OssDsign has previously provided main AP-HP neurosurgery departments with its innovative cranioplasty product for test procedures as part of the tender process.

OssDsign enrolled the first patient to the multi-center prospective spinal fusion registry PROPEL in the U.S.
In April, OssDsign announced that the first patient had been enrolled to the company's multi-center, prospective spinal fusion registry in the U.S., PROPEL, with the objective to evaluate the use and outcome of OssDsign Catalyst in real-world clinical practice. The patient recruitment followed on the March 18 initiation of the first clinical site in PROPEL, a spinal fusion registry that initially will evaluate the rate of fusion, twelve months following treatment with the company's nanosynthetic bone graft, OssDsign Catalyst. Additionally, the clinical safety profile, as well as the patient's quality of life and neurological function will be recorded.

Full enrolment of OssDsign's clinical study TOP FUSION
In April, OssDsign's clinical study TOP FUSION was fully enrolled and patient follow-up will continue to run over 24 months. The trial will primarily evaluate the safety and efficacy of OssDsign Catalyst in patients undergoing spinal fusion surgery. The study's primary endpoint will be assessed by the rate of bone fusion as well as a lack of device-related adverse events. The study is led by Dr Péter Pál Varga and Dr Àron Lazary at the National Center for Spinal Disorders at the Buda Health Clinic in Budapest, Hungary, the only hospital in the country that treats the entire spectrum of spine disorders.

OssDsign established a Strategic Surgeon Advisory Board in the U.S.
In June, OssDsign announced that the company had established a Strategic Surgeon Advisory Board (SSAB) in the U.S. The primary purpose of the SSAB is to assist the company with guidance and advice in strategic decisions. The advisory board will consist of seven leading U.S. neurosurgical and orthopaedic spinal surgeons, who will advise the company on matters related to future directions and priorities in new product development, regulatory pathways, clinical programs, and similar areas that carry strategic importance. The SSAB will initially be chaired by Peter Whang, M.D., F.A.C.S., F.A.A.O.S, Associate Professor at the Department of Orthopaedics and Rehabilitation at Yale University School of Medicine.

OssDsign announced that SEB has initiated research coverage of the company
In June, OssDsign announced that Skandinaviska Enskilda Banken (SEB) had been engaged to produce regular corporate research reports on the company. The intention of the coverage is to raise the visibility of OssDsign in the capital market and enable investors as well as other stakeholders to develop an improved understanding of its business.

The first 100 patients in the U.S. treated with OssDsign Catalyst
In June, OssDsign announced that the first 100 patients in the U.S. had been treated with the company's innovative synthetic bone graft OssDsign Catalyst. The product was launched in the U.S. market in August 2021, following a period during which hospital access was sought and achieved, and has subsequently been rapidly adopted by surgeons for use in spinal fusion surgeries. The one hundredth treatment marks an important milestone for OssDsign's continuously growing commercial presence in the U.S.

OssDsign launched Cranial PSI in Japan and recorded first sales
In June, OssDsign announced that the company has completed its first sales of OssDsign Cranial PSI in Japan, thereby marking the company's official launch in the region. The launch marks an important strategic milestone, following a period of postponed commercial activities due to the COVID-19 pandemic.

Article in World Neurosurgery showed positive treatment outcomes and zero implant-related complications with OssDsign Cranial PSI
In September, an independent clinical research team in New York, U.S., led by Ralph Rahme, M.D., F.A.C.S., published their clinical findings, describing treatment outcomes with OssDsign PSI in the largest U.S. cohort to date. The study included 18 patients who underwent cranioplasty, showing that the procedure was successful in all cases, and that no implant-related complications occurred during a 6-month median follow-up period. The clinical paper was published in the journal World Neurosurgery.

OssDsign extended the Catalyst portfolio and launched new product for additional surgical procedures
In November, OssDsign announced that the company was launching a new size of OssDsign Catalyst. The additional volume option of 1 cubic centimetre (cc) completes the existing product range of 10, 5 and 2,5 ccs, and broadens the access to new procedures in both cervical spine and smaller extremities. The product was expected to launch in the first quarter of 2023. The addition of the 1cc option completes the size range of OssDsign Catalyst, giving the company competitive strength in hospital approval processes and allow for broader usage in already approved hospitals.

OssDsign reached milestone of 100 patients in its PROPEL registry ahead of time
In November, OssDsign announced that the company had reached the milestone of 100 patients in the multi-centre, prospective spinal fusion registry, PROPEL. The registry was initiated in March 2022, to gather real-world data from patients who have been treated with OssDsign Catalyst. During 2022, clinics have gradually enrolled patients to the PROPEL registry, with the objective to evaluate the use and outcome of OssDsign Catalyst in a real-world clinical practice.

First post-market safety report of OssDsign Catalyst showed zero percent device-related complication rate
In November, OssDsign announced data from the first post-market safety report of OssDsign Catalyst. The report, which covers the time from product launch in August 2021 until August 31, 2022, did not record any device-related complaints nor device-related adverse events in that period.

OssDsign completed a directed new share issue and raised proceeds of approximately SEK 65.6 million
In November, OssDsign completed a directed new share issue that was subscribed by Adrigo Small & Midcap and two of the company's largest shareholders, Karolinska Development AB and Lancelot Asset Management. The subscription price was set to SEK 4.60 and was determined through an accelerated book-building procedure carried out by the company's financial advisor SEB. Through the directed new share issue, OssDsign received approximately SEK 65.6 million before the deduction of transaction costs. The rationale for the issue was to secure financing of the company's previously communicated strategy and expansion plan ASCENT25. The growth strategy involves, among other things, building a global bone graft business, accelerating growth in the US, expanding the product portfolio, and accelerating clinical programs.

Post-market surveillance continued to show low observed complication rates with OssDsign Cranial PSI
In December, OssDsign announced updated complaints data from a long-term follow-up of the company's innovative product OssDsign Cranial PSI, which is used in the treatment of cranial bone defects. The data, based on 1,995 surgeries, shows that the frequency of infections leading to implant removal was 1.4% after an average follow-up time of 21 months. This positive outcome exceeds the outcomes observed in previous follow-ups, thus highlighting the exceptional performance of OssDsign Cranial PSI.

A word from our CEO

2022 was focused on continued execution of our growth strategy, ASCENT25. As we summarise the year, we delivered on key promises in the strategy and became a stronger company with greater scalability. Despite challenging market conditions, we have shown record sales, three consecutive triple-digit growth quarters in the U.S., all-time high sales on Cranial PSI, and a very strong first full year on OssDsign Catalyst, confirming the transformative potential of our nanosynthetic bone graft for OssDsign.

Morten Henneveld, CEO

Steady and sustainable growth
Thanks to a well-defined strategy and concentrated sales efforts in the U.S., and our decision at the beginning of the year to focus our European sales efforts in Germany and France, sales momentum has increased significantly. For the full year, OssDsign achieved a record-breaking 80% growth in global sales compared to 2021.

OssDsign Catalyst shows exponential growth
By year-end, over 500 patients had been treated with OssDsign Catalyst, which marks a very important milestone and shows that usage of OssDsign Catalyst is growing exponentially. In the last two quarters of 2022, Catalyst accounted for 38% of our total sales and represented 30% of global sales for the full year. This means we are well underway to build a new high-margin and scalable growth business in the company.

With the launch of the 1cc size of OssDsign Catalyst, we completed the existing product range of 10, 5, and 2.5 cc. The addition has given the company considerable competitive strength in hospital approval processes and is allowing for broader usage in already approved hospitals.

OssDsign Cranial PSI gains further momentum in Europe
Our continuous efforts to penetrate the French market have awarded us with a long-term contract to deliver OssDsign Cranial PSI to the largest hospital network in the country, Assistance Publique – Hôpitaux de Paris (AP-HP). The agreement with AP-HP signifies a remarkable expansion of OssDsign's commercial activity in France and the European market's clear recognition of the high quality and potential of our regenerative bone replacement technology.

Similarly, we continue to see strong momentum in Germany and the other markets outside the U.S. during 2022, where the already high growth observed in previous years has accelerated to 38% compared to 2021.

In addition, as we enter the post-COVID world, we have also recorded our first sales of OssDsign Cranial PSI in Japan, which constitutes an important strategic market where we foresee a gradual ramp-up in demand over the coming years.

Significant progress in our mission to build clinical evidence for OssDsign Catalyst
During the year, we have collected a vast amount of positive clinical data in the form of post-market surveillance data and clinical publications across both OssDsign Cranial PSI and OssDsign Catalyst.

In March, we initiated the multi-center, prospective spinal fusion registry, PROPEL, to evaluate the use and outcome of OssDsign Catalyst in real-world clinical practice. As PROPEL is bridging the gap between the performance of the device in pre-clinical studies and its use in routine practice over time, the registry is a vital step in our strategy to collect clinical evidence on the performance of OssDsign Catalyst.

In April, our clinical study TOP FUSION was fully enrolled and at year-end, a first-in-patient case report was published in the Biomedical Journal of Scientific & Technical Research. The presented data showed complete spinal fusion six months after surgery with OssDsign Catalyst. Even though this is our first case report, we are very encouraged to see a clear consistency between our preclinical data and these first in-patient results. Together with our patient registry PROPEL, solid data of this kind continues to support rapid market uptake.

We set an ambitious goal to include 100 patients in PROPEL by the end of the year, but the demand from surgeons to try OssDsign Catalyst accelerated patient enrolment and we reached this major milestone already in early November.

This was followed by the first post-market safety report of OssDsign Catalyst, covering the time from product launch in August 2021 until August 31, 2022. During this time, no device-related complaints or device-related adverse events were reported, strongly supporting the safety profile of OssDsign Catalyst.

OssDsign Cranial PSI shows continually outstanding clinical results
The most recent long-term follow-up of OssDsign Cranial PSI, based on almost 2,000 implants worldwide, showed that the frequency of infections leading to implant removal was 1.4% after an average follow-up time of 21 months, an even more favorable outcome than what has been observed in previous follow-ups. This is underpinning the exceptional performance of OssDsign Cranial PSI, which is further supported by clinical data published in World Neurosurgery by an independent clinical research team showing that treatment outcomes with OssDsign PSI in the largest U.S. cohort to date were successful with no implant-related complications occurring during a 6-month median follow-up period.

During the second half of the year, a retrospective study from Mainz University Hospital was published, evaluating the feasibility and safety of biocompatible calcium phosphate implants compared to PMMA implants. The outcome of the study was extremely positive, concluding that the calcium phosphate implant seems to be superior to a PMMA in terms of reducing the risk of surgical site infections and postoperative complications. The study results confirm the unique properties of OssDsign Cranial PSI and further add to the growing body of peer-reviewed clinical evidence.

Excellent outlook for the future
When summarising 2022, we are very pleased with the progress OssDsign has made. We show high levels of growth, especially in the U.S., and a new high gross margin growth business with OssDsign Catalyst. In addition, we have taken significant steps on our clinical agenda with numerous positive clinical outcomes published, expanded our product portfolio and increased operational efficiency. Through disciplined execution of our strategic priorities, we have therefore delivered on key promises in the ASCENT25, and have become a stronger company with greater scalability.

Morten Henneveld, CEO

OssDsign Catalyst
An innovative nanosynthetic bone graft for spinal fusion surgery

By the end of 2022, the first 500 patients in the U.S. had been treated with OssDsign Catalyst – a unique and innovative nanosynthetic bone graft with the potential to significantly improve outcomes in spinal fusions.

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. For patients, this means that one in five suffers from poor clinical outcomes.

Current clinical practice considers autograft, the patient's own bone, as the gold standard for bone regeneration. However, the quantity is very limited without recourse to a painful second site surgery to donor bone from the iliac crest and surgeons often combine autograft with allograft-derived or synthetic bone graft substitutes. Outcome with these products have, until now, not been considered to be ideal.

OssDsign Catalyst creates a favorable bone biology environment

OssDsign Catalyst is an innovative nanosynthetic bone graft that stimulates the formation of healthy bone tissue in spinal fusion surgeries. Similar to the body's own bone mineral structure, the patented nanocrystalline structure of OssDsign Catalyst provides a favorable bone biology environment for rapid and reliable bone formation. This differs from traditional synthetic materials which are similar to bone at a macro level, rather than on a nano level, leading to a less effective bone biology response.

Challenges in spinal surgery

80%

The number of people in the US that will experience low back pain at some point in their lives.

1.5 million

The number of instrumented spinal procedures performed each year in the US alone.

~20%

Share of spinal fusion surgeries that fail.

Surpassing results typically seen with other synthetic bone grafts

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. Additionally, in several preclinical studies, OssDsign Catalyst has shown the potential to stimulate and accelerate the body's own bone formation process.

In a first in-patient report from the ongoing clinical study TOP FUSION, evidence of progression to fusion was observed at 3 months post-surgery, and complete spinal fusion was achieved at 6 months. The first post-market safety report that was published in November 2022 did not record any device-related complaints or device-related adverse events.

Rapid establishment of clinical registry

In March 2022, a multicenter, prospective spinal fusion registry, PROPEL, was initiated in the U.S. The primary endpoint of the study will be measuring the rate of spinal fusion 12 months postoperatively and, over time, the registry will enable evaluation of the use and clinical outcome of OssDsign Catalyst in a real-world setting. Due to the strong interest from surgeons, the enrolment of patients in PROPEL went faster than anticipated and the first milestone of 100 patients in the registry was reached in November 2022.

In parallel, a clinical study (TOP-FUSION) with 17 patients is ongoing in Hungary. Besides the evaluation of safety, the primary endpoint in the study is the rate of bone fusion in patients undergoing spinal fusion surgery. The trial was fully enrolled in April 2022 and patient follow-up will continue to run over 24 months.

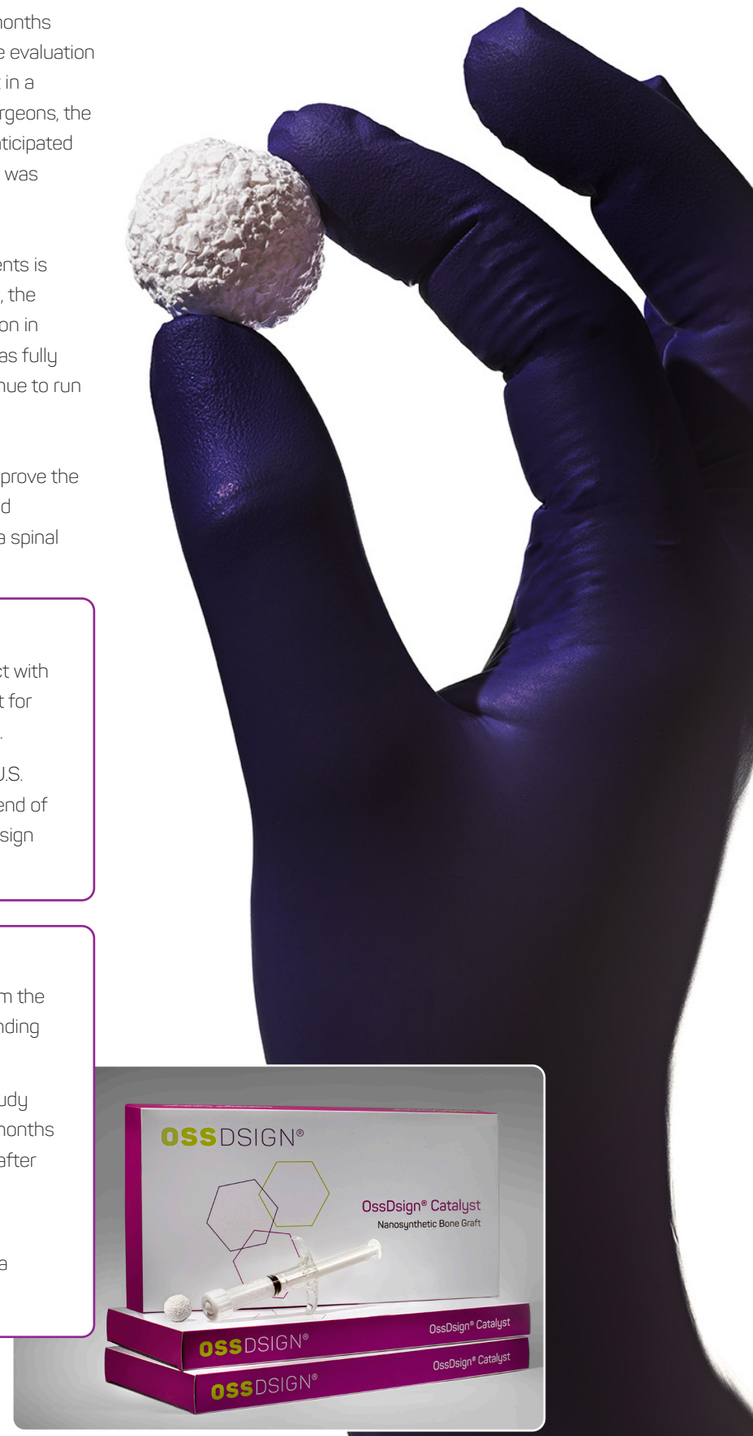
Altogether, OssDsign Catalyst has the potential to improve the success rates of spinal surgeries – a much-welcomed development for the millions of patients who require a spinal fusion to regain an active and healthy life.

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.
- The product has been very well received in the U.S. market since its launch in August 2021. By the end of 2022, 500 patients had been treated with OssDsign Catalyst in the U.S.

Benefits of OssDsign Catalyst

- FDA clearance based on outstanding results from the Boden model – the most established and demanding nonclinical model for spinal fusion.
- A first-in-patient case report from the clinical study TOP FUSION showed complete spinal fusion 6 months after surgery and progression to fusion already after 3 months.
- The first post-market safety report of OssDsign Catalyst, published in November 2022, showed a zero percent device-related complication rate.



OssDsign Cranial PSI – Groundbreaking technology for cranial surgeries

Cranial surgeries that demand bone replacement products can often be associated with infection rates above 10%, often leading to implant explantations and suffering for the patient. OssDsign Cranial PSI is built on ground-breaking bioceramic material science that is designed to reduce the risk of infection associated with cranial surgery. The latest updated clinical data for OssDsign Cranial PSI demonstrate that the frequency of infections leading to implant removal was only 1.4% after an average follow-up time of 21 months.

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 and resist physical and mechanical stress, the unique bioceramic calcium phosphate composition provides healing and regenerative properties, allowing regrowth of the patient's own bone. Over time, the calcium phosphate composition is replaced with bone, leaving the patient with a well-integrated implant, potentially lasting a lifetime.

A highly differentiated regenerative implant that allows for bone formation

The most common causes for cranial implant surgery include elevated intracranial pressure and brain swelling due to trauma or stroke, bone defects following head trauma, or bone tumors necessitating removal and reconstruction of the skull. Each unique OssDsign Cranial implant is 3D printed based on patient-specific CT data, and the resulting titanium mesh is then combined with an outer shell of calcium phosphate composed in a mosaic tile design. The result is a stable implant that allows for tissue ingrowth and vascularisation. The osteoconductive properties of OssDsign Cranial PSI have been shown in extensive pre-clinical and clinical studies. OssDsign Cranial PSI is the only implant on the U.S. market with an FDA-clearance on osteoconductivity.

Challenges in cranial surgery

1 million

The number of people in the US that suffer from traumatic brain injury each year.

250 000

The number of people in the US who are hospitalised and undergo surgery every year.

~10%

Rate of infections associated with traditional cranial implants, according to medical literature.

Clinical data shows exceptional performance

In December 2022, OssDsign announced post-market surveillance from 1,995 surgeries worldwide showing 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 cost of care for the healthcare system and better patient outcomes.

The results from post-market surveillance studies are consistent with findings from a retrospective clinical study conducted at Karolinska University Hospital in Solna, Sweden. The study examined OssDsign Cranial PSI implants in a complex patient cohort of 53 individuals, of which 64% had previous implant failures. At a median follow-up time of 25 months, only 1.9% of the patients had the OssDsign Cranial PSI implant removed due to infection. The study also showed histological evidence of bone regeneration.

The outcome of OssDsign Cranial PSI procedures continues to be examined by independent researchers. Recently, a research team in New York, U.S., led by Ralph Rahme, M.D., F.A.C.S., published the results from the largest U.S. cohort study to date, which included 18 patients who underwent cranioplasty. Their clinical findings show that the procedure was successful in all cases and that no implant-related complications occurred during a 6-months median follow-up period.

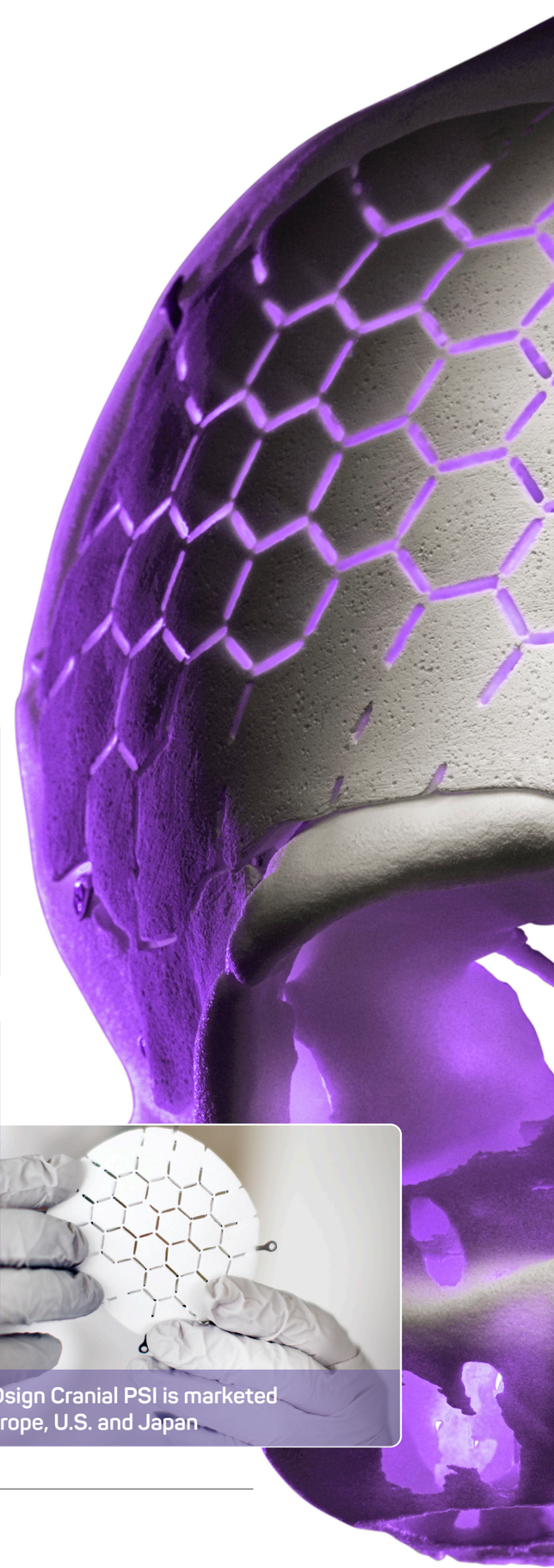
During 2022, researchers from Mainz University Hospital published a retrospective study, evaluating the feasibility and safety of biocompatible calcium phosphate implants compared to PMMA implants. The outcome of the study concluded that the calcium phosphate implant seems to be superior to a PMMA in terms of reducing the risk of surgical site infections and postoperative complications.

Commercial advantages

- The combination of an advanced material science with regenerative properties that leads to low infection rates, high levels of osseointegration and the 3D technology that enables patient-specific implants, makes OssDsign Cranial the preferred implant for cranial procedures.
- The design platform with digital communication allow for an effective collaboration process between OssDsign and ordering surgeon, a process that can be scaled globally.

Benefits of OssDsign Cranial PSI

- Significantly lower incidence of implant removal. The observed rate of explantations due to infections in patients who have been treated with OssDsign Cranial PSI is only 1.4%. These observations are based on 1,995 cases, which lends further strength to the numbers. As a comparison, multiple studies report infection rates above 10% using traditional technologies.
- The osteoconductive properties of OssDsign Cranial PSI have been shown both in extensive pre-clinical and clinical studies.
- OssDsign Cranial PSI is the only implant in the U.S. with FDA-clearance on osteoconductive properties.



OssDsign Cranial PSI is marketed in Europe, U.S. and Japan

Strong focus on future growth opportunities

An interview with Tom Buckland

With many years of experience from different roles in companies like ApaTech, Baxter and SIRAKOSS, Tom Buckland, PhD, has a deep understanding of the development and commercialisation of orthopaedic, spinal and bone graft products. His recipe for successful product and business development is a combination of well-thought-out strategies and an openness to unexpected opportunities.

Tom Buckland
VP Strategy and Business Development

"One of the great things about OssDsign is that the company comes from a place of profound commitment to understanding how to best regenerate bone tissue, whether in the spine or the skull, and I think that's why we have such amazing technologies."

What is your role at OssDsign?
I have a broad experience from many different roles in both small and large companies and from working in the intersection of the strategic, technical, regulatory and commercial sides of the business.

I am also responsible for regulatory affairs globally, which means I'm one of the gatekeepers for patient safety and product efficacy both in marketed products and products under development – customer complaints being one example. You have to go through every single one, and even if it is very unlikely that the complaint is related to our product, we take it very seriously and do the required due diligence on every case.

What is your focus right now?
I work a lot with establishing OssDsign Catalyst in the U.S. market. My sweet spot is the early-stage commercialisation of differentiated technologies, which in my case have mostly been in the orthopaedic and spinal space. I love when you come across a technology where you can see the benefit, not just for the patients and surgeons, but for healthcare system management and payors as well. It's a real privilege to work with technology that has the potential to be transformative.

What have you learned from the early phase of the commercialisation of OssDsign Catalyst?
It is a crowded market for products like OssDsign Catalyst, and it can be difficult to differentiate from the competition. But we have learned that the surgeons are open and receptive to our data and understand why we are passionate about OssDsign Catalyst and its potential.

Regardless of the crowded market, our belief has always been that there is a demand for a bone graft that gives reliable fusion outcomes even in challenging patients. Based on our preclinical data we are confident that OssDsign Catalyst would be able to fill that role. And I think that the successful launch of OssDsign Catalyst speaks for itself.

What are your hopes for the year to come?
One of the great things about OssDsign is that the company comes from a place of profound commitment to understanding how to best regenerate bone tissue, whether in the spine or the skull, and I think that's why we have such amazing technologies.

We will continue to accelerate growth while we build even more solid, concrete clinical data. I also want to be on the road to indication expansions in both franchises to serve more patients. Those are my main objectives for this year.

ASCENT25:
OssDsign's strategy for growth

OssDsign has outlined a growth strategy based on five strategic priorities. With a focused execution, the company aims at becoming the preferred partner for surgeons around the world. In 2022, OssDsign delivered on key promises in the ASCENT25 strategy, improved value creation and became a stronger company with greater scalability.

OssDsign's five strategic priorities	Key achievements in 2022
1 Win in the US Disproportionately invest in the US to expand sales coverage and accelerate surgeon engagement and key opinion leader activities.	• ~3 x LTM momentum • Three consecutive triple-digit growth quarters • Accounts for 60% of sales • Broader, recurrent customer base
2 Build a global bone graft business Commercialise OssDsign Catalyst by strong surgeon ambassadorship, portfolio extensions and relevant clinical data.	• SEK 17 million first year • 500 patients treated • High-profile Strategic Advisory Board and ambassadors
3 Innovate the portfolio Leverage the existing technology platforms to accelerate new product development. Both OssDsign Cranial PSI and OssDsign Catalyst can be further developed to new innovative products addressing new indications.	• Catalyst 1cc launched
4 Show clinical superiority OssDsign will invest in clinical studies and registries, preferably in the U.S.	• TOP FUSION enrolment completed • PROPEL >100 patients • Catalyst safety report showing 0% complication rate • TOP FUSION publication showing complete fusion at 6 months • Post-market surveillance data based on 1,995 units of OssDsign Cranial PSI continues to show low complication rate
5 Drive operational efficiency OssDsign will implement initiatives to deliver scale advantages and cost reductions while building robustness and reducing vulnerability in the company.	• Increased operational efficiency by reducing OssDsign Cranial PSI lead time by up to 40%

Market overview –
cranial and spinal surgeries

Already today, the value of OssDsign's addressable market segments is more than USD 3 billion. The key drivers for the high projected market growth are an aging global population, an increasing life expectancy, and the emergence of improved treatments.

Orthobiologics (OssDsign Catalyst)

The global addressable market for OssDsign's ortho-biologics in spinal surgeries is valued at USD 2.6 billion with an expected CAGR of 7-8% during 2022–2026. The US market alone is valued at USD 1.8 billion, making it the single largest market in the world for these products.

Nearly 80% of the US population will experience low back pain at some time in their lives, and each year more than 1.5 million instrumented spinal procedures are performed in the country. However, approximately 20% of all spinal fusions have an unsuccessful outcome and the need for improved treatments is thus enormous.

OssDsign Catalyst received FDA clearance in 2020 and was launched in the US in August 2021. OssDsign Catalyst is a high-margin product with great scalability and a huge commercial potential in the market for standard procedures, enabling extensive growth.

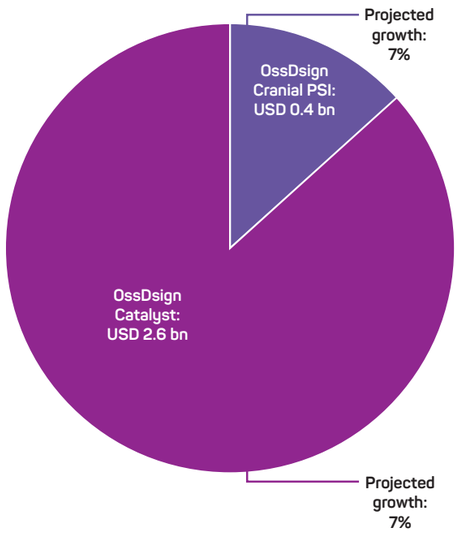
Cranial implants (OssDsign Cranial PSI)

The addressable global market for OssDsign's cranial implants is estimated to be USD 0.4 billion, with a CAGR of approximately 7% between 2022 and 2026. In the US alone, more than 1 million people suffer from traumatic brain injury every year, whereof 250 000 are hospitalised and undergo surgery. According to medical literature, traditional implants are associated with high rates of infection (10%), which may lead to implant removal and additional surgery.

OssDsign has established a strong commercial presence in Europe and the US with its landmark innovation OssDsign Cranial PSI. The product is now commercially available in more than 10 markets and is being distributed through a direct sales force as well as distributors.

The global population in the age group 60 and above is expected to double from 2020 to 2050, while life expectancy is likely to increase from 73 to 77 years. In combination with continuous improvements of infrastructure used for discovering, performing, and financing orthopaedic treatments, **the market for innovative orthopaedic solutions is expected to grow substantially.** Major corporate entities, the healthcare system and surgeons place a high value on differentiated technologies such as those of OssDsign.

OssDsign's addressable market amounts to USD 3 billion



Source: The Orthopaedic Industry Annual Report. Craniomaxillofacial Devices Market Size, Share & Trends Analysis By Product (Cranial Flap Fixation, CMF Distraction, TMJ Replacement, Thoracic Fixation), By Material, By Application, And Segment Forecasts, 2019 - 2026

Two disruptive products with a bright future

An interview with Chris Collins

By connecting the dots between OssDsign's innovative products, the surgeons, and the hospitals, Chris Collins is leading the company's sales effort in the South Eastern U.S. Even though the two sales processes are different, it is clear that both Cranial PSI and Catalyst are becoming well-established in the U.S. healthcare system.

Chris Collins
Regional Sales Manager, Eastern U.S.

"OssDsign Cranial PSI is truly in a "league of its own" at every institution it is introduced to. OssDsign Catalyst is quickly earning that reputation as well."

What is your role at OssDsign?
I am the Regional Manager for OssDsign for the South Eastern United States, in a territory comprising Florida, Georgia, Louisiana, Alabama, and Puerto Rico.

You have experience selling OssDsign Cranial as well as OssDsign Catalyst, how do you see the two products in the market today?
Our novel, next-generation Cranial PSI implant is a much more intimate sale with a specific patient in mind. Oftentimes these patients are very sick, their families are distraught and the surgeons taking care of them want to do the best job they can for good outcomes. It is my job to effectively communicate both the outstanding patient outcomes of the implant for the patient as well as articulate the potential benefits in health economics for the hospital in switching to Cranial PSI – lower infection rate, lower revision rate, and lower operating costs for the hospital. This is the fun part of the job, but also the hardest.

For our next-generation nanosynthetic bone graft, OssDsign Catalyst, it is a much more scrutinised sale by both the surgeon and the hospital. Given that it is a much higher volume product category, it is my job to show the advancements we have made in OssDsign Catalyst for better patient outcomes. This means I have to get key opinion leaders on board and build champions out of the surgeons I am trying to work with.

Both processes involve wearing many hats and "connecting the dots" between our products, the surgeons, and the hospitals. It is very challenging but also very gratifying.

What problems are OssDsign Catalyst solving in spinal surgery and with that, the US healthcare system?
OssDsign Catalyst has the potential to speed up the rate of fusions for patients, lowering the instances of non-fusions, and reducing unnecessary spending of other products by the hospital.

What will be the next market steps for the two products?
OssDsign Catalyst, by its very nature in the standard procedure category that it fits in, inherently has a much larger revenue potential than Cranial PSI. Fortunately, OssDsign Cranial PSI is truly in a "league of its own" at every institution it is introduced to. OssDsign Catalyst is quickly earning that reputation as well, as surgeons are enthusiastic about the handling and it being fully nanosynthetic, it is much more user-friendly for the hospital with no special storage requirements or the potential for disease transfer. The future is very bright for these two disruptive products.

OssDsign as an investment

The high unmet medical needs addressed by OssDsign's innovative products, together with the company's strong commercial presence, paves way for continued value creation. In 2022, OssDsign has significantly accelerated its business in the U.S., experienced exponential sales growth of OssDsign Catalyst, extended its product range, and built further clinical evidence – all in line with the company's overall growth strategy ASCENT25.

Addressing a high unmet medical need

Many of the current bone replacement products can be associated with a high risk of failure in a wide range of skeletal defects, potentially leading to poor clinical outcomes. OssDsign is focused on two particularly challenging areas where the success rate is far from acceptable today – cranial and spinal surgeries –and the markets are projected to increase significantly over the coming years.

Offering next-generation, highly differentiated bone replacement products

OssDsign's bone replacement products are highly differentiated and based on cutting-edge material science and support the body's own healing capabilities, thereby improving clinical outcomes in a wide range of orthopaedic areas.

Demonstrating exceptional clinical performance

OssDsign Catalyst has show better results than typically seen with other synthetic bone grafts in the most demanding animal model. These results are highly predictive of the clinical outcome in humans and evidenced in the first patient report from TOP FUSION showing progression to fusion already at 3 months and full fusion at 6 months
The first post-market safety report on OssDsign Catalyst shows a total absence of device-related complications and strongly supports the product safety profile.

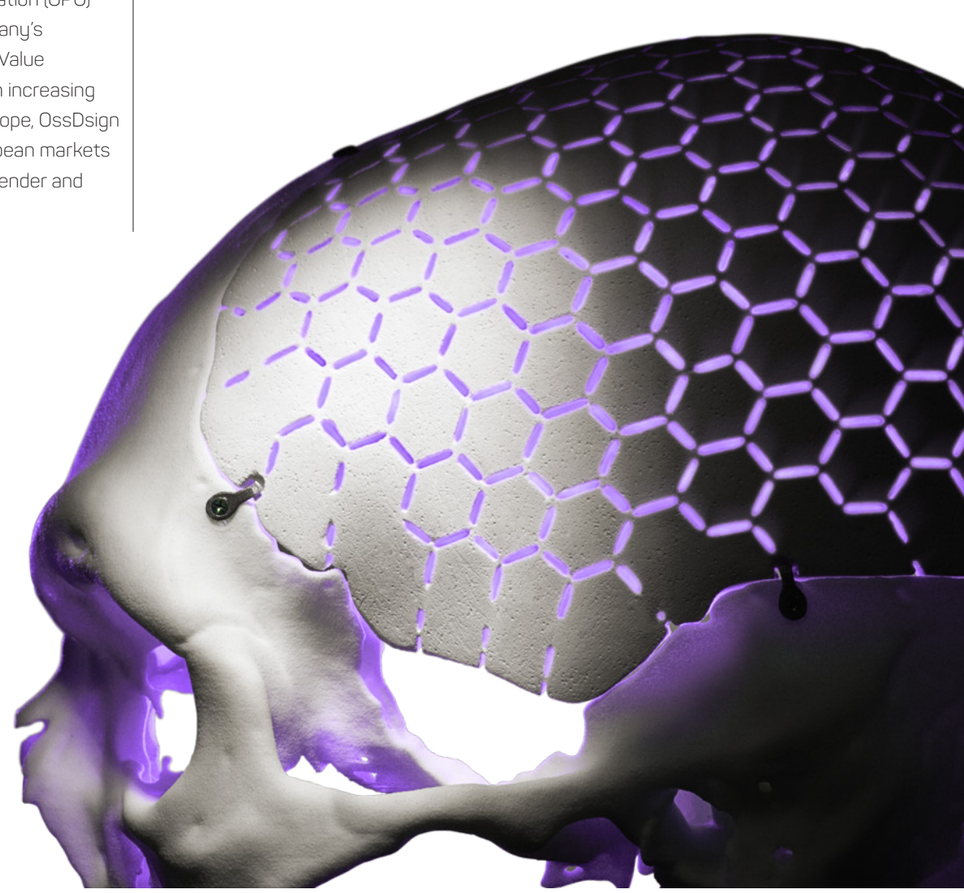
OssDsign has post-market surveillance data from close to 2,000 patients showing that the rate of explantations of OssDsign Cranial PSI due to infections is only 1.4%, an exceptional performance compared to other cranial implants according to medical literature.

Leveraging broad market access and strong commercial presence

The company has a strong commercial presence in the U.S., Europe, and selected Asian countries, which will be leveraged to drive further growth of existing and potential future products. In the U.S., OssDsign has secured several Group Purchasing Organisation (GPO) agreements and the company's products are approved by Value Analysis Committees at an increasing number of hospitals. In Europe, OssDsign has access to all the European markets and has secured multiple tender and buying group contracts.

Delivering on key fundamentals for future profitability

OssDsign is projecting high sales growth in the coming years, particularly fueled by a rapid uptake of its high-margin synthetic bone graft OssDsign Catalyst. This will be significantly accretive to the company's profitability profile.



Core values and employees

Our vision is to provide patients with the next generation bone replacement products that support the body's own healing capabilities and thereby improve the clinical outcome in a wide range of orthopaedic areas with high medical needs. We are simply committed to give back patients the life they deserve.

Key figures co-workers

Number of employees
51

Women
25

Men
26

Number in management
6

Women
2

Men
4

Employees by region

Sweden
31

Rest of EU
7

U.S.
13

Employees by function

Operations and R&D
23

Sales & Marketing
17

Administration
7

Clinical & Medical Affairs
3

Quality Affairs
1

Meet our co-workers

Viviana Lopes
Sr Scientist of Clinical and Medical Affairs
Sweden

"Working at OssDsign allows me to work and be part of highly knowledgeable, engaged, and diverse teams worldwide"

What do you like best about working at OssDsign?
One of the many things I like about my job is the cross-functionality. Working as a senior scientist in the Clinical and Medical Affairs team at OssDsign, allows me to work and be part of highly knowledgeable, engaged, and diverse teams worldwide. It's a motivating and challenging role. I really enjoy working with truly innovative products that make a difference to patients worldwide.

One of OssDsign's strategic goals is to show clinical evidence – how do you deliver that in your everyday work?
There are many ways to show clinical evidence. As a senior scientist, I have the chance to deal with different levels of evidence whether they are peer-reviewed scientific literature, animal studies, post-market surveillance data, or real-world data. Blending scientific, pre-clinical, and clinical studies ensures that OssDsign's products continue to be safe and well-performing.

What drives you in your work at OssDsign?
Knowing that science is being used in the best way. It is a great feeling to see the impact our work has on someone's life! To see that my know-how and scientific expertise help colleagues and stakeholders to achieve a better understanding of the science behind the medicine.

John Kuoppala
Manager Process and Production Engineering
Sweden

"It's very inspiring to work with products that have such a positive effect on people's lives"

Can you describe a typical workday?
Each day starts at 7 am with the manufacturing engineers at the planning whiteboard going through the tasks of the day. Each incoming order gets added to the planning tool and gets assigned a manufacturing schedule, which is continuously kept up to date to ensure it's delivered on time. Working with improvements and planning are everyday activities.

How do you work on process optimisation at OssDsign?
Process optimisation is a must to increase efficiency, with the intent to increase yield or to scale-up production due to an increase in sales. Regardless of the objective, process optimisation always requires rigorous adherence to our specifications to achieve the highest quality while maintaining the safety and performance of our devices.

What do you like best about working at OssDsign?
First of all, it's very inspiring to work with products that have such a positive effect on people's lives. Additionally, I'm driven by problem-solving, and making a process more efficient is something I get to work with daily at OssDsign. It's never boring!

Sarah DeBrincat
Director Operations
U.S.

"OssDsign's unique technology and the dedication of the entire team to provide patients with an improved quality of life make this an exciting company to be a part of"

What does a working day look like for you?
My typical day consists of working on all aspects of U.S. operations from engaging with hospitals, sales, and our distribution network as well as collaborating with the other areas of the business at the headquarter in Sweden to ensure the business runs smoothly and efficiently. We strive to ensure the company's operations meet the needs of our customers, strategic partners, employees, and shareholders.

OssDsign has a strong focus on the U.S. – how does your work contribute to that focus?
Operationally we are tasked with implementing corporate priorities and assist in building the brand in the U.S. to ensure our goals are achieved, efficiently and in a cost-conscious manner.

What do you like the best about working at OssDsign?
OssDsign's unique technology and the dedication of the entire team to provide patients with an improved quality of life make this an exciting company to be a part of. I am truly proud to be a part of this team!

Cindy Zhao
Sales Manager
France

"OssDsign Cranial PSI is becoming a rising star within the cranioplasty field in France"

You started working at OssDsign in 2022, what attracted you to the company?
I believe in this product – OssDsign Cranial PSI has unparalleled clinical outcomes that differentiates it from all existing competitors. I also enjoy the people I work with - they are professional, devoted, and passionate.

How are OssDsign's products received in the French market?
OssDsign Cranial PSI is becoming a rising star within the cranioplasty field in France.

What motivates you when working at OssDsign?
To let OssDsign Cranial PSI become the first choice of neurosurgeons in France for cranial reconstruction in the years to come.

OssDsign Board of Directors

SIMON CARTMELL

Board member and Chairman of the Board since 2016

Born: 1960
Education and experience: Master of Science in Management and Economics from the University of London, as well as a Fellow from the London Business School Sloan Program, and Bachelor of Science in Medical Microbiology from the University of Manchester. Simon Cartmell has over 40 years of experience in senior executive and board positions in both private and listed companies in the pharmaceutical, biotech, MedTech and diagnostic sectors. He was CEO of ApaTech leading it to its successful development of bone graft products in the U.S. and its sale to Baxter Inc.
Other current roles:
Board positions at Oviva AG, Axis Spine Technology Ltd., MatOrtho Ltd., NuvoAir Inc., Route2Advisors Ltd. and Route2Property Ltd.
Holdings in OssDsign:
125 000 shares and 399 521 subscription options.

Simon Cartmell is independent in relation to the company, the company management and the company's major shareholders.

ANDERS QVARNSTRÖM

Board member since 2019

Born: 1960
Education and experience: Master of Science in Chemical Engineering (with specialisation in biochemistry), Royal Institute of Technology, Stockholm. Anders Qvarnström has 36 years international experience from several general management positions in listed and private biotech and MedTech companies. He has experience in running a global business and international operations, in setting up and running sales and marketing in the EU, Japan, and the US. He has held recent positions as Country Manager for Nilfisk Inc. Japan, Divisional Manager at St. Jude Medical Japan Co., as well as COO for Global Kinetics Corp. in Australia.
Other current roles:
Chairman of the Board at iCellate AB
Holdings in OssDsign:
55 200 shares and 199 760 subscription options.

Anders Qvarnström is independent in relation to the company and company management and in relation to the company's major shareholders.

HÅKAN ENGQVIST

Board member since 2016

Born: 1972
Education and experience: Master of Science and Senior Lecturer in Material Sciences, and Professor in Applied Material Sciences at Uppsala University. Håkan Engqvist has extensive research experience with focus on bioceramic materials as a replacement for hard tissues, as well as on systems for pharmaceutical distribution. Håkan is the primary inventor of the company's product OssDsign Cranial PSI as well as co-founder of OssDsign and has also founded several other companies. Håkan Engqvist has experience from board positions in a number of companies, including both pharmaceutical and MedTech companies.
Other current roles:
Board member and CEO of Aduro Material AB. Chairman of the board at Psilox AB. Board member at Viaton AB and Lea Cares AB. CEO of Emplicure AB. Partner of GP Bio Ltd.
Holdings in OssDsign:
224 000 shares and 199 760 subscription options.

Håkan Engqvist is independent in relation to the company and company management and in relation to the company's major shareholders.

JILL SCHIAPARELLI

Board member since 2022

Born: 1966
Education and experience:
MBA in Finance and Business Management from Stern School of Business at New York University, BS in Business Administration from Questrom School of Business at Boston University, provides the board with more than 20 years of expertise and experience in the healthcare industry with extensive knowledge in spine, orthobiologics and neuromodulation. Jill has a direct experience in global medical device commercialisation, launching innovative technologies, strategic marketing, healthcare consumerism and patient care pathway modeling. She currently serves as President and CEO of Avation Medical, a company bringing innovative wearable neuromodulation solutions to market for OAB and UUI. During her career, Jill has held leadership roles with major healthcare companies such as Johnson & Johnson and Baxter, as well as serving as an executive at high-growth, innovative companies such as AxoGen (US Nasdaq: AXGN) and ApaTech (UK), a company she helped sell to Baxter and Avation Medical.
Other current roles:
CEO and Board Member Avation Medical.
Holdings in OssDsign:
85 611 subscription options.

Jill Schiaparelli is independent in relation to the company and company management and in relation to the company's major shareholders.

NEWTON AGUIAR

Board member since 2019

Born: 1964
Education and experience:
Bachelor of Science in Chemistry from McGill University in 1986 as well as a Master of Business Administration (MBA) from JL Kellogg Graduate School of Management, Northwestern University in 1992. Newton Aguiar has considerable experience of board work and has been a board member of several public and private companies, including healthcare companies based in Sweden. He has also been Senior Healthcare Advisor in Warburg Pincus as well as partner and Head of Europe for Avista Capital.
Other current roles:
Board member of Palette Life Sciences AB.
Holdings in OssDsign:
99 840 shares and 199 760 subscription options.

Newton Aguiar is independent in relation to the company and company management and in relation to the company's major shareholders.

VIKTOR DRVOTA

Board member since 2015

Born: 1965
Education and experience:
MD, PhD, Associate Professor in Cardiology at Karolinska Institute. Viktor Drvota has over 20 years of experience from venture capital in life sciences. Drvota was manager for life science investments at SEB Venture Capital 2002–2016 and has numerous years of experience from board duties in biotech and MedTech companies.
Other current roles:
CEO of Karolinska Development AB, chairman of the board at Modus Therapeutics AB, Modus Therapeutics Holding AB, Umecrine Cognition AB and KDev Investments AB. Board member at UC Research AB, Dilafor AB and Dilafor Incentive AB. Deputy board member at Promimic AB and Svenska Vaccinfabriken Produktion AB.
Holdings in OssDsign: –

Viktor Drvota is independent in relation to the company and company management and in relation to the company's major shareholders.

OssDsign Management

MORTEN HENNEVELD

CEO since 2020

Born: 1976
Education and experience: Morten Henneveld holds a Master of Science in international business administration from Copenhagen Business School, Denmark. He has extensive international and medical device experience having worked as Director, Commercial Excellence for Coloplast during 2008-2012, including a period working in the U.S., and then, based in Malmö, working as Managing Director, Sweden and Regional Vice President, Nordics for Biomet and subsequently Vice President, EMEA Spine for Zimmer Biomet from 2012-2016. Previously Morten was Senior Vice President, Business Transformation and Strategy for GN Group.
Other current roles: Board Member at SIME Diagnostics.
Holdings in OssDsign: 200 000 shares and 2 282 980 subscription options.

ANDERS SVENSSON

CFO since 2020

Born: 1963
Education and experience: Anders Svensson holds an MBA focused on strategy/finance from Australian Graduate School of Management. He has many years of experience in senior positions that span over multiple industries. Anders Svensson is an experienced Chief Financial Officer with a demonstrated track record from a diverse range of industries including pharmaceuticals, digital sustainability, retail, lighting and electronics manufacturing, banking, management consulting, and software development in Sweden and internationally, and has with good merits driven finance departments.
Other current roles: –
Holdings in OssDsign: 82 915 shares and 627 818 subscription options.

KAJSA BJÖRKLUND

VP Operations and R&D since 2021, previously Director of Technical Operations since 2018 and Director of Development since 2016

Born: 1973
Education and experience: PhD in Inorganic Chemistry from Uppsala University. Master of Science in Chemistry from Uppsala University. Executive MBA from Mgruppen Svenska Managementgruppen AB. She has worked in the life science industry since 2001 and has held several positions, including line manager, project manager and consultant within medical technology and in vitro diagnostics. Kajsa Björklund has comprehensive experience in product development, project management, design transfer and quality assurance. Her role as VP Operations and R&D includes responsibility for production, product supply, manufacturing technology and product development.
Other current roles: –
Holdings in OssDsign: 29 236 shares and 199 760 subscription options.

ERIC PATERMO

VP of Sales U.S. since 2020

Born: 1969
Education and experience: Bachelor of Arts in Economics from Saint Olaf College, Minnesota, United States. Eric Patermo holds more than 25 years of sales and marketing experience in the neurosurgical and orthopaedic device sector. Most recently, Eric Patermo served as Vice President of sales for Burst Biologics (Smart Surgical), a biopharmaceutical manufacturer focusing on technologies promoting bone healing. He has previously held various sales management and leadership roles in companies focusing on spine and orthobiologics, including as a primary member of the U.S. commercial team for Apatech Ltd., a British company that successfully sold to Baxter for around USD 330 million in March 2010.
Other current roles: –
Holdings in OssDsign: 199 760 subscription options.

STEPHANE CORP

Senior Vice President International Sales & Global Marketing since 2021

Born: 1972
Education and experience: Degree in Business and Intercultural Negotiation from Kedge Business School (Marseilles, France). Stéphane Corp has more than 20 years of experience in the medical device industry, with particular focus in orthobiologics, orthopaedics, reconstructive and plastic surgery, and spinal and neurosurgery, as well as broad international experience from activities across Europe, Latin America, Asia, Middle East and the United States. Stéphane Corp has a proven track record from numerous leadership positions in the medical technology industry. He served as Senior Vice President at Scient'x (now part of Alphatec Spine) and held several senior management roles in the global medical device company Integra Lifesciences, including Vice President EMEA Spine & Orthobiologics, Orthopaedics and Tissue Technologies, successively based in France and the U.S.
Other current roles: Co-founder and Non-Executive Director of Hyprevention.
Holdings in OssDsign: 228 297 subscription options.

TOM BUCKLAND

VP Strategy and Business Development since 2021

Born: 1972
Education and experience: Tom holds a Master's degree in Mechanical Engineering and a Ph.D. in Biomaterials from the University of London. Tom Buckland has over 20 years of commercial and technical board and senior management experience in medical device companies, including as co-founder of ApaTech Ltd, R&D director at Baxter Inc., Managing Director of NuVasive Ltd., and Chief Executive Officer of SIRAKOSS Ltd.
Other current roles: Entreprenuer-in-Residence, Department of Bioengineering, Imperial College of Science and Technology, London. Head of Commercial Strategy, Orthox Ltd, Oxford UK. Chairman, Additive Instruments Limited, London UK. Founder and Director of Perspective Device Consulting Ltd., amongst other advisory, consulting and executive roles.
Holdings in OssDsign: 123 420 subscription options.

MELANIE MARSHALL

VP Clinical & Medical Affairs since 2022

Born: 1979
Education and experience: Melanie has over 15 years of Clinical and Medical affairs experience in Medical Device Companies serving as the VP of Clinical Affairs at ApaTech Ltd, Director of Clinical Affairs at Baxter as well as holding roles within Boston Scientific, Medtronic and Dana Farber Cancer Institute. Melanie holds a Bachelor's Degree in Biology and Psychology from Wheaton College in Norton, MA.
Other current roles: –
Holdings in OssDsign: 173 550 subscription options.

The share

OssDsign's share is listed on Nasdaq First North Growth Market in Stockholm under the ticker symbol OSSD. At the end of 2022, its market capitalisation totaled SEK 405 million and the number of shareholders was approximately 2,400.

Share capital and ownership

At the end of 2022, OssDsign's share capital amounted to SEK 4,458,946, spread over 71,343,130 shares. All shares have equal voting rights and rights to dividends. The company's largest institutional shareholders are SEB Venture Capital (11.1%), Karolinska Development AB (11.0%), and TAMT AB (10.1%). The ten largest shareholders held 65.4% of the total number of shares.

Dividend policy

OssDsign is a growth company, and to date, no dividend has been distributed to its shareholders. Furthermore, there is no dividend planned for the coming years, as any profits from business operations will be reinvested in the company. In the future, when the company's earnings and financial position so permit, dividend pay-outs may become relevant. When a dividend becomes relevant, the company's Board of Directors will consider factors such as the growth and profitability of the company's business operations, working capital and investment needs, financial position, and other factors when deciding on a possible dividend proposal.

Largest shareholders

Owners	Number of shares	Share Capital, %
SEB Venture Capital	7 939 099	11.1%
Karolinska Development AB	7 842 277	11.0%
Tamt AB	7 200 000	10.1%
Avanza Pension	4 893 207	6.9%
Lancelot Avalon Master	4 000 000	5.6%
Adrigo Small & Midcap L/S	3 931 755	5.5%
LINC AB	3 839 387	5.4%
Fouriertransform AB	2 899 726	4.1%
SIX SIS AB, W8IMY	2 335 583	3.3%
AGB Kronolund AB	1 800 000	2.5%
Other shareholders	24 662 096	34.6%
Total	**71 343 130**	**100%**

Financial Calendar

Year-end Report 2022
February 21, 2023

Annual Report 2022
April 27, 2023

Interim Report Q1 2023
May 23, 2023

Annual General Meeting 2023
May 31, 2023

Interim Report Q2 2023
August 22, 2023

Interim Report Q3 2023
November 21, 2023

Analyst coverage

SEB – Henrik Jernbeck
ABG Sundal Collier – Erik Cassel
Redeye – Oscar Bergman
Erik Penser Bank – Peter Sellei

Certified Adviser

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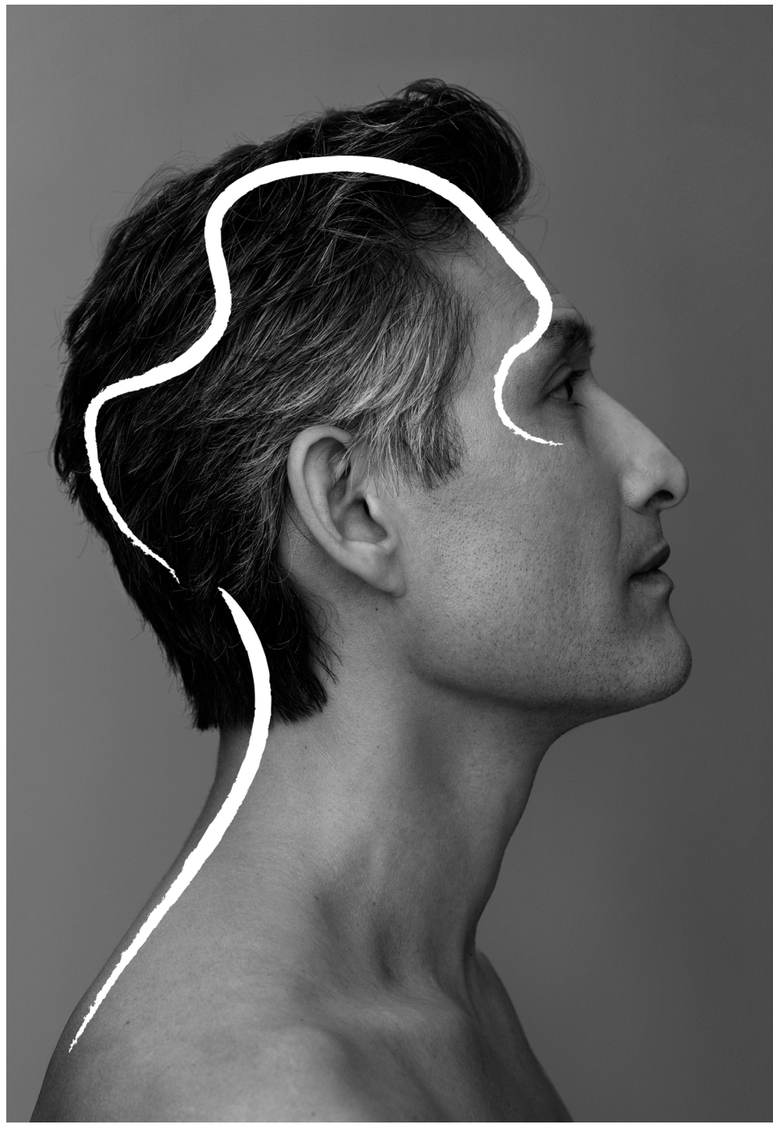
E-mail: certifiedadviser@penser.se



Directors' Report

The Board and Chief Executive Officer of OssDsign AB (publ), corp. Reg. no 556841-7546, hereby present the Annual Report and Consolidated Financial Statements for the 2022 financial year.

Operations

OssDsign AB is a MedTech company that has developed a bioceramic material that, when implanted into a patient's body, is replaced by the patient's own bone during the healing process. Based on this bioceramic material, the company has developed a patient-specific cranial implant. This product leads to an improved healing process with a low risk of complications, compared with published data for traditional technologies.

During 2021 OssDsign also started the process to expand within orthopaedics into orthobiologics, through the 2020 acquisition of the Scottish bone graft company Sirakoss Ltd and their newly developed nanosynthetic bone graft substitute. The product OssDsign Catalyst was commercialised in 2021 and subsequently launched in August, with minor initial sales recorded in that year. During 2022 the sales increased, slowly in Q1 and then exponentially from Q2 onwards. This is a major focus area for the company with great expected future potential.

Bioceramic implants are manufactured at the OssDsign site in Uppsala, Sweden, whereas the production of OssDsign Catalyst is outsourced in the U.K. The company currently has regulatory approval in the EU, U.S., Japan and Singapore and is successfully established in Europe and the U.S. The company sees continued strong growth potential in the U.S., not the least for OssDsign Catalyst, and has carried out significant market initiatives there in 2022, whilst concluding patient recruitment to the TOP FUSION study and establishing the prospective patient registry PROPEL. In addition, OssDsign has invested in continued growth in Europe, through sales force reorganisation and extension, as well as establishing a position in the Japanese market, where OssDsign Cranial PSI was launched in the second quarter of 2022.

Successful market initiatives have generated significant interest in the company's products, resulting in significant sales growth in recent years. In both 2020 and 2021, the COVID-19 pandemic hampered the commercial activities of the company, which continued into the first quarter of 2022, through Omikron. Staff shortages in the hospital systems continues to affect sales negatively, especially with respect to OssDsign Cranial PSI, but despite this the company has delivered strong growth across several important markets.

Parent company

All development activities are conducted in the parent company. The parent company also provides administrative services to the subsidiaries. Development of the new bone graft substitute continues at Sirakoss in Scotland, with all development being managed through the central R&D department in the parent company.

The parent company is based in Uppsala, Sweden.

Research & Development Operations

During the second half of 2021, OssDsign commenced the clinical first-in-man study TOP FUSION in Hungary with respect to the synthetic bone graft OssDsign Catalyst. Patient enrolment was completed during 2022 and the study encompasses 17 patients for 15 evaluable.

In 2022 the company also launched PROPEL, a multi-center prospective spinal fusion registry in the U.S., with the first site and patient enrolment in April. The register reached the important milestone of 100 patients in November 2022 and continues to enrol in 2023. PROPEL is not a controlled study but rather a vehicle that will provide access to Real-World Data on OssDsign Catalyst from a large number of patients in real-world settings, measuring patients' quality of life and neurological function.

With respect to bone graft research and OssDsign Catalyst specifically, OssDsign has an ongoing research collaboration with Professor Iain Gibson at the University of Aberdeen, focusing on the mechanism of action of OssDsign Catalyst. Professor Gibson is one of the founders of Sirakoss Ltd, which formed the basis for OssDsign Catalyst.

Important Events during the financial year

Group

OssDsign received approval to establish a clinical registry in the U.S. to collect real-world data on OssDsign Catalyst

In January, the Western Institutional Review Board (WIRB), one of the largest institutional research review organisations in the U.S., approved the OssDsign's application to establish PROPEL, a multi-centre, prospective spinal fusion registry, providing opportunity to study real-world data from patients who have been treated with OssDsign Catalyst.

OssDsign stepped up ambition to generate further clinical evidence for its bone replacement products through key recruitment

In February, OssDsign recruited Melanie Marshall to a new position as Vice President Clinical & Medical Affairs. This is an important step in the strategic ambition to accelerate data collection and publication of clinical evidence for the company's innovative bone replacement products, OssDsign Cranial PSI and OssDsign Catalyst. Melanie Marshall has a wealth of experience from senior positions at global MedTech companies, such as Boston Scientific, ApaTech/ Baxter and Medtronic.

OssDsign signed long-term contract with the largest hospital network in France to deliver unique patient specific cranial technology

In March, OssDsign was awarded a long-term contract to deliver OssDsign Cranial PSI to the largest hospital network in France, Assistance Publique – Hôpitaux de Paris (AP-HP). Following competitive procurement rounds, OssDsign has been selected as one of two suppliers and will deliver its innovative cranioplasty product from April 1, 2022, until October 31, 2025.

OssDsign enrolled the first patient to the multi-center prospective spinal fusion registry PROPEL in the U.S.

In April, OssDsign announced that the first patient had been enrolled to the company's multi-center, prospective spinal fusion registry in the U.S., PROPEL, with the objective to evaluate the use and outcome of OssDsign Catalyst in real-world clinical practice. The patient recruitment followed on the March 18 initiation of the first clinical site in PROPEL, a spinal fusion registry that initially will evaluate the rate of fusion, twelve months following treatment with the company's nanosynthetic bone graft, OssDsign Catalyst. Additionally, the clinical safety profile, as well as the patient's quality of life and neurological function will be recorded. OssDsign expect to include several more clinical sites to the registry over the coming quarters.

Full enrolment of OssDsign's clinical study TOP FUSION

In April, OssDsign's clinical study TOP FUSION was fully enrolled and patient follow-up will continue to run over 24 months. The trial will primarily evaluate the safety and efficacy of OssDsign Catalyst in patients undergoing spinal fusion surgery. The study's primary endpoint will be assessed by the rate of bone fusion as well as a lack of device-related adverse events. The study is led by Dr Péter Pál Varga and Dr Àron Lazary at the National Center for Spinal Disorders at the Buda Health Clinic in Budapest, Hungary, the only hospital in the country that treats the entire spectrum of spine disorders.

OssDsign established a Strategic Surgeon Advisory Board in the U.S.

In June, OssDsign announced that the company had established a Strategic Surgeon Advisory Board (SSAB) in the U.S. The primary purpose of the SSAB is to assist the company with guidance and advice in strategic decisions. The advisory board will consist of seven leading U.S. neurosurgical and orthopaedic spinal surgeons, who will advise the company on matters related to future directions and priorities in new product development, regulatory pathways, clinical programs, and similar areas that carry strategic importance. The SSAB will initially be chaired by Peter Whang, M.D., F.A.C.S., F.A.A.O.S, Associate Professor at the Department of Orthopaedics and Rehabilitation at Yale University School of Medicine.

OssDsign announced that SEB has initiated research coverage of the company

In June, OssDsign announced that Skandinaviska Enskilda Banken (SEB) had been engaged to produce regular corporate research reports on the company. The intention of the coverage is to raise the visibility of OssDsign in the capital market and enable investors as well as other stakeholders to develop an improved understanding of its business.

The first 100 patients in the U.S. treated with OssDsign Catalyst

In June, OssDsign announced that the first 100 patients in the U.S. had been treated with the company's innovative synthetic bone graft OssDsign Catalyst. The product was launched in the U.S. market in August in 2021 and has since then been rapidly adopted by surgeons for use in spinal fusion surgeries. The one hundredth treatment marks an important milestone for OssDsign's continuously growing commercial presence in U.S.

OssDsign launched Cranial PSI in Japan and records first sales

In June, OssDsign announced that the company has completed its first sales of OssDsign Cranial PSI in Japan, thereby marking the company's official launch in the region. The launch marks an important strategic milestone, following a period of postponed commercial activities due to the COVID-19 pandemic.

Article in World Neurosurgery showed positive treatment outcomes and zero implant-related complications with OssDsign Cranial PSI

In September, an independent clinical research team in New York, U.S., led by Ralph Rahme, M.D., F.A.C.S., have published their clinical findings, describing treatment outcomes with OssDsign PSI in the largest U.S. cohort to date. The study included 18 patients who underwent cranioplasty, showing that the procedure was successful in all cases, and that no implant-related complications occurred during a 6-month median follow-up period. The clinical paper was published in the journal World Neurosurgery.

OssDsign extended the Catalyst portfolio and launched new product for additional surgical procedures

In November, OssDsign announced that the company is launching a new size of OssDsign Catalyst. The additional volume option of 1 cubic centimetre (cc) completes the existing product range of 10, 5 and 2,5 ccs, and broadens the access to new procedures in both cervical spine and smaller extremities. The product is expected to launch in the first quarter of 2023. The addition of the 1cc option completes the size range of OssDsign Catalyst, giving the company competitive strength in hospital approval processes and allowing for deeper usage in already approved hospitals.

OssDsign reached milestone of 100 patients in its PROPEL registry ahead of time

In November, OssDsign announced that the company had reached the milestone of 100 patients in the multi-centre, prospective spinal fusion registry, PROPEL. The registry was initiated in March 2022, to gather real-world data from patients who have been treated with OssDsign Catalyst. During 2022, clinics have gradually enrolled patients to the PROPEL registry, with the objective to evaluate the use and outcome of OssDsign Catalyst in a real-world clinical practice. The primary endpoint of the study is measuring the rate of spinal fusion, using computer tomography (CT) or radiography, 12 months postoperatively.

Additionally, patients' quality of life and neurological function, as well as the clinical safety profile of the spinal implant, is recorded.

First post-market safety report of OssDsign Catalyst showed zero percent device-related complication rate

In November, OssDsign announced that the first post-market safety report of OssDsign Catalyst shows that 511 units of the product have been sold since the product launch in August 2021 until August 31, 2022. The report did not record any device related complaints nor device related adverse events in that period.

OssDsign completed a directed new share issue and raised proceeds of approximately SEK 65.6 million

In November, OssDsign completed a directed new share issue which among others was subscribed by Adrigo Small & Midcap and two of the company's largest shareholders, Karolinska Development AB and Lancelot Asset Management. The subscription price was set to SEK 4.60 and was determined through an accelerated book-building procedure carried out by the company's financial advisor SEB. Through the directed new share issue, OssDsign will receive approximately SEK 65.6 million before the deduction of transaction costs. The rationale for the issue was to secure financing of the company's previously communicated strategy and expansion plan "ASCENT25". The growth strategy involves, among other things, building a global bone graft business, accelerating growth in the US, expanding the product portfolio, and accelerating clinical programs.

Post-market surveillance continued to show low observed complication rates with OssDsign Cranial PSI

In December, OssDsign announced updated complaints data from a long-term follow-up of the company's innovative product OssDsign Cranial PSI, which is used in the treatment of cranial bone defects. The data, based on 1,995 surgeries, shows that the frequency of infections leading to implant removal was 1.4% after an average follow-up time of 21 months. This positive outcome exceeds what has been observed in previous follow-ups, thus highlighting the exceptional performance of OssDsign Cranial PSI.

Important Events after the financial year

First-in-patient case report of OssDsign Catalyst showed complete spinal fusion 6 months post-surgery

In January, OssDsign announced that a first-in-patient case report from the clinical study TOP FUSION has been published in Biomedical Journal of Scientific & Technical Research. The peer-reviewed article presents data showing complete spinal fusion 6 months after surgery with the novel nanosynthetic bone graft OssDsign Catalyst.

OssDsign Catalyst 1cc was launched and available in the U.S. market

In January, OssDsign commenced the launch of a new size of OssDsign Catalyst in the U.S. market. The additional volume option of 1 cubic centimeter (cc) is fully available on the market and completes the existing product range of 10, 5, and 2,5 cc, thereby broadening access to new procedures in both the cervical spine and smaller extremities.

OssDsign reached a milestone of 500 patients treated with OssDsign Catalyst in the U.S.

In January, OssDsign announced that 500 patients have now been treated in the U.S. with the innovative nanosynthetic bone graft, OssDsign Catalyst. Since the launch, awareness of the product has increased exponentially, which is reflected in the growing number of patients who benefit from the treatment. Reaching the 500-patient milestone is a significant achievement in the effort to expand the product's presence in the U.S. market.

OssDsign reached commercial milestone of 200 implants in France

In March, OssDsign announced that the company had reached the commercial milestone of 200 implants in France. Since entering the market in late 2019, OssDsign has signed several important tenders in France leading to significantly accelerated sales during last year.

OssDsign increased operational efficiency and reduced Cranial PSI lead time by up to 40 percent

In March, OssDsign announced that the company had significantly reduced Cranial PSI lead times by up to 40 percent through optimisations in the manufacturing process. By delivering on this important milestone, OssDsign enhances the offering and substantially improve the product's competitiveness and growth potential.

Significant risks and uncertainties

Risks related to COVID-19

OssDsign continuously monitors the impact of COVID-19 on its operations. The pandemic has caused fluctuations in sales throughout 2022, especially in the first quarter. Elective surgeries started to slowly resume in the second quarter, but staff shortages and delays to hospital approval processes continue to remain a challenge for the health care system, which leads to a higher level of uncertainty in the company's outlook and a continued depressed market. As an example of this, December witnessed a spike in critical staffing levels and increased flu outbreaks, leading to a contraction in the market that carried on into the beginning of 2023. The underlying demand for OssDsign products in the long-term, however, remains intact and OssDsign hope to see a gradual improvement and stabilisation of the situation during 2023.

Technical development and market acceptance

Delays in planned and ongoing development projects can have a negative effect on cash flows, revenues and operating margins. There is also a risk that developed products will not gain broad market acceptance and that competing solutions that are not known today may be introduced, which could have a negative impact on the company's operations, earnings and financial position.

General market and environmental/political risk

Aside from commercial market risk there are also risks related to the company's operations, such as obtaining the necessary licenses and clearances from authorities, patents and intellectual property rights, product liability and forward-looking information that may affect the company. In addition, developments in 2022 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.

Dependence on personnel

OssDsign is dependent on the experience and expertise of its employees. The company's future development depends largely on the ability to attract and retain competent personnel. If some of the key people choose to leave the company, it could adversely impact the development.

Financing risk

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 products are/will be on the market.
In order to satisfy requirements in the medium term, the company raised MSEK 65.6 in gross proceeds through a directed share issue in the fourth quarter.

Sustainability

OssDsign is currently in a phase of rapid growth which presents tremendous opportunities whilst also posing some challenges, especially with respect to personnel and work environment. In order to deliver quality in a period of rapid growth, OssDsign's sustainability efforts therefore revolve around personnel, primarily in terms of work environment, capacity, equality, turnover and sick leave.

To accommodate increasing production volumes, customer requirements and the Group work environment objectives, OssDsign moved into new facilities around year-end 2020. The new facilities are considerably more spacious, brighter, more comfortable and better adapted to both current and perceived future needs, which constitutes a tremendous work environment improvement.

Staff numbers have increased, especially in production, sales and clinical, and is complemented by external consultants when necessary, in order to remain ahead from a capacity perspective. Continuous review of production processes and increased automation are other activities used to ensure adequate capacity.

The Group has a clear policy for equality and equal treatment and against discrimination of any kind, which has proven successful in realising the benefits of diversity. This has led to a positive spread in the work force age range with an average number of employees of 48 in 2022 distributed over 51% men and 49% women. Staff turnover is monitored closely and is reassuringly low in the Group.

As a pre-emptive measure, registered overtime hours and sick leave are parameters under scrutiny, where overtime hours tend to concentrate to a few individuals. Overtime hours are compensated with time off in 85% of cases, in order to minimise the risk of overload and subsequent sick leave.

Sick leave is generally low in the Group and and not overload related. Total sick leave in 2022 is limited to 2.2%.

OssDsign's sustainability efforts are also subject to growth and development. During the year employee surveys are completed regularly in order to gauge and improve the work environment, as well as follow up on measures taken to date. This helps the company understand the efficiency of corrective actions and enables calibration and improvement going forward.

In terms of external environment focus, OssDsign has an environmental policy and quality targets which ensure process monitoring and improvements, especially in production, with the aim to minimise the Group's environmental footprint over time.

Ownership

At year-end, there were approximately 2,400 shareholders in OssDsign AB, of which the seven largest owned more than 5% each and the ten largest accounted for approximately 65% of the capital and votes. The total number of shares amounts to 71,343,130 divided into one class of shares. The largest owners as of December 31, 2022 are SEB Venture Capital (11.1%), Karolinska Development AB (11.0%) and TAMT AB (10.1%). There are currently four active incentive programs in the Group. On December 31, 2022, the programs included a maximum of 5,205,367 warrants. For full information on the program, please refer to the company's website and Note 7 Share-related remuneration.

Name	Number of shares	Owned share in %
SEB Venture Capital	7 939 099	11.1%
Karolinska Development AB	7 842 277	11.0%
Tamt AB	7 200 000	10.1%
Avanza Pension	4 893 207	6.9%
Lancelot Avalon Master	4 000 000	5.6%
Adrigo Small & Midcap L/S	3 931 755	5.5%
LINC AB	3 839 387	5.4%
Fouriertransform AB	2 899 726	4.1%
SIX SIS AB, W8IMY	2 335 583	3.3%
AGB Kronolund AB	1 800 000	2.5%
Other shareholders	24 662 096	34.6%
Total	**71 343 130**	**100%**

Five-year-trends Group

SEK 000'	2022	2021	2020	2019	2018
Net sales	56 985	31 726	24 872	16 873	13 264
Operating result	-90 494	-89 650	-83 934	-83 526	-50 145
Result after financial items	-99 629	-94 077	-84 542	-83 752	-55 861
Balance sheet total	318 124	343 986	246 650	153 267	71 682
Equity ratio	71%	76%	45%	88%	63%
Numbers of employees	48	44	44	36	27

Five-year-trends parent Company

SEK 000'	2022	2021	2020	2019	2018
Net sales	41 743	31 135	24 373	17 333	13 264
Operating result	-86 036	-85 572	-81 244	-82 880	-56 069
Result after financial items	-94 984	-89 597	-81 616	-83 026	-61 563
Balance sheet total	283 046	307 765	202 297	122 406	40 044
Equity ratio	74%	79%	43%	88%	47%
Numbers of employees	35	29	31	26	23

For definition of key figures, see Note 34.

Financial position and development

Net Sales

The OssDsign group Net sales for the full year of 2022 amounted to TSEK 56,985 (31,726), which corresponds to an increase of 62% in constant currency terms, as compared to the full year of 2021.

2022 was a great year with strong growth, especially with the backdrop of continued post-pandemic effects, such as staff shortages and delays to hospital approval processes. Continued quarter-on-quarter growth across several markets, with the main growth markets being the US and Germany.

Operating result and Net financial items

Operating loss for the period January – December 2022 amounted to TSEK 90,494 (89,702). Other operating income had a positive impact on the result, largely due to exchange rate gains and revaluation of provisions for contingent consideration, related to the Sirakoss acquisition. Operating expenses have increased vs previous year, driven by strategic mid-long term investments in clinical programs and increased U.S. presence, as well as sales driven items.

Net financial items, on the other hand, have been negatively affected by the revaluation of provisions for contingent consideration, insofar as such effects are attributable to discounting or exchange rate movements.

Cash Flow, Investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 151,366 and at the end of the period they were TSEK 124,653. Cash flow from operating activities amounted to TSEK –89,229 (–89,629). The total cash flow for the period was TSEK -27,514 (101,791), where both years were positively driven by new share issues, albeit to a lesser extent in 2022.

Investments in tangible fixed assets amounted to only TSEK -129 (-57). No further investments were made in the period.

Proposed disposition of the Parent Company's profit or loss

At the disposal of the Annual General Meeting, amounts in TSEK:

Share premium	749 710 538
Retained earnings from previous years	-449 408 079
Profit for the year	-94 983 804
	205 318 655

The Board proposes that the retained earnings be treated so that it is balanced in a new account

	205 318 655
	205 318 655

Regarding the company's results and position in general, please refer to the following financial reports and the related ones notes.

Consolidated income statement

SEK 000'	Note	2022	2021
Operating income			
Net sales	2	56 985	31 726
Other operating income / Other income	2	15 743	5 060
Change in inventory of finished goods and work in progress		111	-936
		72 838	**35 850**
Raw materials and consumables/Cost of material		-11 962	-9 947
Other external expenses	3, 4	-64 356	-46 028
Personnel costs	5, 6, 7	-74 001	-58 059
Depreciation, amortisation and impairment of tangible and intangible fixed assets/non-financial assets	12, 13, 15, 16, 17	-9 718	-9 733
Other operating expenses/Other expenses		-3 295	-1 784
Total operating cost		**-163 332**	**-125 552**
Operating profit		**-90 494**	**-89 702**
Profit from financial items			
Financial income		292	1
Financial cost	8, 9	-9 428	-4 428
Profit after financial items		**-99 629**	**-94 130**
Tax expense	10	-905	211
Deferred tax	10	1 147	–
Profit for the year from remaining operations		**-99 388**	**-93 918**
Profit for the year		**-99 388**	**-93 918**
Results attributable to:			
The parent company's shareholders		**-99 388**	**-93 918**
Earnings per share	11		
Basic earnings per share, SEK		**-1,7**	**-1,9**

Consolidated statement of comprehensive income

SEK 000'	2022	2021
Profit/loss for the period	**-99 388**	**-93 918**
Items that have been transferred or can be transferred to the profit for the year	1 044	303
Other income for the year	**1 044**	**303**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-98 344**	**-93 615**
Total comprehensive income attributable to:		
Parent Company's shareholders	-98 344	-93 615

Consolidated balance sheet

SEK 000'	Note	2022-12-31	2021-12-31
ASSETS			
Intangible fixed assets			
Balanced development work and similar work	12	16 773	19 961
Patent	13	22 178	24 950
Goodwill	14	114 916	114 916
Total intangible fixed assets		**153 866**	**159 826**
Tangible fixed assets			
Leasehold improvements	15	114	157
Fixed assets	16	1 425	2 188
Access rights Assets	17	11 999	12 004
Total tangible fixed assets		**13 539**	**14 349**
Financial fixed assets			
Deferred tax asset	21	381	–
Other long-term receivables	20	2 504	2 371
Total financial fixed assets		**2 885**	**2 371**
Current assets			
Inventories	22		
Raw materials and consumables		4 167	1 448
Goods in production		52	213
Finished goods and merchandise		199	464
Total inventories		**4 418**	**2 125**
Receivables	18		
Current receivables	23	13 220	8 637
Current tax claim	10	–	18
Other receivables	24	2 134	1 956
Prepaid expenses and other accrued income	25	3 409	3 338
Total receivables		**18 763**	**13 949**
Cash equivalents	26	124 653	151 366
Total current assets		**147 834**	**167 439**
TOTAL ASSETS		**318 124**	**343 986**

Consolidated balance sheet, cont

SEK 000'	Note	2022-12-31	2021-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	27		
Share capital		4 459	3 567
Other contributed capital		658 492	597 466
Reserves		1 330	286
Retained earnings including profit for the year		-437 547	-338 597
Total Equity		**226 734**	**262 722**
Longterm liabilities	9, 18, 21		
Liabilities to credit institutions		727	1 241
Lease liabilities	17	9 779	9 994
Deferred tax liabilities	21	4 214	4 740
Other provisions	28	46 950	44 394
Total Longterm liabilities		**61 670**	**60 369**
Current liabilities	9		
Liabilities to credit institutions		513	646
Accounts payable		5 757	4 564
Lease liabilities	17	2 581	2 251
Current tax liabilities	10	98	–
Other liabilities	29	1 866	1 435
Accrued expenses and deferred income	30	18 906	12 001
Total current liabilities		**29 720**	**20 895**
Total liabilities		**44 440**	**36 870**
TOTAL EQUITY AND LIABILITIES		**318 124**	**343 986**

Consolidated change in shareholder's equity

SEK 000'	Note	Share capital	Other Capital Contributions	Reserves	Profit (loss) brought forward	Total Equity
OPENING BALANCE 2021-01-01	27	1 385	355 449	-17	-244 749	112 068
Profit/loss for the year		–	–	–	-93 918	-93 918
Other comprehensive income		–	–	303	–	303
Total comprehensive income		**–**	**–**	**303**	**-93 918**	**-93 616**
Transactions with shareholders						
Warrant programmes		–	–	–	70	70
New share issue		2 182	269 474	–	–	271 656
Issue expenses		–	-27 457	–	–	-27 457
Total transactions with shareholders		**2 182**	**242 017**	**–**	**70**	**244 269**
CLOSING BALANCE 2021-12-31		3 567	597 466	286	-338 597	262 722
OPENING BALANCE 2022-01-01		3 567	597 466	286	-338 597	262 722
Profit/loss for the year		–	–	–	-99 388	-99 388
Other comprehensive income		–	–	1 044	–	1 044
Total comprehensive income		**–**	**–**	**1 044**	**-99 388**	**-98 344**
Transactions with shareholders						
Warrant programmes		–	–	–	438	438
New share issue		892	64 744	–	–	65 636
Issue expenses		–	-3 717	–	–	-3 717
Total transactions with shareholders		**892**	**61 026**	**–**	**438**	**62 356**
CLOSING BALANCE 2022-12-31	27	4 459	658 492	1 330	-437 547	226 734

Consolidated statement of cash flows

SEK 000'	Note	2022	2021
Operating Activities			
Profit after financial items		-99 629	-94 077
Noncash adjustments	34	9 253	9 492
Income tax paid		-545	-104
Cash flow from operating activities before change in working capital		**-90 922**	**-84 534**
Change in inventory		-2 267	22
Change in receivables		-3 180	-4 386
Change in liabilities		7 141	-731
Net cash flow from operating activities		**-89 229**	**-89 629**
Cash flow from operating activities		**-89 229**	**-89 629**
Investment activities			
Acquisition of tangible fixed assets	16	-129	-57
Acquisition of shares in subsidiaries, after deductions for cash and cash equivalents	29	–	-51 796
Cash flow from investment activities		**-129**	**-51 853**
Cash flow from financing activities			
New rights issue	27	65 636	270 537
Issue cost		-3 717	-27 457
Warrants		438	1 119
Borrowings		–	158
Repayment of loans	9	-513	-1 084
Cash flow from financing activities		**61 843**	**-243 273**
Cash flow for the year		**-27 514**	**101 791**
Cash equivalents at the beginning of the year		151 366	49 403
Exchange rate difference in cash and cash equivalents		548	173
CASH EQUIVALENTS AT THE END OF THE YEAR		**124 653**	**151 366**
CASH AND CASH EQUIVALENTS FROM REMAINING ACTIVITIES		**124 653**	**151 366**
Paid interest, included in Profit after financial items		-243	-40

Income statement, parent company

SEK 000'	Note	2022	2021
Operating income			
Net sales	2	41 743	31 135
Other operating income / Other income	2	14 829	5 060
Change in inventory of finished goods and work in progress		-302	-477
Total operating income		**56 270**	**35 718**
Raw materials and consumables/Cost of material		-10 497	-8 014
Other external expenses	3, 4	-83 260	-72 512
Personnel costs	5, 6, 7	-45 205	-38 361
Depreciation of tangible fixed assets	12, 16, 17	-891	-1 140
Other operating expenses		-2 454	-1 290
Total operating cost		**-142 307**	**-121 317**
Operating profit		**-86 036**	**-85 599**
Profit from financial items			
Interest income and similar items		99	1
Interest cost and similar items	8	-9 046	-4 026
Profit after financial items		**-94 984**	**-89 624**
Tax expense	10	–	–
PROFIT FOR THE YEAR		**-94 984**	**-89 624**

Other comprehensive income in the Parent Company is in line with the profit for the year.

Balance sheet, parent company

SEK 000'	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Leasehold improvements	15	114	157
Fixtures, tools and installations	16	1 416	2 146
Total fixed assets		**1 530**	**2 303**
Financial fixed assets			
Shares in Group companies	19	137 687	137 687
Other long-term receivables	20	2 314	2 314
Total financial fixed assets		**140 002**	**140 002**
Total fixed assets		**141 532**	**142 304**
Current assets			
Inventories	22		
Raw materials and consumables		4 167	1 326
Goods in production		52	213
Finished goods and merchandise		249	389
Total inventories		**4 468**	**1 928**
Receivables			
Current receivables	23	3 034	1 991
Receivables from group companies		7 388	8 293
Current tax claim	10	541	66
Other receivables	24	2 117	1 871
Prepaid expenses and other accrued income	25	3 333	2 977
Total receivables		**16 413**	**15 198**
Cash equivalents	26	**120 633**	**148 335**
Total current assets		**141 514**	**165 460**
TOTAL ASSETS		**283 046**	**307 765**

Balance sheet, parent company, cont

SEK 000'	Note	2022-12-31	2021-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	27		
Restricted equity			
Share capital		4 459	3 567
		4 459	**3 567**
Non-restricted equity	37		
Share premium		749 711	688 684
Retained earnings		-449 408	-360 249
Profit/loss for the year		-94 984	-89 597
		205 319	**238 838**
Total equity		**209 778**	**242 405**
Provisions			
Other provisions	28	46 950	44 394
Total provisions		**46 950**	**44 394**
Long-term liabilities			
Liabilities to credit institutions		727	1 241
Total long-term liabilities		**727**	**1 241**
Current liabilities			
Liabilities to group companies		513	513
Liabilities to credit institutions		5 508	4 208
Accounts payable		3 994	3 736
Current tax liabilities	10	–	–
Other current liabilities	29	1 707	1 348
Accrued expenses and deferred income	30	13 869	9 919
Total current liabilities		**25 591**	**19 725**
Total liabilities		**26 318**	**20 966**
TOTAL EQUITY AND LIABILITIES		**283 046**	**307 765**

Change in shareholder's equity, parent company

SEK 000'	Note	Share capital	Share premium	Profit (loss) brought forward	Profit/Loss for the year	Total equity
OPENING BALANCE 2021-01-01		**1 385**	**447 786**	**-279 770**	**-81 641**	**87 759**
Reversal of previous year's result		–	–	-81 641	84 641	–
Redeemed convertibles		–	–	1 189	–	1 163
New share issue		2 182	268 356	–	–	270 537
Issue expenses		–	-27 457	–	–	-27 457
Profit/loss for the year		–	–	–	-89 624	-89 624
CLOSING BALANCE 2021-12-31	27	**3 567**	**688 684**	**-360 223**	**-89 624**	**242 405**
OPENING BALANCE 2022-01-01		**3 567**	**688 684**	**-360 223**	**-89 624**	**242 405**
Reversal of previous year's result		–	–	-89 597	89 597	–
Warrant programmes		–	–	438	–	438
New share issue		892	64 744	–	–	65 636
Issue expenses		–	-3 717	–	–	-3 717
Profit/loss for the year		–	–	–	-94 984	-95
CLOSING BALANCE 2022-12-31	27	**4 459**	**749 711**	**-449 408**	**-94 984**	**209 778**

Statement of cash flows, parent company

SEK 000'	Note	2022	2021
Operating activities			
Profit after financial items		-94 984	-89 597
Noncash adjustments	34	3 447	3 167
Income tax paid		-475	911
Cash flow from operating activities before changes in working capital		**-92 012**	**-85 519**
Changes in working capital			
Change in inventory		-2 540	-155
Change in receivables		-740	-7 065
Change in liabilities		5 866	1 104
Cash flow from operating activities		**-89 426**	**-91 635**
Investment activities			
Acquisition of shares in subsidiaries	29	–	-51 796
Shareholder contributions provided for the year	35	–	–
Acquisition of tangible fixed assets	16	-118	-57
Rent deposit	20	–	–
Cash flow from investment activities		**-118**	**-51 853**
Financing activities			
New share issue	27	65 636	270 537
Share issue costs		-3 717	-27 457
Warrants		438	1 163
Repayment of borrowing	9	-513	-513
Cash flow from financing activities		**61 843**	**243 729**
Cash flow for the year		**-27 701**	**100 242**
Cash equivalents at the beginning of the year		148 335	48 093
CASH EQUIVALENTS AT THE END OF THE YEAR		**120 633**	**148 335**
Cash flow for the period regarding interest			
Paid interest		-243	-40

Note 1 Accounting and valuation principles

General information

OssDsign AB (the Parent Company) and its subsidiaries (the Group as whole) main business include conducting development and sales of medical technology products as well as conducting business compatible with it.

OssDsign AB, the Group's parent company, is based in Uppsala, Sweden. The head office and principal place of business is located at Rapsgatan 23A, 754 50 Uppsala, Sweden.

The consolidated financial statements for the year ended December 31, 2022 (including comparative figures) were approved for issue by the Board on April 26, 2023.

The Group's report on earnings, other comprehensive income and report on financial position and the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting held on May 31, 2023.

Summary of significant accounting principles

The most important accounting and valuation principles used in the preparation of the financial statements are summarised below. In cases where the parent company applies different principles, these are stated under the *Parent Company* below.

Valuation bases applied when preparing the financial statements

The Group's financial reports have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. Assets and liabilities are valued at historical acquisition values.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas that comprise a high degree of assessment, which are complex or such areas where assumptions and estimates are of significant importance to the consolidated financial statements, are stated in a separate section below "Significant assessments and estimates when applying accounting principles". New and amended standards that are currently known are not expected to affect the Group's or the parent company's financial reports in a significant way.

Functional currency and presentation currency

The consolidated financial statements are presented in the currency SEK, which is also the Parent Company's functional currency.

Overview of accounting principles

Overall considerations

The most important accounting principles used in the preparation of the consolidated financial statements are summarised below.

Basis for consolidation

The consolidated financial statements include subsidiaries where the Group has direct or indirect control. The Group controls a company when it is exposed to or is entitled to a variable return from its holding in the company and could influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. In cases where unrealised losses on intra-group sales of assets are reversed upon consolidation, the impairment needs of the underlying asset are also assessed from a group perspective. Amounts recognised in the financial statements of subsidiaries have been adjusted where necessary to ensure compliance with the Group's accounting principles.

The Group attributes the total profit for the subsidiaries to the Parent Company's owners and holdings without controlling influence based on their respective ownership interests.

Business acquisitions

The Group applies the acquisition method when accounting for business combinations. The remuneration transferred by the Group to gain controlling influence over a subsidiary is calculated as the sum of the fair values on the acquisition date of the transferred assets, the liabilities assumed and the equity shares issued by the Group, which includes the fair value of an asset or liability that has arisen from an agreement on conditional purchase price.

Conditional consideration is valued at fair value and included as part of the purchase price in the acquisition. Conditional consideration is accounted for as a provision, both in the parent company and in the Group, until paid. In previous financial reports, conditional consideration has been accounted for as a financial liability in the Group. But in this annual report, and in subsequent financial reports, it will be classified uniformly in parent company and Group, hence accounted for as a provision. Conditional consideration is furthermore revalued at fair value on each balance sheet date. Revaluation effects are accounted for in the consolidated Group income statement.

Subsequent changes in the fair value of a contingent consideration that are classified as a provision are recognised in the income statement , either as an other operating expense, if the revaluation is caused by changes in operational assumptions (eg increased/decreased revenue forecast), or in net financial items, if the revaluation is caused by discounting or currency exchange rate effects.

In determining fair value, Group management uses valuation techniques applied to the assets and liabilities included in an acquisition. Fair value of conditional consideration is dependent on the future outcome of several variables, with the primary one being the acquired company's future revenue. Changes in revenue assumptions can apply to both the revenue level, driven by the growth rate, and the revenue curve, ie the future timing of revenue growth. In addition, discount rate and currency exchange rate assumptions can also affect fair value.

Acquisition-related costs are expensed when they arise in the item other operating expenses.

The Group applies the 12-month rule when accounting for business acquisitions, which allows for the purchase price to be finally adjusted within 12 months from the acquisition date.

Foreign currency translation

Transactions and balance sheet items in foreign currency

Foreign currency transactions are translated into the functional currency of the respective Group companies, based on the prevailing exchange rates on the transaction date (spot rate). Gains and losses in foreign currency as a result of the settlement of such transactions and as a result of the revaluation of monetary items at the balance sheet date are reported in the income statement.

Non-monetary items are not translated on the balance sheet date but are valued at historical acquisition value (translated at the exchange rate on the transaction date), except for non-monetary items measured at fair value, which are translated at the exchange rate on the date the fair value was determined.

Overseas Operations

In the consolidated financial statements, all assets, liabilities and transactions in group companies that have a functional currency other than SEK (the Group's reporting currency) are converted to SEK at consolidation. The functional currency of the Group companies has remained unchanged during the reporting period.

At consolidation, assets and liabilities have been converted at the closing day rate on the closing day. Revenues and expenses have been translated to SEK at an average rate during the reporting period. Exchange rate differences are booked directly against other comprehensive income and are recognised in the currency translation reserve in equity. When divesting a foreign operation, the attributable accumulated translation differences that are recognised in equity are reclassified to profit and recognised as part of the gain or loss on the divestment.

Operating Segments

An operating segment is part of the Group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. Furthermore, the performance of an operating segment is followed up by the company's highest executive decision maker to evaluate the result and to be able to allocate resources to the operating segment. The Group has identified the parent company CEO as their highest executive decision maker and that the Group has just one operating segment. See Note 2 for further description of the classification and presentation of operating segments.

Revenue from agreements with customers

The Group's revenues derive primarily from sales of patient specific bioceramic cranial implants, but also from patient specific facial implants and standardised products for the repair of cranial boreholes.

When determining the amount of revenue to be recognised the Group adheres to the IFRS 15 five-step-model:

1 Identify the contract
2 Identify separate performance obligations
3 Determine the transaction price
4 Allocate transaction price to performance obligations
5 Recognise revenue when each performance obligation is satisfied

Step 1 identifies the contract with the customer. The Group's contracts are always written and agreed with the customer. If two or more contracts have been entered into concurrently, or in close proximity to each other, they should, under certain circumstances, be amalgamated. Concurrent or adjacent contracts with the same customer rarely occurs in the Group so amalgamation of contracts is a rare occurrence. A contract change means a change of scope or price (or both) in a contract that has already been agreed by both parties. A contract change is accounted for as a separate contract when the widened scope is deemed as distinct (additional performance obligations) through eg additional goods or services or when the price at which the additional units are sold represent a standalone selling price. If the goods or services are not deemed as distinct the change is accounted for as part of the original contract.

Step 2 identifies separate performance obligations with respect to the goods and services to be delivered to the customer. The goods or services are deemed distinct, and hence separate, if the customer can use the product or service gainfully on its own and if it can be delivered separately from other obligations in the contract.

Step 3 determines the transaction price, particularly with respect to fixed or variable components. As the Group's revenue primarily derive from patient specific implants, each implant is quoted individually, albeit according to standardised pricing. The Group would generally not have any variable price components.

Step 4 allocates the transaction price to the performance obligations defined in step 2.

Step 5 recognises revenue when each performance obligation is satisfied. Revenue is recognised when control of the sold item has passed from seller to buyer, which can occur at a point in time or over time. Revenue is recognised in the Group when the goods or service creates or improves an asset that the customer controls. This way the customer can reap the benefits from the performance obligation as it is performed. The Group's product sales of implants and/or standardised products are recognised at a point in time, namely when the customer gains control over the sold asset. Indications of control can be the right for the seller to invoice and receive payment, the asset has been physically shipped to the customer, the risk has been transferred to the customer (as per the freight terms), or the customer has accepted the goods received. Work done but not invoiced is accounted for as accrued income in the balance sheet under Contract assets. Contract assets are subject to impairment testing according to IFRS 9, similarly to customer receivables. In cases where payment is received prior to the Group having performed its obligation, such payments are accounted for as Contract liabilities in the balance sheet.

Operating expenses

Operating expenses are accounted for in the income statement when the service is used or the event occurs.

Interest and dividends

Interest income and interest expenses are reported according to the effective interest method in the income statement at the time when the right to receive payment is established.

Borrowing costs

Borrowing costs are expensed in the period in which they arise and are reported in the item "Financial expenses".

Other Intangible assets

Research and Development

Expenses for the research phase with a view to obtaining new scientific or technical knowledge are expensed as incurred. Directly attributable expenditure on development, where research results or other knowledge is applied to achieve new or improved products or processes, is reported as an asset if or when below is met:

- that development expenditure can be measured reliably
- that the project is technically and commercially viable
- that the Group has the intention and sufficient resources to complete the project
- that the Group has the prerequisites to use or sell the software
- that the software will generate probable future economic benefits

Development expenses that do not meet these criteria for activation are expensed as incurred. Development expenses are valued at purchase value minus accumulated depreciation and any impairment losses.

Directly related expenses include personnel costs that arise in the work on software development along with relevant costs and borrowing costs.

Patents

Patents that meet the criteria of being reported separately in a business acquisition are accounted for as intangible assets, initially at fair value.

Accounting in subsequent periods

All intangible assets with a limited useful life, including capitalised internally developed products, are recognised in accordance with the acquisition value model, whereby capitalised expenses are amortised on a straight-line basis over the estimated useful life. The residual value and the useful life are reviewed at each balance sheet date.

The following periods of use apply:
- Development costs: 10 years
- Patents: 10 years (coincides with patent expiry and estimated useful life)

Internally developed products that have not yet been completed, and which have been activated, are not amortised but are subject to impairment testing annually.

Subsequent expenses for maintenance of developed products are expensed as incurred.

When intangible assets are divested, the capital gain is determined as the difference between the selling price and the asset's carrying value and is recognised in profit or loss in any of the items "Other operating income" or "Other operating expenses".

Tangible fixed assets

Tangible fixed assets are reported at purchase value minus accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and expenses directly attributable to the asset in order to bring it in place and in condition to be utilised in accordance with the purpose of the acquisition.

Additional expenses are only included in the asset or are reported as a separate asset, when it is probable that future financial benefits attributable to the item will benefit the Group and that the acquisition value can be calculated reliably. All other costs for repairs and maintenance are reported as expenses in the income statement during the period in which they arise.

Gains or losses arising from the sale of tangible assets are determined as the difference between what has been received and the carrying amount of the assets and are recognised in the income statement in the item "Other operating income" or "Other operating expenses".

Tangible fixed assets are amortised on a straight-line basis over the estimated useful life. The following depreciation periods are applied:

Equipment and tools: 5 years

Leasehold improvements

In connection with the move to a new Head Office in Uppsala, some improvement work, mainly production related, was done on the new leasehold property. These improvements constitute minor amounts as well as one-off occurrences as no further improvements are envisaged. Leasehold improvements are accounted for as accumulated acquisition value, reduced by accumulated depreciation and write-downs. The Head Office rental agreement period is 9 years. Leasehold improvements are amortised on a straight-line basis over the estimated useful life, which is deemed to be the same as for other tangible assets. The following depreciation periods are applied:

Leasehold improvements: 5 years

Leased assets

Leasing

The leasing agreements include primarily premises. The standard means that identified leasing contracts are recognised in the balance sheet classified such as utility assets and leasing liabilities. Leases of lesser value are expensed as incurred. Less value involves assets of a value in new condition below about SEK 50,000. When the Group enters into an agreement, the agreement is assessed if it grants the right to control the use of identified assets for a period against remuneration. The right of use initially amounts to the same amount as the lease debt, adjusted for any leasing fees paid before start date plus any initial direct costs and an estimate of recovery costs underlying asset, minus any discounts received.

The lease asset is then amortised on a straight-line basis over the useful life, which is considered to correspond to the lease period.
The lease asset is adjusted periodically for certain revaluations of the lease debt and any write-downs.
The lease debt is initially estimated at the present value of outstanding lease payments, discounted with the implicit interest rate.

The rental fee is revalued when changes in future leasing fees arise through changes in the index or a changed assessment of the contract as a result of, for example, purchases, extensions of the agreement or termination of the agreement. A corresponding adjustment is made by the right of use.

Impairment testing of intangible assets and tangible assets

The Group's reported assets are assessed at each balance sheet date to determine if there is any indication of impairment.

IAS 36 applies to write-downs of assets other than financial assets that are recognised in accordance with IFRS 9, inventories and deferred tax assets. For exempted assets as above, the carrying amount is assessed according to the respective standard.

If there is an indication of an impairment requirement for an asset, the asset's recoverable amount is calculated. For intangible assets with an indefinite useful life or not yet ready for use, the recoverable amount is calculated annually, regardless of whether there is an indication of a decrease in value or not.

When impairment testing, assets are grouped to the lowest level where it is possible to identify independent cash flows, a so-called cash-generating unit. For example, a cash-generating unit may be an asset or a legal entity.

An impairment loss is recognised for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of the fair value minus costs to sell and value in use. To determine the value in use, Group management estimates expected future cash flows from each cash-generating unit and determines an appropriate discount rate to be able to calculate the present value of these cash flows.

Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the money's time value and asset-specific risk factors.
Write-downs relating to cash-generating units first reduce the carrying amount of any goodwill distributed among the cash-generating unit. Any remaining impairment will proportionally decrease the other assets in the cash-generating units. With the exception of goodwill, a new assessment is made of all assets for signs that an earlier write-down is no longer justified. An impairment loss is reversed if the asset or cash-generating unit's recoverable value exceeds the carrying amount.

Financial instruments

Accounting and valuation at the first recognition

Financial instruments that are reported in the balance sheet mainly comprise accounts receivable, cash and cash equivalents, accounts payable and loan liabilities.

Financial assets and financial liabilities are reported when the Group becomes a contracting party in respect of the terms of the financial instrument. At initial recognition, these are measured at fair value adjusted for transaction costs, except for financial instruments that belong to the category of financial assets or financial liabilities measured at fair value through profit or loss. These are valued at fair value at the first accounting date. Subsequent valuation of financial assets and liabilities is described below.

Financial assets are removed from the statement of financial position when the contractual rights regarding the financial asset expire, or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the statement of financial position when it is extinguished, fulfilled, cancelled or terminated.

Classification and subsequent measurement of financial assets

In the case of subsequent valuations, financial assets are valued based on which category they were initially classified. The Group has the following categories of financial assets:
- receivables valued at amortised cost

The classification is determined by both:
- the company's business model for managing financial assets and
- the characteristics of the contractual cash flows from the financial asset

Financial assets are valued at amortised cost if they are held in a business model whose aim is to hold financial assets and collect contractual cash flows that are only payments of capital amounts and interest.

The Group's cash and cash equivalents, accounts receivable, long-term receivables and other receivables belong to this category of financial instruments.

Impairment of financial assets

IFRS 9's write-down rules use forward-looking information to report expected credit losses - the 'expected credit loss model'. The financial assets covered by the model for expected credit losses are bonds and debt securities valued at amortised cost or fair value through other comprehensive income, accounts receivable, contract assets recognised and valued in accordance with IFRS 15, loan commitments and certain financial guarantee agreements (for the issuer) that are not valued at fair value through profit or loss.

Currently the Group's financial assets are accounts receivable, the treatment of which is outlined in the following section, and

rent deposit. The latter consists only of rent deposit for the Group's new Head Office in Uppsala and is not considered to constitute any credit loss risk.

Accounts receivable and other receivables
The Group uses a simplified method of accounting for accounts receivable and other receivables, as well as contract assets and reports expected loan losses for the remaining maturity. This is where the expected deficiencies in contractual cash flows are, given the risk of non-payment at some point in the life of the financial instrument. In the calculation, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a reservation matrix.

The Group applies the simplified method in IFRS 9 for accounting for the expected loan losses over the remaining maturity of all accounts receivable, as these items have no significant financing component. In assessing the expected credit losses, accounts receivable has been assessed collectively because they have common credit risk characteristics.

Classification and valuation of financial liabilities and provisions
The Groups financial liabilities include loans, accounts payable and other liabilities. Financial liabilities are valued at the accrued acquisition value at the initial recognition date.

Subsequent to the initial recognition date, financial liabilities are valued at the accrued acquisition value using the effective interest method.

Conditional consideration is classified as a Level 3 provision in the group and is valued at fair value through the income statement, either as an other operating expenses item, in the case of operations related deviations, or as a net financial item, in the case of discounting or currency exchange rate related deviations.

All interest-related fees are recognised in the income statement as items "Financial expenses" or "Financial income".

Inventory
Inventories are valued at the lower of cost and net realisable value. Cost includes all costs that are directly attributable to the manufacturing process and an appropriate proportion of associated manufacturing costs, based on normal capacity. Costs for commonly replaceable items are allocated according to the first in, first out principle. The net realisable value is the estimated sales price in the ongoing operations less any applicable selling costs.

Taxes
The tax expense recognised in the income statement consists of the sum of the deferred tax and current tax that is not recognised in other comprehensive income or directly in equity.

Current taxes are valued based on the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued based on the tax rates and tax rules that were decided before the balance sheet date.

Deferred tax assets are reported to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilised against future taxable profits.

Cash and cash equivalents
Cash and cash equivalents consist of cash and available balances with banks and similar institutions, together with other short-term, liquid investments that fall due within 90 days of the date of acquisition and which can easily be converted into known amounts of cash and which are exposed to only a negligible risk of value changes.

Equity and reserves
Share capital represents the quota value for issued shares. The premium price includes any premium received on the issue of new share capital. Any transaction costs associated with the new share issue are deducted from the share price, considering any income tax effects.

Other equity items include the following:
* Translation reserve; contains translation differences from translation of financial reports for the Group's foreign operations to SEK

Balanced profits include all balanced profits.
All transactions with the Parent Company's owners are reported separately in equity.

Remuneration after termination of employment and short-term employee benefits

Remuneration after termination of employment
The Group provides post-employment benefits through various defined contribution pension plans. Fees for defined contribution pension plans are expensed as incurred. In defined contribution plans, the company pays fixed fees to another company and has no legal or informal obligation to pay anything further, even if the other company cannot fulfil its commitment.

Short-term employee benefits
Short-term employee benefits, including holiday pay, are current liabilities, valued at the undiscounted amount that the Group is expected to pay as a result of the unused entitlement.

Share-related remuneration to employees
A warrant program enables employees to acquire shares in the company. The purpose of the incentive programs is, among other things, to award long-term commitment to the company's employees and to ensure that the company's long-term value growth is reflected in the program participants' remuneration. The Group has several warrant programs that run in parallel. Those who participate in warrant programs have paid a premium, commensurate with fair market value, which is recognised directly in equity.

State aid
State aid is reported at fair value when there is reasonable assurance that the aid will be received and that the company will fulfil all related conditions.

State aid relating to expected costs is reported as prepaid income. The support is recognised as income during the period so that the costs incurred by the state aid are intended to compensate.

State aid for the acquisition of intangible or tangible fixed assets reduces the asset carrying amount.

Cash Flow Analysis
The cash flow statement has been prepared according to indirect method. The reported cash flow only covers transactions that involve payments.

Earnings per share
The calculation of earnings per share is based on the period's earnings in the Group attributable to the Parent Company's shareholders and on the weighted average number of ordinary shares outstanding during the year. When calculating earnings per share after dilution, earnings and the average number of shares are adjusted to consider the effects of dilutive potential ordinary shares. To the extent that dilution would result in earnings per share after dilution being higher than earnings per share before dilution, or the loss per share being lower than the loss per share before dilution, earnings are not adjusted for this.

Provisions and contingent assets and liabilities
Provisions for product warranties, legal disputes, loss contracts or other claims are accounted for when the Group has a legal or informal obligation that arises from an earlier event, when future payment is probable and such payments can be reasonably reliably estimated. Exact timing or amount can still be uncertain. Provisions are estimated as the amount that will reasonably be required to settle the relevant obligation, based on the most reliable information available on the balance sheet date, including risks and uncertainties connected to the relevant obligation. In case several similar obligations exist, the probability of payment is estimated based on the total obligations. Where time value of such payments is deemed material, provisions are discounted and accounted for at fair value.

Potential compensation that the Group is reasonably certain to receive from an external party with respect to the obligation is accounted for as a separate asset. The value of this asset can not exceed the amount of the related provision.

No liability is recognised if payment in respect of an obligation is deemed improbable. Such obligations are accounted for as contingent liabilities, unless the probability of payment is deemed remote.

Significant assessments and estimates when applying accounting principles
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.

Below, the most important assumptions about the future and other important sources of uncertainty in estimates on the balance sheet date are presented, which entail a significant risk of material adjustments in the carrying amounts of assets and liabilities in the coming financial year.

Uncertainty in estimates
Below is information about estimates and assumptions that have the most significant impact on the accounting and valuation of assets, liabilities, revenues and expenses. The outcome from these can differ significantly.

Impairment of intangible fixed assets
In order to assess the need for impairment, the Group management calculates the recoverable amount of the intangible fixed assets based on expected future cash flows and using an appropriate interest rate to discount the cash flow. Uncertainties lie primarily in assumptions about future operating income and the determination of an appropriate discount rate.

The book value of capitalised development costs at the end of the financial year 2022-12-31 was SEK 16,772,775 (19,960,687).

The Group has to date determined that the recoverable amount of goodwill exceeds its book value.

Changes in the assumptions made by the company management during the impairment test could have a material impact on the company's results and financial position.

Business acquisitions
In determining fair value, Group management uses valuation techniques applied to the assets and liabilities included in an acquisition. Fair value of conditional consideration is dependent on the future outcome of several variables, with the primary one being the acquired company's future revenue. Changes in revenue assumptions can apply to both the revenue level, driven by the growth rate, and the revenue curve, ie the future timing of revenue growth. In addition, discount rate and currency exchange rate assumptions can also affect fair value.

For more detailed information on these assumptions, as well as a sensitivity analysis on assumption deviations, refer to Note 28 Other provisions.

It should also be noted that as conditional consideration is discounted continuously, this in itself will give rise to income statement fluctuations, even though the underlying assumptions remain unchanged.

The Parent Company's accounting and valuation principles
The Parent Company's annual report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in the annual report for the legal entity, the parent company must apply all IFRS approved statements and statements as far as possible within the framework of the Annual Accounts Act and considering the relationship between accounting and taxation.

The recommendation specifies the exceptions and supplements to be made from IFRS.

The parent company's annual report is presented in the company's accounting currency, which is SEK.

The Parent Company's accounting and valuation principles are in accordance with the Group except as set out below.

Formats
The income statement and balance sheet follow the format of the Annual Accounts Act. The report on income and other comprehensive income, the report on changes in equity and the cash flow analysis are based on IAS 1 Presentation of financial reports and IAS 7 Report on cash flows. The differences against the Group's reports that are reflected in the Parent Company's income statements and balance sheets are mainly accounted for by financial income and expenses and equity.

Acquisition analysis
The parent company values financial instruments according to the acquisition value principle. Accordingly, conditional consideration is valued at the amount confirmed in the acquisition analysis without any fair value revaluation. Conditional consideration is accounted for as part of the acquisition value if their realisation is deemed probable. The acquisition value is adjusted if the initial assessment of the conditional consideration is revised.

Shares in subsidiaries
Shares in subsidiaries are recognised at cost less any write-downs. The acquisition value includes acquisition-related costs and any additional purchase price. When there is an indication that participations in subsidiaries have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, a write-down is made. Write-downs are reported in the item "Profit from participations in group companies".

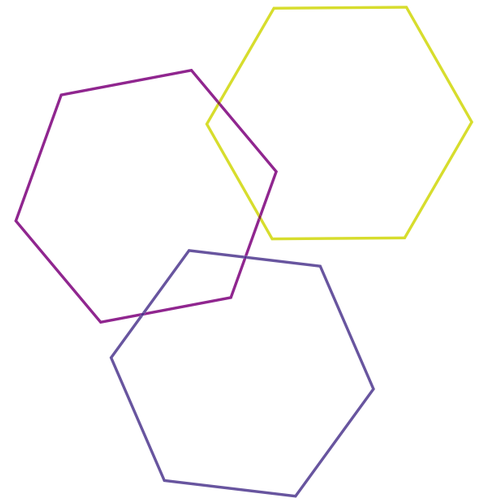
Group contribution
All group contributions submitted and received are reported as year-end allocations.

Leasing
The Parent Company reports all leasing agreements as operational. Operational leases are recognised as an expense on a straight-line basis over the lease term.

Intangible assets
Internally generated development costs are reported as expenses in the income statement. This means that all expenses related to the preparation of internally prepared intangible fixed assets are expensed as incurred.

Financial instruments
IFRS 9 is not applied in the Parent Company and financial instruments are measured at cost. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be reported in accordance with the lower value principle at the lower of cost and market value.

At each balance sheet date, the parent company assesses whether there is any indication of a need for impairment in any of the financial fixed assets. Write-downs occur if the impairment is deemed to be permanent. Impairment losses on interest-bearing financial assets recognised at amortised cost are calculated as the difference between the asset's carrying amount and the present value of the management's best estimate of future cash flows discounted with the asset's original effective interest rate. The write-down amount for other financial fixed assets is determined as the difference between the carrying amount and the higher of fair value fewer selling costs and the present value of future cash flows (which is based on the management's best estimate).



NOTES TO THE INCOME STATEMENT

Note 2 Operating segments

The group's operations are divided into operating segments based on the parts of the operation the company's highest executive decision-makers follow up on, so-called "management approach" or business management perspective. The company's top executive decision maker is the CEO. The group's internal reporting is structured on the basis that the group management monitors the business in its entirety. Based on this internal reporting, the Group has identified that the Group has only one segment.

	Group		Parent company	
Net sales per geographical market, (SEK 000')	2022	2021	2022	2021
US	32 546	13 996	17 304	13 405
Germany	11 441	7 863	11 441	7 863
Sweden	2 029	1 889	2 029	1 889
UK	2 666	2 352	2 666	2 352
Rest of Europe	7 781	5 385	7 781	5 385
Rest of world	522	241	522	241
Total	**56 985**	**31 726**	**41 743**	**31 135**

Revenue from external customers was attributed to individual countries after the country from which the sale was made. The Group's fixed assets are located in Sweden, US and Scotland. During 2022 OssDsign did not have revenue from an individual customer amounting to >10%. Other operating income in 2022 consists of exchange rate gains of TSEK 8,793 (5,025), valuation effect business acquisition TSEK 6,002 (1,953), and government contributions of TSEK 34 (35).

Note 3 Remuneration to the auditor

Audit assignment means review of the annual report and accounts and the administration of the Board and the Managing Director, other duties that it is incumbent upon the company's auditor to perform, and advice or other assistance caused by observations in such an audit or the performance of such duties.

	Group		Parent company	
Expensed and other compensation amounts to	2022	2021	2022	2021
KPMG				
Audit assignment	–	837	–	837
Auditing activities in addition to audit assignments	–	–	–	–
Other services	–	37	–	37
EY				
Audit assignment	504	–	504	–
KatzAbosch				
Audit assignment	1 051	479	–	–
Harmer Slater Ltd				
Audit assignment	91	68	–	–
Sum	**1 646**	**1 421**	**504**	**874**

Note 4 Operating lease and lease agreements

	Group		Parent company	
	2022	2021	2022	2021
Expected leasing fees for the year:	**4 245**	**3 662**	**3 587**	**3 662**
Non-cancellable leasing fees:				
Within a year	2 581	2 571	2 131	2 571
Later than one year, within five years	9 779	10 202	7 863	10 202
Later than one year	–	1 074	–	1 074
Total future agreed lease fees	**12 359**	**13 847**	**9 994**	**13 847**

The operating leases in the parent company mainly concern premises. *The group reports leasing agreements in accordance with IFRS 16, see Note 17.*

Note 5 Salaries and remuneration to employees

Costs recognised for employee benefits are broken down as follows:

	Group		Parent company	
	2022	2021	2022	2021
Salaries – Board of Directors and CEO	7 588	6 544	7 588	6 544
Salaries – other employees	46 421	36 243	23 428	20 028
Pensions, defined contribution board and CEO	–	–	–	–
Pensions, defined contribution – other employees	3 305	2 637	2 540	1 952
Other social security contributions	11 148	10 074	9 498	8 558
Sum	**68 461**	**55 499**	**43 053**	**37 084**

Salaries and other remuneration 2022	Basic salary / Board fees	Other benefits*	Total
Simon Cartmell	350	–	350
Morten Henneveld, CEO	6 287	117	6 404
Anders Qvarnström	250	–	250
Newton Aguiar	250	–	250
Håkan Engqvist	188	–	188
Jill Schiaparelli	146	–	146
Other senior executives (5)	12 584	14	12 598
Sum	**20 055**	**132**	**20 186**
Salaries and other remuneration 2021			
Simon Cartmell	313	–	313
Morten Henneveld, CEO	5 708	174	5 882
Anders Qvarnström	175	–	175
Newton Aguiar	175	–	175
Other senior executives (5)	4 590	18	4 608
Sum	**10 960**	**193**	**11 153**

* Other benefits are car benefits and healthinsurance benefits.
In the event of termination, a mutual notice period of six months applies for the CEO, CFO and Senior VP International Sales & Global Marketing. For other employed senior executives, a mutual notice period of three months applies. The CEO is also entitled to severance pay corresponding to six months' salary.
Share-related remuneration is stated in Note 7.

Note 6 Employees

	Group			
	2022 Average number of employees	of which women %	2021 Average number of employees	of which women %
Average number of employees	48	45	44	43
Average number of employees by country is as follows:				
Sweden	30		29	
UK	3		5	
US	12		7	
France	2		0	
Germany	2		3	
Sum	**48**		**44**	

The average number of employees in the parent company corresponds to the figure for Sweden. The board consists of 83% men and 17% women.

Note 7 Share-related remuneration

As of December 31, 2022, the company has issued a total of 5,262,441 warrants within the framework of four different incentive programs for employees, consultants and board members. During the year, all 2019/2022 programs lapsed, including the qualified stock option program 2019/2022. The company issued 1,524,067 new warrants over two new warrant programs 2022/2025:1 & 2. The incentive programs are described in more detail below.

- **Incentive program 2021/2024:1** was approved by the Annual General Meeting on June 22, 2021 and comprises a total of 2,939,333 subscription warrants issued to the CEO and selected employees and consultants. As of 31 December 2022, 2,882,259 warrants remain outstanding. Each subscription warrants entitles the holder to acquire a new share in the company at a strike price of SEK 11.38 per share during the period 1/7 2024 up to and including 31 December 2024.

- **Incentive program 2021/2024:2** was approved by the Annual General Meeting on June 22, 2021 and comprises a total of 799,041 subscription warrants issued to Board members. Each subscription warrant entitles the holder to acquire a new share in the company at a strike price of SEK 11.38 per share during the period 1/7 2024 up to and including 31 December 2024.

- **Incentive program 2022/2025:1** was approved by the Annual General Meeting on June 1, 2022 and comprises a total of 1,238,696 subscription warrants issued to the CEO and selected employees and consultants. Each subscription warrants entitles the holder to acquire a new share in the company at a strike price of SEK 6.79 per share during the period 1/7 2025 up to and including 31 December 2025.

- **Incentive program 2022/2025:2** was approved by the Annual General Meeting on June 1, 2022 and comprises a total of 285,371 subscription warrants issued to Board members. Each subscription warrant entitles the holder to acquire a new share in the company at a strike price of SEK 6.79 per share during the period 1/7 2025 up to and including 31 December 2025.

Warrant agreements
Holders of subscription warrants have paid a market-based cash premium for the their warrants, a premium that has been valued using the Black-Scholes model. Warrants 2021/2024:1 and 2021/2024:2, as well as 2022/2025:1 and 2022/2025:2 are covered by warrant agreements with customary terms. The warrant agreements also contain customary "good leaver" and "bad leaver" provisions. No cost has been accounted for the warrants.

As per the Black-Scholes valuation model to establish fair market value for the warrants, this valuation has been based on observed market price on the underlying share, exercise price, time to maturity, risk-free interest rate and estimated volatility (25%, Aderio AB, June 2021 and May 2022. The volatility has been determined based on historical volatility of the company's share, as well as peer group and market index volatility.

If all subscription warrants are exercised to subscribe for shares in the company, the company's share capital will increase by SEK 325,335 through issue of 5,205,367 new shares in the company, each with a quotient value of SEK 0.0625. That would mean a dilution equivalent to 6.8 percent of the share capital and the number of shares and votes in the company. See table below for details on warrant/option price and exercise price per program.

Incentive program	Issued number of options	Option price	Redemption price
Staff Option Program 2021/2024:1 Maturity June 30, 2021 – December 31, 2024	2 939 333	0.35	11.38
Staff Option Program 2021/2024:2 Maturity June 30, 2021 – December 31, 2024	799 041	0.35	11.38
Staff Option Program 2022/2025:1 Maturity June 30, 2022 – December 31, 2025	1 238 696	0.40	6.79
Staff Option Program 2022/2025:2 Maturity June 30, 2022 – December 31, 2025	285 371	0.40	6.79

Program	2019/2022	2019/2022:1	2019/2022:2	2021/2024:1	2021/2024:2	2022/2025:1	2022/2025:2
Outstanding 31 December 2020	256 894	391 461	305 830	0	0	0	0
Outstanding 31 December 2021	146 796	391 461	305 830	2 882 259	799 041	0	0
Outstanding 31 December 2022	**0**	**0**	**0**	**2 882 259**	**799 041**	**1 238 696**	**285 371**

Note 8 Financial expenses / Interest expenses and similar income items

	Group		Parent company	
Interest costs, borrowing at amortised cost	2022	2021	2022	2021
Bank loan	-147	-40	-147	-40
Leasing interest	-382	-403	–	–
Change in fair value regarding debt for conditional purchase price:				
Present value effect	**-8 899**	**-3 986**	**-8 899**	**-3 986**
Sum	**-9 428**	**-4 428**	**-9 046**	**-4 026**

Note 9 Liabilities attributable to financing operations

The change in liabilities attributable to financing operations can be classified as below

	Long-term liabilities	Short-term liabilities	Lease liabilities	Total
2022-01-01	45 635	646	12 244	58 524
Cash flow effect:				
Repayment	-513	-132	-2 251	-2 896
Borrowings	–	–	2 366	2 366
Not affecting cash flow:				
Conditional consideration	2 556	–	–	2 556
Total	**47 677**	**513**	**12 359**	**60 550**
2021-01-01	48 101	48 689	14 612	111 401
Cash flow effect:				
Repayment	-513	-48 043	-2 367	-50 924
Not affecting cash flow:				
Conditional consideration	-1 953	–	–	-1 953
Total	**45 635**	**646**	**12 244**	**58 524**

Note 10 Taxes

The most important components of the tax expense for the financial year and the ratio of expected tax expense based on the Swedish effective tax rate of 20.6% (2020: 21.4%) to the reported tax expense in the result are as follows:

	Group		Parent company	
	2022	2021	2022	2021
Result after financial items	-99 629	-94 077	-94 984	-89 597
Tax according to current tax rate in Sweden, 20.6 (20.6%)	20 524	19 380	19 567	18 457
Effect of changed tax rate	242	159	–	–
Adjustment of previous years' tax	–	–	–	–
Non-taxable income	–	–	–	–
Non-deductible costs	-39	-4	-39	-4
Activation of tax on loss carryforwards	-666	-704	–	–
Change of temporary differences	666	704	–	–
Deferred tax assets during the year that are not recognised as assets	-20 484	-19 376	-19 527	-18 454
Reported tax in the income statement	**242**	**159**	**0**	**0**
The tax cost consists of the following components:				
Current Tax	–	–	–	–
Tax expense	-905	-368	–	–
Adjustment of previous years' tax	228	–	–	–
Deferred tax expense/income	–	–	–	–
Change of temporary differences	918	527	–	–
Reported tax in the income statement	**242**	**159**	**0**	**0**

Note 11 Earnings per share

Earnings per share

Both earnings per share before and after dilution have been calculated by using the result attributable to the shareholders in the parent company as a numerator.

Results attributable to ordinary shareholders	2022	2021
Profit for the year attributable to the Parent Company's owners according to the income statement	-99 388	-93 918

No dilution effect during 2021 and 2022.

During the fourth quarter, the company carried out a directed new share issue, resulting in a total of 14,268,626 shares. The total number of shares thereafter amounted to 71,343,130.

Number of shares	2022	2021
Weighted average number of shares used in the calculation of earnings per share before dilution	58 603 355	48 403 486
Weighted average number of shares used in the calculation of earnings per share after dilution	**58 603 355**	**48 403 486**

Dividends

In 2022 Ossdsign AB paid TSEK 0 (2021: TSEK 0) in dividends to shareholders. This corresponds to SEK 0 per share (2021: SEK 0 per share).

Earnings per share, before and after dilution	**-1.70**	**-1.94**

Dilution of earnings per share can take place if warrants are exercised for subscription of shares in the company, see also Note 7.

Note 12 Balanced development work and similar work

Changes in reported values for development work and similar work are:

	Group	
	2022-12-31	2021-12-31
Opening balance accumulated acquisition values	31 974	31 974
Internally developed	–	–
Closing balance accumulated acquisition values	31 974	31 974
Opening balance accumulated depreciation	-12 013	-8 825
This year's depreciations	-3 188	-3 188
Closing balance accumulated depreciation	-15 201	-12 013
Reported value	16 773	19 961

The Parent Company has expensed development costs. Prio to 2022, the company has received government grants totaling SEK 7,186,938 linked to balanced development work for the launch of Cranial PSI. All depreciation and write-downs are included in the item "Depreciation and write-downs of intangible and tangible fixed assets".

Note 13 Patents

Changes in reported values for patents

	Group	
	2022-12-31	2021-12-31
Opening balance accumulated acquisition values	27 722	27 722
Closing balance accumulated acquisition values	27 722	27 722
Opening balance accumulated depreciation	-2 772	–
This year's depreciation	-2 772	-2 722
Closing balance accumulated depreciation	-5 544	-2 722
Reported values	**22 178**	**24 950**

For more information regarding impairment test, please see Note 14 Goodwill.

Note 14 Goodwill

Changes in reported values for goodwill

	Group	
	2022	2021
Opening balance accumulated acquisition values	114 916	114 916
Closing balance accumulated acquisition values	114 916	114 916
Reported value	**114 916**	**114 916**

Impairment test

The Group's goodwill of TSEK 114 915 arose through the acquisition of a subsidiary in November 2020. Goodwill is tested for impairment at the lowest levels where there are separately identifiable cash flows (cash-generating units). Only one such cash-generating unit has been identified in the Group.

	2022-12-31	2021-12-31
Group	114 916	114 916
	114 916	**114 916**

The recoverable amounts for each segment were determined based on value in use calculations, which included a detailed nine-year forecast, followed by an extrapolation of expected cash flows for the units' remaining periods of use, using a declining growth rate determined by Group management. The recoverable amount for each operating segment is shown below:

	2022-12-31	2021-12-31
Group	114 916	114 916
	114 916	**114 916**

The present value of expected cash flows for each segment is determined using the appropriate discount factor that reflects the time value of money and the risks that are specific to the segment.

The impairment test consists of assessing whether the unit's recoverable amount is higher than the carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows. The DCF model used in this valuation is based on the company's business plan for the period 2023-2030 with assumptions as per below. The fact that the valuation model is covering 8 years, rather than the customary 5 years, is due to the time to expiration of the patents and conditional consideration, as well as the commercial model which results from the acquisition having been an R&D company without a commercialised product.

Significant assumptions used for calculations of value in use are shown below:

- Annual growth volume in the periods 2023-2026 are assuming rapid increase but at a declining rate, as per the Group's business plan. These calculations are based on estimated future cash flows before tax based on the financial business plan approved by management and the board. The acquisition that generated the goodwill value was an R&D company without a commercialised product. In August 2021 the Group launched the first commercial product, OssDsign Catalyst, which means that the period 2023-2026 in the business plan will show a sharp increase and high growth figures from a low starting point. It is only after 2026 that operations are stabilised, which is also the reason why a longer period is used in the test. The patents that have been acquired and which will form the basis for business development are in force up to 2030, which is also true for the contractual revenue based variable consideration.
- The weighted average growth rate used to extrapolate cash flows beyond 2025 has been estimated at 10% until 2030. After 2030 the growth rate has been estimated at 2%. This long-term growth rate is well within the framework of the forecasts contained in industry reports.
- Gross margin development in the test period is in line with internal observed data as well as external market data.
- Operating expenses are estimated to develop in line with sales revenue, which also applies to capital expenditure needs.
- Working capital requirements are estimated conservatively in the test period, higher than the Group's current NWC level.
- The discount rate before tax used in the present value calculation of estimated future cash flows is 14.5%, which corresponds to the Group's average cost of capital (WACC). As the Group has no foreign capital, this also corresponds to the WACC after tax.

Cash flow assumptions

Group

The Group Management's important assumptions about the Group unit include stable profit margins, based on previous experience of this mature market. Group management believes that this is the best available input data for forecasts of this mature market. The cash flow calculations reflect the stable profit level achieved in the market just before the business plan period, as well as the company's own observed data from the initial sales. No expected efficiency measures have been included in the calculations and prices and wages reflect general inflation expectations in this sector.

Impairment testing as described above, taking into account the latest developments, has not identified any impairment requirements.

Note 15 Expenses incurred on someone else's property

Changes in carrying amounts regarding expenses incurred on leased property:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Opening balance accumulated acquisition values	211	211	211	211
Acquisitions	–	–	–	–
Closing balance accumulated acquisition values	211	211	211	211
Opening balance accumulated depreciation	-55	-12	-55	-12
Depriciations	-42	-42	-42	-42
Closing balance accumulated depreciation	-97	-55	-97	-55
Reported value	114	157	114	157

Note 16 Equipment and tools

Changes in reported values regarding equipment and tools:

	Group		Parent company	
	2022	2021	2022	2021
Opening balance accumulated acquisition values	6 541	6 463	5 749	5 692
Investment of the year	130	57	118	57
Acquisition of subsidiaries	–	–	–	–
Exchange rate differences	49	21	–	–
Closing balance accumulated acquisition value	6 719	6 541	5 867	5 749
Opening balance accumulated depreciation	-4 353	-3 180	-3 603	-2 505
This year's depreciations	-899	-1 159	-849	-1 097
Acquisition of subsidiaries	–	–	–	–
Exchange rate differences	-42	-14	–	–
Closing balance accumulated depreciation	-5 294	-4 353	-4 451	-3 603
Reported value	1 425	2 188	1 416	2 146

Note 17 Leasing agreement

The Group mainly has rights of use regarding premises in Sweden, US and Scotland.

	Group	
	2022	2021
Opening balance accumulated acquisition values	15 790	15 748
Investment of the year	2 814	43
Disposals	–	–
Closing balance accumulated depreciation	18 604	15 790
Opening balance accumulated depreciation	-3 786	-1 214
Disposals	–	–
This year's depreciations	-2 819	-2 572
Closing balance accumulated depreciation	-6 605	-3 786
Closing balance accumulated depreciation	**11 999**	**12 004**

During the year, the subsidiary in the U.S. signed a contract for premises. The parent company and the subsidiary Sirakoss have existing agreements regarding premises.

The group also leases IT equipment. These leases are low value leases. The group has chosen not to report right-of-use assets and lease liabilities for these leases.

Amounts recognised in profit or loss		
Cost of contracts of lesser value	2 819	2 572
Interest, see also Note 8	382	403
Maturity analysis regarding lease debt	318	206
Maturity analysis regarding lease debt:		
Later than one year but within five years	9 779	8 920
Later than five years	–	1 074

Total cash flow regarding leasing for the financial year ended 31 December 2022 amounted to TSEK 3,839 (2021: TSEK 3,887).
For further information regarding maturity analysis, see Note 36.

Note 18 Financial assets and liabilities

Categories of financial assets and liabilities

Accounting principles include a description of each category of financial assets and liabilities and the associated accounting principles. The reported values for financial assets and liabilities in the Group are as follows:

Group 2022-12-31	Financial assets valued at amortised cost	Financial assets at fair value through profit or loss	Total
Other long-term receivables	2 885	0	2 885
Accounts receivable	13 220	0	13 220
Other receivables	2 134	0	2 134
Cash and cash equivalents	124 653	0	124 653
	142 892	**0**	**142 892**

Group 2022-12-31	Liabilities valued at amortised cost	Liabilities at fair value through profit or loss	Total
Financial liabilities			
Long-term borrowing	727	0	727
Short-term borrowing	513	0	513
Other provisions	0	46 950	46 950
Accounts payable and other liabilities*	19 982	0	19 982
	21 222	**46 950**	**68 172**

Group 2021-12-31	Financial assets valued at amortised cost	Financial assets at fair value through profit or loss	Total
Other long-term receivables	2 371	0	2 371
Accounts receivable	8 637	0	8 637
Other receivables	1 956	0	1 956
Cash and cash equivalents	151 366	0	151 366
	164 329	**0**	**164 329**

Group 2021-12-31	Liabilities valued at amortised cost	Liabilities at fair value through profit or loss	Total
Financial liabilities			
Long-term borrowing	1 241	0	1 241
Short-term borrowing	646	0	646
Other provisions	0	44 394	44 394
Accounts payable and other liabilities	18 243	0	18 243
	20 129	**44 394**	**64 523**

As of the balance sheet date, 2022-12-31, the Group has a bank loan from ALMI totalling SEK 1,241 million at a variable interest rate of 6.26% and a maturity from 2015-03-05 – 2025-03-05.

Carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities represents a reasonable approximation of fair value.

All borrowings are in SEK.

Note 19 Shares in Group companies

The Group's composition

The Group includes direct holdings of subsidiaries as follows:

Name/Residence	Corporate ID	Number of shares	Shares % 2022	Shares % 2021
OssDsign Ltd	10690872	1	100%	100%
OssDsign USA Inc	6558835	1 000	100%	100%
Sirakoss Ltd	SC386423	1	100%	100%

	Parent company	
Change during the year:	**2022-12-31**	**2021-12-31**
Opening balance accumulated acquisition values	137 687	137 687
Acquisition	–	–
Provided shareholder contributions	–	–
Closing balance accumulated acquisition values	**137 687**	**137 687**
Reported value	**137 687**	**137 687**
whereof:		
OssDsign Ltd	0,011	0,011
OssDsign USA Inc	0,008	0,008
Sirakoss Ltd	137 687	137 687
Closing balance accumulated acquisition values	**137 687**	**137 687**

Note 20 Other long-term receivables

The group's long-term receivables primarily relate to rent deposits for the benefit of the landlord regarding premises in Uppsala where the parent company conducts its operations and the office in Columbia, MD where the US subsidiary has its base.

	Group		Parent company	
	2022	**2021**	**2022**	**2021**
Opening balance accumulated acquisition values	2 371	2 365	2314	2314
Investments	128	–	–	–
Currency exchange rate differences	5	5	–	–
Closing balance accumulated acquisition values	2 504	2 371	2 314	2 314
Reported value	2 504	2 371	2 314	2 314

Note 21 Deferred tax assets and tax liabilities

Deferred taxes arising from temporary differences are summarised as follows:

	2022		
Change during the year of deferred taxes for the Group:	**Deferred tax liability**	**Deferred tax assets**	**Net**
Intangible assets	7 504	–	-7 504
Tangible fixed assets	15	–	-15
Receivables	42	–	-42
Temporary differences	–	381	381
Activated loss carryforwards	–	3 348	3 348
	7 561	3 729	**-3 832**

	2021		
	Deferred tax liability	**Deferred tax assets**	**Net**
Intangible assets	8 688	–	-8 688
Tangible fixed assets	39	–	-39
Receivables	27	–	-27
Activated loss carryforwards	–	4 013	4 013
	8 754	4 013	**-4 740**

Deferred tax assets are recognised for tax loss carry forwards to the extent that they are likely to be credited through future taxable profits. If the Group had reported deferred tax assets on loss carry forwards, these would amount to TSEK 112,704 (TSEK 93,178). Deficit deductions have no limitation in time.

Note 22 Inventory

Inventory consists of the following:	Group		Parent company	
	2022-12-31	**2021-12-31**	**2022-12-31**	**2021-12-31**
Raw materials and consumables	4 167	1 448	4 167	1 326
Products in work	52	213	52	213
Finished goods	199	464	249	389
	4 418	**2 125**	**4 468**	**1 928**

Note 23 Accounts receivable

Age distribution of accounts receivable and reserve for doubtful accounts receivable.

	Group	
	2022-12-31	2021-12-31
Accounts receivable gross	13 248	8 741
Reservation for customer losses	-27	-104
Total	**13 220**	**8 637**

For more information on Accounts receivable, see Note 37.

	Parent company	
Accounts receivable	2022-12-31	2021-12-31
Accounts receivable not due	2 356	1 480
Accounts receivable overdue, 0-3 months	679	500
Accounts receivable overdue, 4-6 months	0	0
Accounts receivable overdue, more than 6 months	0	10
Total	**3 034**	**1 991**

Note 24 Other receivables

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
VAT	1 405	728	1 405	728
Other items	729	1 228	712	1 143
	2 134	**1 956**	**2 117**	**1 871**

Note 25 Prepaid Expenses and accrued income

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Prepaid insurance	1 296	1 226	1 245	145
Other items	2 113	2 111	2 087	2 832
Reported value	**3 409**	**3 338**	**3 333**	**2 977**

Note 26 Cash and cash equivalents

	2022-12-31	2021-12-31
Cash and cash equivalents include the following:		
Cash at bank and in cash:		
SEK	92 258	148 335
GBP	6 877	0
EUR	1 830	1 487
USD	23 688	1 544
	124 653	**151 366**

Note 27 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 71,343,130 class A shares.

	2022	2021
Subscribed and paid shares		
At the beginning of the year	3 567	1 385
New share issue	892	2 182
Subscribed and paid shares	4 459	3 567
Shares for share-based payments	–	–
Sum at the end of the year	**4 459**	**3 567**

During the forth quarter, the company carried out a new share issue which increased the number of shares by 14,268,626. The total number of shares thereafter amounted to 71,343,130 and with a quota value of SEK 0.0625. Shares issued by the Group have the same right to dividends and repayments of invested capital and represent unanimously at OssDsign's Annual General Meeting.

Amounts received for issued shares in excess of nominal value during the year (premium) are included in the item "other contributed capital", after deductions for registration and other similar fees and after deductions for attributable tax benefits. Resolved shares that have not yet been issued have been approved only for use in the Group's option program *(for more information, see Note 7)*.

Note 28 Other provisions

Other provisions consist of the following:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Conditional consideration from acquisition of subsidiaries:				
Milestone payments	23 961	21 365	21 365	21 365
Revenue based variable consideration	22 989	23 029	22 989	23 029
	46 950	**44 394**	**46 950**	**44 394**

Specification of conditional consideration

In the Group, all liabilities are valued at acquisition value, except for conditional consideration related to the acquisition of Sirakoss Ltd. This is valued at fair value over the P&L, as per IFRS 9. Conditional consideration is classified as a level 3 provision.

The valuation technique used in the valuation of conditional consideration is a Discounted Cash Flow model. The valuation model discounts expected future cash flows using a risk adjusted discount rate to determine present value of such cash flows. Expected cash flows are calculated using probable scenarios for future sales revenue up until 2030, as well as contractual parameters with respect to revenue based variable consideration.

Significant non-observable data are identified as:

* Projected compound annual growth rate (CAGR) of 38%
* Risk adjusted discount rate (14.5%)
* Projected revenue curve

Relation between significant non-observable data and fair value calculation:

The assessed fair value would increase (decrease) if:

* The compound annual growth rate (CAGR) were higher (lower)
* The discount rate were lower (higher)
* The revenue curve generated higher (lower) growth early in the period

	Deferred fixed consideration, instalment 1	Deferred fixed consideration, instalment 2	Milestone payments	Revenue based variable consideration	Total
Fair value 2022-01-01	**–**	**–**	**21 365**	**23 029**	**44 394**
Total reported profits and losses in this year's result:					
Present value / discount effect – reported in net financial items	–	–	6 071	2 829	**8 900**
Revenue change – reported in Other operating expenses	–	–	-3 474	-2 528	**6 003**
Reclassification within the balance sheet	–	–	–	-341	**–**
Fair value 2022-12-31	**–**	**–**	**23 961**	**22 989**	**46 950**
Fair value 2021-01-01	**24 702**	**23 113**	**21 365**	**24 982**	**94 162**
Total reported profits and losses in this year's result:					
Present value / discount effect – reported in net financial items	1 301	2 679	–	–	**3 981**
Revenue change – reported in Other operating expenses	–	–	–	-1 953	**-1 953**
Payment of consideration	-26 004	-25 793	–	–	**-51 796**
Fair value 2021-12-31	**–**	**–**	**21 365**	**23 029**	**44 394**

Sensitivity analysis:

The effects on the fair value of conditional consideration caused by potential changes in any of the significant non-observable data, all else being equal, would be as follows:

2022	Increase	Decrease
Conditional consideration		
Compound Annual Growth Rate (10% deviation)	8 072	-5 291
Discount rate (1% deviation)	-2 065	2 189
Revenue curve with higher/lower growth early in the period (20%)	3 825	-1 991

Note 29 Other liabilities

Other liabilities consist of the following:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Other	1 866	1 435	1 707	1 348
Other current liabilities	**1 866**	**1 435**	**1 707**	**1 348**

Note 30 Accrued expenses and prepaid income

	Group		Parent company	
Pledged assets	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Personnel-related costs	12 880	7 815	10 527	6 650
Consultants	2 910	1 869	2 561	1 467
Other items	3 116	2 317	781	1 802
Reported Value	**18 906**	**12 001**	**13 869**	**9 919**

Note 31 Pledged assets and contingent liabilities

	Group		Parent company	
Pledged assets	2022-12-31	2021-12-31	2022-12-31	2021-12-31
For own provisions and liabilities				
Liabilities to credit institutions				
Company mortgage	3 850	3 850	3 850	3 850
Other pledged assets	50	50	50	50
	3 900	**3 900**	**3 900**	**3 900**

Note 32 Transactions with related parties

Key people in a leading position

There are no receivables or liabilities to related parties on the balance sheet date. No transactions that have materially affected the company's position and earnings have taken place between the company and related parties. Unless otherwise stated, there are no transactions with special conditions and no guarantees have been pledged or received. Outstanding balances are usually settled by cash. *For information on remuneration to senior executives, see Note 5.*

Transactions with subsidiaries

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

As of the balance sheet date, the parent company has a receivable on OssDsign USA Inc of TSEK 3,193 (TSEK 4,251), a liability to OssDsign Ltd of TSEK -191 (TSEK 247) and a receivable on Sirakoss Ltd of TSEK 391 (TSEK 58).

Note 33 Events after the balance sheet date

In December 2022 we witnessed a spike in critical staffing levels and increased flu outbreaks, leading to a sudden retraction in the market that carried on into the beginning of 2023. That has lead to a slower sales start for the company in January and hence also affected the first quarter negatively.

Inflation and interest rate trends have continued from 2022 into 2023 but have not yet caused any actions from the company, although such trends naturally affect the merit process to some extent. The recent instability in the U.S. banking sector is not expected to have any immediate or direct effects on the company's operations but could of course impact the mid-term outlook for the U.S. market.

No other events that lead to adjustments or significant events that do not lead to adjustments have occurred between the balance sheet date and the date of issue.

Note 34 Non-cash-flow adjustments and changes in working capital

The following non-cash adjustments and adjustments for changes in working capital have been made in profit before tax in order to reach the cash flow from operating activities:

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Depreciation	9 718	9 733	891	1 140
Impairment of accounts receivable	-210	70	–	–
Options	–	70	–	–
Leasing	-2 811	-2 410	–	–
Fair value effects on conditional consideration	2 556	2 183	2 556	2 028
Sum adjustments	**9 253**	**9 646**	**3 447**	**3 167**

Note 35 Definition of key figures

Key figures	Definition / calculation
Net sales	Operating main income, invoiced costs, side income and income corrections.
Operating profit	Difference between reported income and reported expenses but before financial items.
Profit after financial items	Profit after financial income and expenses but before appropriations and taxes.
Balance sheet total	The company's total assets.
Equity ratio	Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.
Number of employees	The average number of employees based on annual working hours.

Note 36 Risk related to financial instruments

Risk management goals and principles

Through its operations, the Group is exposed to various risks related to financial instruments. Summary information on the Group's financial assets and financial liabilities divided into categories can be found in separate note, see above. The main types of risk are market risk (interest rate risk, commodity risk and currency risk), credit risk and liquidity risk.

The Group's risk management is determined by the Board and aims to minimise adverse effects on the Group's financial position and earnings.

The most significant financial risks to which the Group is exposed are described below.

Market risk

The Group is exposed to market risk through currency risk and interest rate risk as a result of both current operations and investment operations.

Currency risk

Transaction risk arises when future business transactions are expressed in a currency that is not the unit's functional currency. The Group's units do not have significant transactions in other than the unit's functional currency, which is why the Group's transaction risk is not material.

The Group has a number of holdings in foreign operations whose net assets are exposed to currency risks. The Group has elected not to hedge currency exposure arising from the net assets of the Group's foreign operations, as those are not considered material. The following table illustrates the translation risk by showing how a reasonably possible change in the currency for each foreign operation, all else equal, would affect the translation difference in other comprehensive income, which goes into the item "Reserves" in equity.

	2022	2021
USD/SEK: +/- 10%	231	5
GBP/SEK: +/- 10%	34	0

Interest rate risk

The Group's interest rate risk is currently considered small. The company has relatively low long-term borrowing. Borrowing at fixed interest rates in Swedish kronor. *For more information on the Group's borrowing, see Notes 9 and 18.*

Credit risk analysis

Credit risk is the risk that a counterparty will not fulfil an obligation to the Group. The Group is exposed to this risk for various financial instruments, e.g. through claims on customers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets on December 31, as summarised below:

	2022	2021
Types of financial assets – reported values		
Cash and cash equivalents	124 653	151 366
Accounts receivable and other receivables	15 895	10 611
Other long-term receivables	–	–
Total	**140 548**	**161 977**

The Group continuously monitors cancelled payments from customers and other counterparties, identified individually or in groups by the Group, and incorporates this information into its credit risk checks. If external credit ratings and / or reports concerning customers and other counterparties are available at a reasonable cost, these are collected and used. The Group's policy is to only do business with creditworthy counterparties.

Other long-term receivables consist almost exclusively of rental deposits regarding the Parent company's premises in Fyrislund, Uppsala. The credit risk regarding this rental deposit is considered immaterial.

The Group's management believes that all of the above financial assets that have not been written down or due for payment on December 31 have a high credit quality.

Accounts receivable

On December 31, the Group has certain accounts receivable that are not settled at the agreed due date, but which are not considered uncertain. The amounts as of December 31 specified by time after due date are:

	2022	2021
Overdue:		
No more than three months	5 028	3 042
More than three months but not more than six months	654	1 484
More than six months or more	110	408
Total	**5 791**	**4 933**

The Group applies the simplified method in IFRS 9 of accounting for the expected credit losses over the remaining maturity of all accounts receivable as those items do not contain a significant financing component.

In assessing the expected credit losses, accounts receivable have been assessed collectively because they have common credit risk characteristics.

Group

2022-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	50%	–
Reported value, gross	7 456	5 682	110	–	13 247
Expected credit losses for the remaining term	–	–	-27	–	-27

2021-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	50%	–
Reported value, gross	3 808	4 525	399	9	8 741
Expected credit losses for the remaining term	–	–	-100	-4	-104

The parent company has not made any provision for expected credit losses.
Reconciliation between the accounts receivables' loss provision as of December 31, 2020 and the opening loss provision is shown below:

Opening loss reserve 1 January 2021	-34
Loss provisions reported during the year	-70
Loss reserve as of December 31, 2021	-104
Unutilised loss reserve that is returned during the year	77
Loss reserve as of 31 December 2022	-27

Cash and cash equivalents

The credit risk attributable to liquid funds is considered negligible as the counterparts are renowned banks with high external credit ratings.

Liquidity risk analysis

Liquidity risk is the risk that the Group will not be able to meet its obligations. The Group manages liquidity needs by monitoring planned loan payments for long-term financial liabilities as well as forecast payments and disbursements in day-to-day operations. The data used to analyse these cash flows are consistent with those used in the analysis of agreed maturities below. Liquidity needs are monitored on an ongoing basis. Long-term liquidity needs for a period of approximately 180 days and 360 days are identified periodically to ensure the liquidity need over a 12-month period. As of the balance sheet date, the company's liquidity reserve amounts to approximately TSEK 124,653 (151,366). The analysis shows that the available reserve is expected to be sufficient during this period. The Board has considered different scenarios regarding the impact on the company's cash flow linked to COVID-19.

As of 31 December 2022, the group has financial liabilities and provisions that can be summarised as follows:

Group	Short term		Long term	
2022-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	727	–
Interest on liabilities to credit institutions	35	27	34	–
Accounts payable	7 921	–	–	–
Leasing debt	1 290	1 290	9 779	–
Additional purchase price	341	–	6 695	40 255
Total	**9 844**	**1 574**	**17 235**	**40 255**

This can be compared with the maturities in previous reporting periods for the group financial liabilities and provisions that are not derivatives as follows:

	Short term		Long term	
2021-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	323	323	1 241	–
Interest on liabilities to credit institutions	33	33	67	–
Accounts payable	4 564	–	–	–
Leasing debt	1 125	1 125	8 920	1 074
Additional purchase price	14	-	5 799	35 581
Total	**6 059**	**1 481**	**16 026**	**39 655**

Parent company	Short term		Long term	
2022-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	727	–
Interest on liabilities to credit institutions	35	27	34	–
Accounts payable and other liabilities	7 215	–	–	–
Leasing debt	–	–	–	–
Total	**7 507**	**284**	**761**	**–**

This can be compared with the maturities in previous reporting periods for the group financial liabilities and provisions that are not derivatives as follows:

	Short term		Long term	
2021-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	1 241	–
Interest on liabilities to credit institutions	33	33	67	–
Accounts payable and other liabilities	4 208	–	–	–
Leasing debt	–	–	–	–
Total	**4 498**	**289**	**1 307**	**–**

Note 37 Proposal for disposal of the parent company profit or loss

At the disposal of the Annual General Meeting, amounts in TSEK:

Share premium	749 710 538
Retained earnings from previous years	-449 408 079
Profit for the year	-94 983 804
	205 318 655
The Board proposes that the retained earnings be treated so that it	
Is balanced in a new account	205 318 655
	205 318 655

Certification

The Board's declaration

The Board of Directors and the CEO ensure that the consolidated accounts and the annual accounts have been prepared in accordance with IFRS and generally accepted accounting principles, respectively, and provide a true and fair view of the position and earnings of the Group and the parent company. The Board of Directors' Report for the Group and the Parent Company provides a true and fair view of the Group's and the Parent Company's operations, status and results, and describes the significant risks and uncertainties that the Parent Company and the companies that are part of the Group face.

The Group and the Parent Company's earnings and position in general are shown in the previous income statements and balance sheets, cash flow analyses and notes.

This report has been prepared in both Swedish and English. In the event of discrepancies between the versions, the Swedish version applies.

Uppsala, April 26, 2023.

Morten Henneveld
CEO

Simon Cartmell
Chairman of the Board

Viktor Drvota
Board member

Håkan Engqvist
Board member

Newton Xavier Aguiar
Board member

Anders Qvarnström
Board member

Jill Schiaparelli
Board member

Our audit report was submitted on April 26, 2023
Ernst & Young AB

Oskar Wall
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of OssDsign AB, corp. id 556841-7546

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of OssDsign AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 32-82 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matters

The audit of the annual accounts for 2021 was performed by another auditor who submitted an auditor´s report dated 28 April 2022, with unmodified opinions in the Report on the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-31. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of OssDsign AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Uppsala, April 26, 2023

Ernst & Young AB

Oskar Wall
Authorised Public Accountant

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