

OSS DESIGN®



2023
Year-end Report
January – December 2023

Interim Report for the fourth quarter of 2023

January 1 – December 31, 2023

The fourth quarter in figures

- Net sales amounted to TSEK 34,997 (19,929), of which OssDsign Catalyst represented TSEK 26,827 (7,534). That corresponds to an extraordinary Catalyst growth of 256%.
- The U.S. business also delivered a strong result, demonstrating 158% growth, despite declining Cranial PSI sales in the second half of the quarter due to the discontinuation. This continued very strong growth, quarter on quarter, means the U.S. has now demonstrated 7 consecutive quarters of triple digit growth.
- Gross margin of 73% (64%) was significantly affected by Cranial PSI discontinuation related expenses, as well as Catalyst production process testing activities, resulting in further one-off costs in the fourth quarter. Adjusting for such one-off costs, the gross margin would increase considerably to 83%. Going into 2024 we still expect to operate at 90% or above across the year.
- Operating loss of TSEK 29,101 (20,790) was distorted by the Cranial PSI discontinuation, unusually high sales bonus accruals and revaluations related to conditional variable consideration. Adjusting for the revaluation effects alone would give an EBIT improvement of MSEK +9.7 compared to the previous year and considering the temporary cogs increases in full, resulting from under utilization of capacity as sales tailed off, the underlying trend continues to demonstrate improved operating leverage in the business.
- Non-recurring costs of TSEK 20,475 in the quarter related to the Cranial PSI business line discontinuation.
- Loss after taxes amounted to TSEK 53,841 (31,947), with the loss increase driven by non-recurring costs.
- Earnings per share were SEK -0.6 (-0.5).
- Cash flow from current operations was TSEK -25,605 (-25,013), enabled by the positive working capital development, despite the negative effects from non-recurring items. The underlying net cash flow trend continues to be positive and shows an improvement of MSEK +2.0 over the previous quarter.

The full year in figures

- Net sales amounted to TSEK 112,157 (56,985), of which OssDsign Catalyst represented TSEK 64,610 (17,041). That corresponds to a Catalyst growth of 279%, or 260% at constant exchange rates.
- The U.S. business demonstrated 168% growth, despite declining Cranial PSI sales in the fourth quarter, in what appears to be a sustainable growth pattern with 7 consecutive triple digit growth quarters.
- Gross margin developed favorably during the year to reach 75% (61%), despite the negative fourth quarter effects.
- Operating loss of TSEK 91,956 (96,938) was an improvement over previous year, despite continued strategic investments in clinical programs and revaluation effects. Adjusting for the revaluation effects alone would increase that improvement further, hence demonstrating continued improved operating leverage.
- Non-recurring costs of TSEK 35,673 include all costs related to the discontinuation of the Cranial PSI business line, including the fixed asset write-downs from Q3.
- Loss after taxes amounted to TSEK 130,493 (99,388), with the loss increase driven by non-recurring costs.
- Earnings per share were SEK -1.6 (-1.7).
- Cash flow from current operations was TSEK -93,958 (-86,164). With a positive working capital development, the difference is driven by non-recurring costs.

Important events during the fourth quarter

- OssDsign Catalyst is now universally available to all Military Treatment Facilities in the U.S. via ECAT.
- Extraordinary General Meeting held in OssDsign AB, approving the board of directors' resolution on a directed share issue.
- OssDsign changes Certified Adviser to Carnegie Investment Bank AB.
- SEB Venture Capital sold its holding in OssDsign.
- OssDsign issues positive market warning of materially better sales than market consensus.

Important events after the end of the fourth quarter

- OssDsign reports exceptional data from the clinical study TOP FUSION.
- 12-month data from the clinical study of OssDsign Catalyst™ published in Biomedical Journal of Scientific & Technical Research.

Financial overview

	2023	2022	2023	2022
<i>The group</i>	Oct 1 – Dec 31	Oct 1 – Dec 31	Jan 1 – Dec 31	Jan 1 – Dec 31
Net sales, TSEK	34 997	19 929	112 157	56 985
Operating result, TSEK	-29 101	-20 789	-91 956	-96 937
Result for the period, TSEK	-53 841	-31 947	-130 493	-99 388
Equity ratio, %	69%	71%	69%	71%
Earnings per share, SEK	-0.6	-0.5	-1.6	-1.7
Average number of employees	42.5	50.3	47.8	48.2





“ The conditions are now in place for OssDsign to maintain its exceptional sales growth and show a path towards profitability ”

Exceptional sales growth for OssDsign Catalyst confirms the value of our strategy shift

Total sales in the fourth quarter amounted to SEK 35.0 million (SEK 19.9 million Q422), bringing full year sales to SEK 112,2million (SEK 57.0 million FY22). The strong sales growth was achieved despite ceasing sales of OssDsign Cranial during the quarter, confirming the strength of the strategy shift that was finalized in December.

Catalyst drives growth and increases gross margin

Focusing on the Orthobiologics business, sales in the fourth quarter totaled SEK 26.8 million, representing a growth of 256% compared to the same period last year, which is also the growth at constant exchange rates. Sales in the quarter were positively affected by several extraordinary orders from a large hospital system of approximately SEK 4 million. For the full year 2023, Catalyst sales reached SEK 64.6 million, representing a growth of 279% compared to 2022, or 260% at constant exchange rates.

Owing to the sharply increasing sales of OssDsign Catalyst, the gross margin has improved from 61% for the full year 2022 to 75% in 2023, a positive development that we expect to further increase to 90% or above as we operate as a pure orthobiologics company in 2024.

Outstanding clinical results

There is a clear unmet clinical need in spinal surgery as approximately 20% of procedures fail due to non-fusion. In January 2024 results from OssDsign's first substantive clinical study in patients, TOP FUSION, were published in the peer-reviewed journal Biomedical Journal of Scientific & Technical Research. The results show that OssDsign Catalyst provides a fusion rate of 93% after 12 months as significant improvement in quality of life over time across all scales used to quantify pain, function and overall health in patients. Importantly, no device-related adverse events were observed during the study. The outcome clearly demonstrates OssDsign Catalyst has the potential to significantly improve clinical outcomes.

A year of continuously adding hospital approvals and more surgeon users

During the year we have continuously won more hospital approvals, added more users to the customer base whilst also winning contracts with large hospital systems, so-called IDNs. These new approvals and contracts, together with increase in usage among the existing users, are the key drivers behind the sales acceleration in the U.S. market. In parallel, we also strengthened our position in the U.S. military market during the year, and in the autumn, Catalyst became generally available at all military treatment facilities in the country.

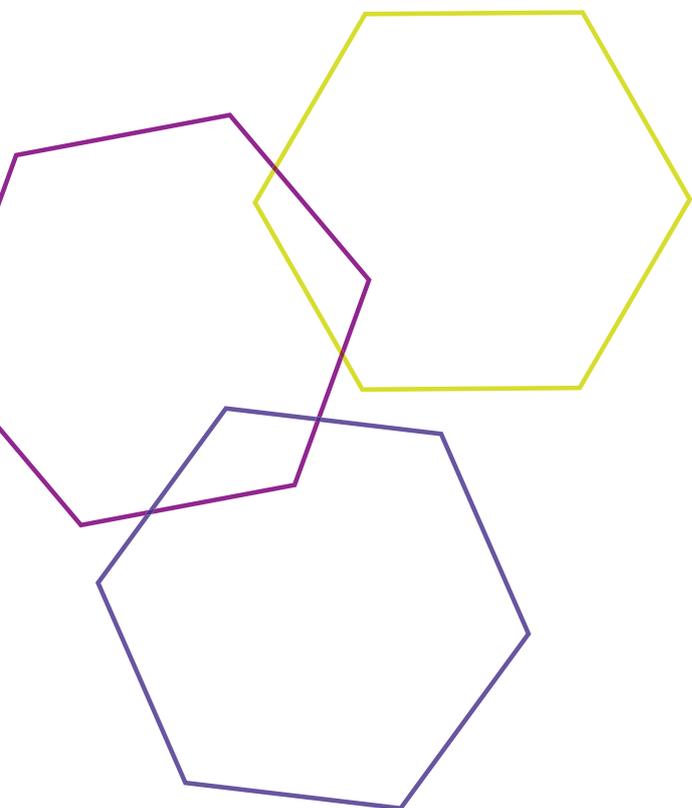
A solid financial position enables meaningful growth-enhancing investments

We have now entered 2024 as a pure orthobiologics company and will focus all resources on our nanosynthetic bone graft, OssDsign Catalyst. New outstanding clinical results, and an expanded interbody clearance from the FDA that enables a broader on-label use of the product, pave the way for a strong position of OssDsign Catalyst in the U.S. market.

We also close 2023 with a solid financial position. The directed share issue in the autumn provided the company with SEK 150 million before transaction costs. Together with the increasing gross margin and savings generated from the closure of the Cranial PSI business line, we are in a position to make meaningful investments in the orthobiologics business to accelerate growth in both the short and medium term.

With the high gross margin and scalability that characterize the orthobiologics business, the conditions are now in place for OssDsign to maintain its exceptional sales growth and show a path towards profitability.

Morten Henneveld, CEO



Statement of Operations

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

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

Nearly 80% of Americans experience low back pain at some point in their lives and more than 1.5 million undergo spinal surgery each year, of which approximately half will need a so-called fusion surgery. Today approximately 20% of these surgeries are unsuccessful due to the lack of proper fusion (non-union). Bone graft plays a crucial role in the surgery to stimulate bone growth. The major advances provided by orthobiologic products are resulting in a shift in spinal surgery, as the use of synthetic bone graft substitutes has become more common to avoid the need to utilise allograft or iliac crest autograft.

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

Clear commercial advantages

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

Improved patient outcomes

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

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

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

Post-pandemic impacts prevail

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

USD 1.8 billion

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

Development of profit and financial position

In order to provide further transparency in our financial reporting, the income statement is, as of Q3 2023, presented as a function-based table instead of the previous cost type-based table. That impacts everything below net sales, which implies that gross margin, operating expenses and net financial items have all been redefined, reclassified and fully consolidated at group level as per the new table structure, with sales variable costs broken out on a separate line to enable a better understanding of the operating expense development.

FOURTH QUARTER

Sales and Gross margin

The OssDsign Group net sales for the fourth quarter of 2023 amounted to TSEK 34,997 (19,929), an impressive sales growth despite the discontinuation of the Cranial PSI business in the quarter. Sales of OssDsign Catalyst amounted to TSEK 26,827 (7,534), which corresponds to a sales growth of 256%, both reported and at constant exchange rates, compared to Q4 2022. It is also 60% increase over the previous quarter in 2023, partly due to several unexpected large orders but also to a strong finish in the final week of the quarter. Sales for the fourth quarter are again an all-time-high for the OssDsign group, as well as for OssDsign Inc. In the same period the parent company's Net sales amounted to TSEK 9,722 (11,681).

As the Cranial PSI business was discontinued at year-end, with last orders accepted on 15th November, the orthobiologics business played an even more prominent role in the fourth quarter sales development, as did the U.S. Total net sales in the U.S. for the fourth quarter of TSEK 31,067 (12,021) equates to a growth of 158% compared to Q4 2022. This continued very strong growth, quarter on quarter, means the U.S. has now demonstrated 7 consecutive quarters of triple digit growth. This time despite the Cranial PSI discontinuation.

Underlying product margin continued to develop well in the fourth quarter but reported gross margin was weighed down by Cranial PSI related expenses, not classified as non-recurring, as well as cost increases driven by lower production volumes. The fast growth of OssDsign Catalyst also necessitated some production process testing activities, resulting in increased scrapping in the quarter. Despite the adverse effects of such one-off measures the blended gross margin ended at 73% (64%) for the quarter and adjusted for the one-off costs it would increase considerably to 83%. Going into 2024 we will still expect to operate at 90% or above across the year.

Operating result

The unadjusted operating result for the period October – December 2023 amounted to TSEK -29,101 (-20,789). Sales variable costs, including sales bonus accruals, added to the production related costs outlined above, with negative, albeit partly temporary, impact on the operating result. On top of those items, the goodwill impairment test produced revaluation effects related to conditional variable consideration of MSEK -3.7 in the quarter, as compared to MSEK +6.0 in the same quarter the previous year. Adjusting for the net revaluation effect alone would produce an operating result improvement of MSEK +9.7 compared to 2022.

Several factors impacted operating expenses, with sales commissions and fees having the greatest impact in the quarter, increasing by MSEK -12.7. The successful year drove overall bonus costs, especially in the fourth quarter when year-end results started to firm up and bonus accruals increased accordingly. Similarly, the sales development also drove distributor commissions in the quarter.

Total operating expense growth compared to Q4 2022 was also affected by the MSEK -9.7 revaluation effect, whereas other, non-sales variable or IFRS related, operating expenses actually decreased vs the previous year. The negative revaluation effect is not only an IFRS accounting effect, to be viewed in that context, but moreover it should be received as positive news as it arises from a need to increase provisions, which in turn is caused by an underlying overperformance in the business vs the original plan.

Non-recurring costs of TSEK -20,475 include all costs related to the restructuring of the company, brought about by the planned and communicated discontinuation of the Cranial PSI business. In the fourth quarter such costs encompass all functions and areas of the company, incl. personnel severance, legal representation, termination of premises and earlier cessation of operations from 1st December. The total cost ended up somewhat above previous estimates for a variety of reasons; eg employee terminations were negotiated in multiple jurisdictions and more detailed cost became apparent, asset valuations affected write-down amounts and scrapping, as well as earlier and more efficient discontinuation of production than first envisaged.

Cash flow, investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 146,942 and at the end of the period they were TSEK 165,938. Cash flow from operating activities amounted to TSEK -25,605 (-25,013), despite the negative net effect of non-recurring costs. Total cash flow for the period was TSEK 19,309 (36,103), with both periods

being positively affected by share issues. Investments in tangible fixed assets amounted to TSEK 0 (0) in the period.

FULL YEAR

Sales and Gross margin

The OssDsign Group net sales for the full year of 2023 amounted to TSEK 112,157 (56,985), which corresponds to a growth of 97% compared to the previous year, or 88% with constant currency rates, despite the discontinuation of the Cranial PSI business in Q4. In the same period the parent company's Net sales amounted to TSEK 52,948 (41,743).

Key drivers of the extraordinary growth in the period were the U.S. and orthobiologics, with total net sales in the U.S. for the full year growing by 168% compared to the full year of 2022, or 155% at constant exchange rates. In the same period, orthobiologics grew by 279%, or 260% at constant exchange rates.

Gross margin demonstrated a remarkable development in the year, increasing from 61% in 2022 to 75% in 2023. The gross margin improvement was driven by orthobiologics and is also the continuation of a steady upward trend over several years.

Operating result

Operating result for the period January – December 2023 amounted to TSEK -91,956 (-96,938), which was an improvement over the previous year, despite continued strategic investments in clinical programs and impairment related revaluation effects. Adjusting for the revaluation effect of MSEK -9.7, compared to 2022, would increase that improvement further, hence demonstrating improved operating leverage, even with the increasing sales variable costs and negative exchange rate effects in 2023.

Sales variable operating expenses increased with sales and product/market mix, as expected and evident in the sales commissions and fees. At MSEK -30.0, that increase was also the driving force behind the total operating expense increase compared to 2022.

The minor increase in non-sales variable operating expenses was entirely exchange rate driven and even decreasing at constant exchange rates. The full year operating expenses were subject to the same revaluation effect as the Q4 expenses, which produced a MSEK -9.7 increase compared to the previous year. An increase that really and fundamentally should be viewed favourably, as it indicates a stronger underlying business momentum than originally predicted.

Non-recurring costs of TSEK 35,673 include all costs related to the restructuring of the company in the period, brought about by the

planned and communicated discontinuation of the Cranial PSI business, including the intangible fixed asset write-downs in the third quarter.

Cash flow, investments and financial position

At the beginning of the period, cash and cash equivalents amounted to TSEK 124,653 and at the end of the period they were TSEK 165,938. Cash flow from operating activities amounted to TSEK -93,958 (-86,164), with the difference being more than explained by the non-recurring costs. The comparison with 2022 is impacted by the highly positive Working Capital development, which was boosted by the accrual part of non-recurring costs. However, the net effect of non-recurring costs on operating cash flow is still negative as part of it was paid out in 2023. The total cash flow for the period was TSEK 41,362 (-27,261), with this year showing the positive impact of the larger share issue. Investments in tangible fixed assets amounted to TSEK -75 (-129) in the period.

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

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

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

Extraordinary General Meeting held in OssDsign AB

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

OssDsign changes Certified Adviser to Carnegie Investment Bank AB

On November 30, OssDsign announced that the company has entered into an agreement with Carnegie Investment Bank AB regarding the position of Certified Adviser. Carnegie Investment Bank AB will take over as Certified Adviser as of November 30, 2023.

SEB Venture Capital sold its holding in OssDsign

On November 30, OssDsign announced that SEB Venture Capital has sold its entire holding of about 7.44 million shares, corresponding to approximately 7.6% of the shares in OssDsign.

OssDsign's revenues Q4 are expected to exceed market expectations

On December 6, OssDsign announced that the company's preliminary total revenues for the period October - November amount to SEK 25.2 million, mainly attributable to continued strong market performance of the orthobiologics franchise and some extraordinary orders from a large hospital system.

IMPORTANT EVENTS AFTER THE END OF THE FOURTH QUARTER

OssDsign reports exceptional data from the clinical study TOP FUSION

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

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

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

OTHER DISCLOSURES

Ownership structure

At the end of the fourth quarter, there were 3,459 registered shareholders in OssDsign AB, of which the seven largest shareholders owned more than or close to 5.0% each and together more than 54.0% of the capital and voting rights. The total number of shares was 97,658,920. The largest shareholders on December 31, 2023, were Försäkringsaktiebolaget Avanza Pension, TAMT AB and Karolinska Development AB.

Group structure

OssDsign AB is the parent company of the Group which, in addition to OssDsign AB, consists of the wholly owned subsidiaries OssDsign Ltd with its registered office in England, OssDsign USA Inc with its registered office in Maryland, USA, and Sirakoss Ltd with its registered office in Scotland. OssDsign's operations are mainly conducted through the parent company OssDsign AB, based in Uppsala, with the sales activities being conducted solely through OssDsign USA Inc from January 1, 2024.

Employees

At the end of the period, there were a total of 41 (51) employees, of whom 37% were women. This includes employees in Uppsala and Aberdeen, as well as sales representatives and other employees in the U.S., the U.K., Germany and France.

Financing

The Board regularly reviews the company's existing and forecasted cash flows to ensure that the company has the funds and resources required to conduct the business and the strategic direction decided by the Board. The company's long-term cash requirements are largely determined by how successful current and future products will be on the market. In order to satisfy requirements in the medium to long term, the company raised SEK 150 million in gross proceeds through a directed share issue in 2023. As of December 31, 2023, the group's cash and cash equivalents amounted to SEK 165.9 million. The board deems the current liquidity to be sufficient for at least the next twelve months and the year-end report is based on the presumption of going concern. Based on the sales development of the company's products the board has confidence in the company's mid to long term ability to become profitable and cash flow positive.

Transactions with related parties

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

As of the closing date, the Parent Company has a claim on OssDsign USA Inc of TSEK 11,904, a liability to OssDsign Ltd of TSEK 10 and a liability to Sirakoss Ltd of TSEK 520.

Risks and uncertainties

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

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

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

Condensed consolidated income statement

<i>SEK 000'</i>	2023	2022	2023	2022
	Oct 1 – Dec 31	Oct 1 – Dec 31	Jan 1 – Dec 31	Jan 1 – Dec 31
Net sales	34 997	19 929	112 157	56 979
Cost of sales	-9 610	-7 153	-28 512	-22 016
Gross profit	25 387	12 776	83 646	34 962
Sales commissions and fees	-18 977	-6 291	-46 785	-16 778
Selling expenses	-10 055	-12 031	-46 729	-50 019
R&D expenses	-8 028	-8 350	-28 765	-25 493
Administrative expenses	-14 149	-12 912	-49 923	-45 723
Other operating income	469	28	487	34
Other operating expense	-3 746	5 990	-3 887	6 079
Operating result	-29 101	-20 789	-91 956	-96 937
Non-recurring costs	-20 475	-	-35 673	-
Net financial items	-3 904	-11 050	-3 026	-2 718
Result before income tax	-53 479	-31 840	-130 655	-99 656
Income tax	-362	-107	162	268
RESULT FOR THE PERIOD	-53 841	-31 947	-130 493	-99 387
Earnings per share				
Earnings per share, SEK	-0.6	-0.5	-1.6	-1.7

Consolidated summary statement of comprehensive income

<i>SEK 000'</i>	2023	2022	2023	2022
	Oct 1 – Dec 31	Oct 1 – Dec 31	Jan 1 – Dec 31	Jan 1 – Dec 31
Profit/loss for the period	-53 840	-31 948	-130 493	-99 388
<i>Other comprehensive income for the period</i>				
Items that will be reclassified subsequently to profit or loss	695	716	371	-1 044
Other comprehensive income for the period	695	716	371	-1 044
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-54 536	-32 663	-130 864	-98 344

Consolidated summary balance sheet

	2023	2022
<i>SEK 000'</i>	<i>Dec 31</i>	<i>Dec 31</i>
ASSETS		
<i>Fixed assets</i>		
Intangible assets	134 321	153 866
Tangible fixed assets	2 454	13 539
Financial assets	2 458	2 885
Total fixed assets	139 234	170 290
<i>Current assets</i>		
Inventories	4 304	4 418
Accounts receivable	23 020	13 220
Tax receivable	314	–
Other receivables	2 442	2 134
Prepayments	4 923	3 409
Cash and cash equivalents	165 938	124 653
Total current assets	200 942	147 834
TOTAL ASSETS	340 176	318 124
	2023	2022
<i>SEK 000'</i>	<i>Dec 31</i>	<i>Dec 31</i>
SHAREHOLDER EQUITY AND LIABILITIES		
Equity	234 918	226 734
Total equity	234 918	226 734
<i>Long-term liabilities</i>		
Mortgage debts	214	727
Finance lease liabilities	1 602	9 779
Other liabilities	56 109	51 164
Total long-term liabilities	57 924	61 288
<i>Current liabilities</i>		
Mortgage debts	513	513
Accounts payable	9 915	5 757
Finance lease liabilities	821	2 581
Current tax liability	–	98
Other current liabilities	3 190	1 866
Accrued expenses and deferred income	32 894	18 906
Total current liabilities	47 334	29 720
Total liabilities	105 258	91 390
TOTAL EQUITY AND LIABILITIES	340 176	318 124

Consolidated change in shareholder's equity in summary

<i>SEK 000'</i>	Share Capital	Subscribed Capital Unpaid	Other Capital Contributions	Reserves	Profit (loss) brought forward	Total Equity
Opening balance 2022-01-01	3 567	-	597 466	286	-338 597	262 722
Profit/loss for the period	-	-	-	-	-99 388	-99 388
Other comprehensive income	-	-	-	1 044	-	1 044
Total comprehensive income	-	-	-	1 044	-99 388	- 98 344
<i>Transactions with shareholders</i>						
Warrant program	-	-	-	-	438	438
New share issue	892	-	64 744	-	-	65 636
Issue expenses	-	-	-3 717	-	-	-3 717
Total transactions with shareholders	-	-	-	-	-	-
CLOSING BALANCE 2022-12-31	4 459	-	658 492	1 330	-437 547	226 734
Opening balance 2023-01-01	4 459	-	658 492	1 330	-437 547	266 734
Profit/loss for the period	-	-	-	-	-130 493	-130 493
Prior year adjustment	-	-	-	-	193	193
Other comprehensive income	-	-	-	-371	-	-371
Total comprehensive income	-	-	-	-371	-130 300	-130 671
<i>Transactions with shareholders</i>						
Warrant programmes	-	-	-	-	-1	1 114
New share issue	1 115	-	148 885	-	-	150 000
Issue expenses	-	-	-11 145	-	-	-11 145
Total transactions with shareholders	1 115	-	137 740	-	-1	138 854
CLOSING BALANCE 2023-12-31	5 574	-	796 232	959	-567 848	234 918

Consolidated summary statement of cash flow

	2023	2022	2023	2022
SEK 000'	Oct 1 – Dec 31	Oct 1 – Dec 31	Jan 1 – Dec 31	Jan 1 – Dec 31
Operating activities				
Operating result	-29 100	-20 789	-91 956	-96 937
Non cash adjustment	-12 124	4 892	-5 579	12 089
Financial items	-3 904	-11 050	-3 026	-2 718
Income taxes paid/received	-548	-458	-677	-545
Cash flow from operating activities before change in working capital	-45 677	-27 405	-101 238	-88 111
Changes in inventory	4 986	-363	-5	-2 143
Changes in receivables	-2 215	-4 118	-13 330	-3 180
Changes in current liabilities	17 300	6 873	20 616	7 270
Total change in working capital	20 072	2 392	7 280	1 947
Cash flow from operating activities	-25 605	-25 013	-93 958	-86 164
Investment activities				
Acquisition of intangible fixed assets	-	-	-	-
Acquisition of tangible fixed assets	-	-	-75	-129
Acquisition of group companies	-	-	-	-
Cash flow from investment activities	-	-	-75	-129
Financing activities				
New share issue	48 336	65 635	150 000	65 635
Share issue costs	-2 651	-3 717	-11 145	-3 717
Warrants	-	-	-1	438
Repayment of borrowing	-128	-128	-513	-513
Repayment of lease liabilities	-644	-674	-2 945	-2 811
Cash flow from financing activities	44 913	61 116	135 395	59 032
Cash flow for the period	19 309	36 103	41 362	-27 261
Cash and cash equivalents at the beginning of the year	146 942	88 756	124 653	151 366
Exchange rate adjustments – cash, cash equivalents and overdrafts	-312	-206	-76	548
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	165 938	124 653	165 938	124 653

Condensed parent income statement

SEK 000'	2023	2022	2023	2022
	Oct 1 – Dec 31	Oct 1 – Dec 31	Jan 1 – Dec 31	Jan 1 – Dec 31
Net sales	9 722	11 681	52 948	41 743
Cost of goods sold	-12 764	-7 441	-31 010	-20 751
Gross profit	-3 042	4 239	21 939	20 992
Sales commissions and fees	-1 084	27	-3 020	-1 324
Selling expenses	-11 413	-5 822	-46 036	-56 053
R&D expenses	-6 889	-4 997	-22 356	-18 197
Administrative expenses	-22 793	-11 867	-56 123	-43 830
Other operating income	469	28	487	34
Other operating expense	-4 688	6 002	-4 688	6 002
Operating result	-49 440	-12 388	-109 797	-92 375
Non-recurring costs	-	-	-	-
Net financial items	-3 891	-10 143	-2 970	-2 609
Result before income tax	-53 330	-22 531	-112 767	-94 984
Corporation tax for the year	-92	-	-74	-
Income tax	-92	-	-74	-
RESULT FOR THE PERIOD	-53 422	-22 531	-112 841	-94 984

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

Summary balance sheet, parent company

	2023	2022
<i>SEK 000'</i>	Dec 31	Dec 31
ASSETS		
<i>Fixed assets</i>		
Intangible assets	–	–
Tangible fixed assets	–	1 530
Financial assets	140 002	140 002
Total fixed assets	140 002	141 532
<i>Current assets</i>		
Inventories	4 288	4 468
Accounts receivable	1 132	3 034
Intercompany receivables	14 763	7 388
Tax receivable	115	541
Other receivables	2 419	2 117
Prepayments	4 606	3 333
Cash and cash equivalents	160 936	120 633
Total current assets	188 259	141 514
TOTAL ASSETS	328 261	283 046

	2023	2022
<i>SEK 000'</i>	Dec 31	Dec 31
SHAREHOLDER EQUITY AND LIABILITIES		
<i>Equity</i>		
Equity	235 506	209 778
Total equity	235 506	209 778
<i>Long-term liabilities</i>		
Mortgage debts	214	727
Finance lease liabilities	–	–
Other liabilities	52 700	46 950
Total long-term liabilities	52 914	47 677
<i>Current liabilities</i>		
Mortgage debts	513	513
Accounts payable	9 383	5 508
Intercompany liabilities	3 389	3 994
Current tax liabilities	–	–
Other current liabilities	2 976	1 707
Accrued expenses and deferred income	23 580	13 869
Total current liabilities	39 841	25 591
Total liabilities	92 755	73 268
TOTAL EQUITY AND LIABILITIES	328 261	283 046

Notes

Note 1 | Accounting Principles

This summary interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act chapter 9, Interim Financial Reporting. The same accounting and valuation policies have been applied for the Group and the Parent Company as in the latest Annual Report, with the exception primarily of the income statement, which, as of Q3 2023, is presented as a function-based table instead of the previous cost type-based table. This voluntary change of accounting principle provides the reader with a truer picture, more in line with practice. The effects on the comparison periods are presented in the comments and tables below. The cash flow statement has had some minor adjustments with respect to starting point (now EBIT instead of previously EBT) and IFRS 16 adjustment, also described below, but in all material aspects it remains virtually the same. Disclosures in accordance with IAS 34.16A occur in the financial reports and the accompanying notes, and also in other parts of the interim report.

INCOME STATEMENT EFFECTS

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

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

The new gross profit line is the sum of net sales and cost of sales. Gross margin is defined as gross profit divided by net sales.

The remainder of the old personnel costs (not production related), as well as other external expenses and depreciation, amortization & impairment losses, have been redistributed into their relevant new function lines as sales commissions and fees (sales variable costs), selling expenses (non-sales variable items), R&D expenses and administrative expenses.

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

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

INCOME STATEMENT EFFECTS (OLD TABLE)

SEK 000'	2022	2022
	Oct 1 – Dec 31	Jan 1 – Dec 31
Net sales	19 929	56 979
Other income	-1 829	7 684
Cost of material	-3 801	-12 201
Other external expenses	-18 407	-64 093
Personnel costs	-22 141	-74 018
Depreciation, amortisation and impairment losses	-2 388	-9 718
Impairment losses on financial assets	5 990	6 079
Other expenses	-285	-1 042
Operating profit	-22 933	-90 331
<i>Profit from financial items</i>		
Net interest	-8 908	-9 326
Profit after financial items	-31 841	-99 656
Corporation tax for the year	-107	268
Profit for the period	-31 948	-99 388

INCOME STATEMENT EFFECTS (NEW TABLE)

SEK 000'	2022	2022
	Oct 1 – Dec 31	Jan 1 – Dec 31
Net sales	19 929	56 979
Cost of sales	-7 153	-22 016
Gross profit	12 776	34 962
Sales commissions and fees	-6 291	-16 778
Selling expenses	-12 031	-50 019
R&D expenses	-8 350	-25 493
Administrative expenses	-12 912	-45 723
Other operating income	28	34
Other operating expense	5 990	6 079
Operating result	-20 789	-96 937
Non-recurring costs	-	-
Net financial items	-11 050	-2 718
Result before income tax	-31 840	-99 656
Income tax	-107	268
Result for the period	-31 947	-99 387

CASH FLOW STATEMENT EFFECTS

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

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

SEK 000'	Oct – Dec		Jan – Dec	
	2022 current	2022 previous	2022 current	2022 previous
Non-cash adjustments	4 892	4 193	12 089	9 278
Repayment of lease liabilities	-674	-	-2 811	-

Note 2 | Estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing conditions. There has been no change in the estimates and judgments made in the Annual Report for 2022. 2022. With respect to the discontinued business, we do not deem that to be a separable business line, neither financially nor operationally, as per the definition in IFRS 5. Consequently, we have not treated it as a discontinued business according to IFRS 5.

Note 3 | Information regarding operating segments

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

NET SALES BY GEOGRAPHIC MARKET

SEK 000'	Oct – Dec		Jan – Dec	
	2023	2022	2023	2022
USA	31 067	12 021	87 311	32 546
Europe	3 894	7 715	24 394	23 917
Rest of World	36	193	453	522
TOTAL	34 997	19 929	112 157	56 985

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

NET SALES BY PRODUCT CATEGORY

SEK 000'	Oct – Dec		Jan – Dec	
	2023	2022	2023	2022
CMF	8 170	12 395	47 547	39 944
Orthobiologics	26 827	7 534	64 610	17 041
TOTAL	34 997	19 929	112 157	56 985

Note 4 | Equity

The share capital of the Parent Company consists only of fully paid ordinary shares with a nominal (quota value) value of SEK 0.0625 / share. The company has 97,658,920 class A shares.

	2023	2022
	Jan 1 – Dec 31	Jan 1 – Dec 31
Subscribed and paid shares		
At the beginning of the period	71 343 130	57 074 504
Rights issue	–	–
Directed share issue	26 315 790	14 268 626
Subscribed and paid shares	97 658 920	71 343 130
Shares for share-based payments	–	–
SUM AT THE END OF THE PERIOD	97 658 920	71 343 130

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

Signatures

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

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

Financial calendar

Annual Report 2023	April 23 rd , 2024
Interim Report Q1, 2024	May 14 th , 2024
Annual General Meeting	May 21 st , 2024
Interim Report Q2, 2024	August 20 th , 2024
Interim Report Q3, 2024	November 5 th , 2024

OSSDSIGN AB – UPPSALA FEBRUARY 6, 2024

Simon Cartmell
Chairman of the Board

Viktor Drvota
Board member

Newton Aguiar
Board member

Anders Qvarnström
Board member

Håkan Engqvist
Board member

Jill Schiaparelli
Board member

Morten Henneveld
CEO



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