OSSDSIGN®

Annual Report **2023**

Contents

"We enter 2024 as a pure play orthobiologics company with full focus on the U.S. market, fortified with excellent clinical results and an expanded indication for OssDsign Catalyst®."

Morten Henneveld, CEO

OssDsign at a glance

OssDsign is a developer and global provider of next generation orthobiologics 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. Its first product, OssDsign Catalyst, initially targets the spinal fusion market – a procedure carried out approximately 750,000 times yearly in the U.S. alone. Addressing a USD 1.8 billion market, OssDsign is growing exponentially with its high-margin product and scalable business model.

> 2,000

The number of patients that had been treated with OssDsign Catalyst in the U.S. as of September 2023.

93%

The spinal fusion rate at 12 months after surgery with the novel nanosynthetic bone graft OssDsign Catalyst, shown in the clinical study TOP FUSION. 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.

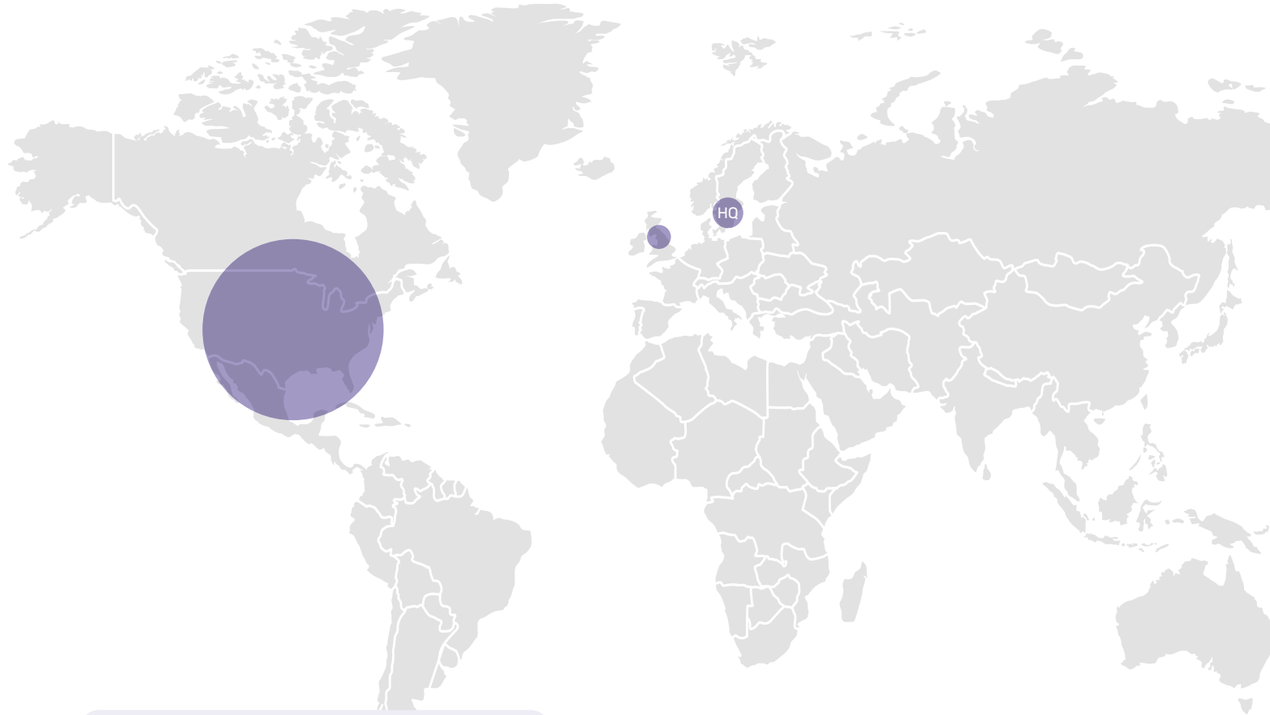
0%

The observed rate of device-related complaints or device-related adverse events in the first post-market safety report of OssDsign Catalyst (November 2022), and in the clinical study TOP FUSION (January 2024).

OssDsign Catalyst improves clinical outcomes in spinal fusion surgery

OssDsign Catalyst is used to help stimulate bone growth in spinal fusions. 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.

Clinical 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 spinal fusion surgery to regain a healthy life.



1.8 bn USD

The value of the U.S. market for orthobiologics products used in spinal surgery.

↑ 279%

The sales growth for OssDsign Catalyst in 2023 compared to 2022.

OssDsign has its commercial focus in the U.S. and headquarters in Sweden. The production and product development of OssDsign Catalyst takes place in the U.S. and the U.K.

Key Financial figures

(TSEK)	2023	2022
Net sales	112 157	56 985
Operating profit	-91 956	-96 938
Profit before tax	-130 655	-99 656
Cash equivalents	165 938	124 653
Cash flow from operating activities	-93 909	-86 164
Equity ratio	70%	73%
Earnings per share	-1.6	-1.7
Average number of employees	47.8	48.2

Important events in 2023

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 had 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 reaches a milestone of 500 patients treated with OssDsign Catalyst in the U.S.
In January, OssDsign announced that 500 patients had 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 was a significant achievement in the effort to expand the product's presence in the U.S. market.

OssDsign Catalyst 1 cc 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.

1,000 patients treated with OssDsign Catalyst in the U.S.
In May, OssDsign announced that 1,000 patients had been treated in the U.S. with the innovative nanosynthetic bone graft OssDsign Catalyst. Product awareness is increasing considerably, which is reflected in the rapidly growing number of patients treated.

OssDsign surpassed 200 patients in its prospective spinal fusion registry PROPEL
In September, OssDsign announced that the company has enrolled 200 patients in the multi-center, prospective spinal fusion registry, PROPEL. The registry was initiated in March 2022, to gather real-world data from patients treated with OssDsign Catalyst.

2,000 patients treated with OssDsign Catalyst in the U.S.
In September, OssDsign announced that the company's orthobiologic business continued to accelerate its successful commercialization in the U.S. as 2,000 patients had been treated with the innovative nanosynthetic bone graft OssDsign Catalyst. Meaning that the product continued to show exponential growth from earlier records of 1,000 treated patients in May and 500 patients treated in January.

OssDsign Catalyst received clearance from FDA for major new indication for use in interbody cages
In September, OssDsign announced that the company's innovative nanosynthetic bone graft OssDsign Catalyst had received clearance for use in interbody cages in spinal surgery from the U.S. Food and Drug Administration (FDA), allowing surgeons to use OssDsign Catalyst on-label in any interbody cage cleared for use with synthetic bone grafts.

OssDsign announced strategic shift to become a pure play orthobiologics company
In September, OssDsign announced a strategic shift to focus its operations on the orthobiologics business in the U.S, to increase shareholder value. The new strategy means that OssDsign will become a pure play orthobiologics company focusing on the nanosynthetic bone graft OssDsign Catalyst, exclusively on the U.S. market. All activities pertaining to the company's patient-specific cranial implant business were to be discontinued in a responsible manner by the end of December 2023.

OssDsign carried out a directed share issue of approximately SEK 150 million
In September, OssDsign announced that the company had completed a directed share issue of 26,315,790 shares at a subscription price of SEK 5.7 per share (the "Directed Issue"), through which OssDsign received approximately SEK 150 million before the deduction of transaction costs.

OssDsign Catalyst became universally available to all Military Treatment Facilities in the U.S. via ECAT
In October, 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 became universally available for order directly from any of the more than 50 Military Treatment Facilities in the U.S.

Extraordinary General Meeting held in OssDsign AB
In October, 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 in September, the company's board of directors resolved a directed share issue that provided OssDsign with approximately SEK 150 million before transaction costs.

OssDsign changed Certified Adviser to Carnegie Investment Bank AB
In November, OssDsign announced that the company had entered into an agreement with Carnegie Investment Bank AB regarding the position of Certified Adviser. Carnegie Investment Bank AB took over as Certified Adviser as of November 30, 2023.

SEB Venture Capital sold its holding in OssDsign
In November, OssDsign announced that SEB Venture Capital had 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
In December, 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.

A word from our CEO

OssDsign continues to gain success in the U.S.

In September 2023, OssDsign took an important step when it announced a strategic shift to become a pure play orthobiologics company, focusing all efforts on the nanosynthetic bone graft OssDsign Catalyst and the U.S. market. Our recently published strong clinical results, together with an expanded market clearance from the FDA enabling broader use of the product for interbody cages, pave the way for a successful continued roll-out of OssDsign Catalyst in the U.S. market. As a result of our change in strategy and the successes during the year, we expect continued high sales growth as well as a gross margin of 90% or higher in 2024.

Morten Henneveld, CEO

Complete focus on orthobiologics
Our successful entry into the field of orthobiologics with OssDsign Catalyst in 2021 has completely transformed OssDsign's growth trajectory and paved the way for a gross margin increase of approximately 40 percentage points in less than three years. As a natural result of this transformative development, and the outstanding potential of our high-margin franchise, we decided to deploy all resources to the orthobiologics business going forward, which will further boost our earning capability in the future.

In our new strategy, named Thrive26, we will concentrate our efforts on four main areas: increase commercialization activities in the U.S. to significantly grow our market share, accelerate efforts to drive high-value innovation based on the orthobiologics technology platform, prove clinical performance in ongoing and future clinical programs, and build scalability across all company functions – all measures that will benefit our long-term growth and earnings capacity.

Broadened indications and expansion into new adjacencies
In September 2023, the number of patients treated with OssDsign Catalyst surpassed 2,000 which is a fourfold increase since year-end 2022, pointing to a continued exponential growth during the past year. At the same time, OssDsign Catalyst became the first synthetic bone graft to obtain FDA clearance for use in interbody cages solely based on its intrinsic safety and efficacy data. This means that it can now be used as a filler in all cages cleared for use with synthetic bone grafts. In addition, we have now also started to expand into the extremities segment, with an initial focus on Foot & Ankle surgeries.

Top-line data confirm the efficacy of OssDsign Catalyst
In January 2024, the first clinical results from OssDsign's TOP FUSION study were published in the peer-reviewed journal Biomedical Journal of Scientific & Technical Research. The top-line results show that OssDsign Catalyst provides a fusion rate of 93% at 12 months after surgery, as well as improved quality of life over time when pain, function and general health were measured in patients. It is also important to note that no product-related deviations or serious incidents occurred during the study. Thus, OssDsign Catalyst has great potential to significantly improve clinical outcomes in spine surgery.

Seven quarters of triple-digit growth in the U.S.
OssDsign Catalyst has continued to show accelerating growth all through 2023. As of the fourth quarter, our U.S. business has now delivered seven consecutive quarters of triple-digit growth and orthobiologics sales reached 279% growth in 2023, or 260% at constant exchange rates. This outstanding development was mainly driven by a broadened customer base including contract wins with major hospital systems, so-called IDNs, as well as an increasing use among our existing customers. In parallel, we also strengthened our position in the U.S. military market during the year, and in the fall OssDsign Catalyst became widely available to all military treatment centers in the country.

An excellent outlook for the future
We enter 2024 as a pure play orthobiologics company with full focus on the U.S. market, fortified with excellent clinical results and an expanded indication for OssDsign Catalyst. This, paired with exponential sales growth for two consecutive years and a steadily increasing gross margin, makes us well positioned to deliver significant value creation for our shareholders in the coming years.

Morten Henneveld, CEO

"In September 2023, the number of patients treated with OssDsign Catalyst surpassed 2,000 which is a fourfold increase since year-end 2022, pointing to a continued exponential growth during the past year."

OssDsign Catalyst

A clinically proven synthetic bone graft with a unique composition

OssDsign Catalyst is an innovative 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.

Current clinical practice considers autograft, the patient's own bone, as the gold standard for bone regeneration. However, this requires a painful second-site surgery to harvest bone tissue from the iliac crest. Due to the limited amount of bone graft possible to extract, surgeons often need to combine the autograft with allograft-derived or synthetic bone graft substitutes.

One of the key features that makes OssDsign Catalyst differentiated from traditional synthetic bone grafts is its structural similarity to bone on a nano level rather than a macro level. This, together with incorporated silicate ions bioidentical to those in human bone, amplifies the bone formation process providing rapid and reliable bone formation. Unlike traditional synthetics, OssDsign Catalyst engages both of the body's bone formation pathways, the endochondral pathway (skeletal development and fracture repair), and the more typical intramembranous pathway (bone remodeling). This means that OssDsign Catalyst can mediate rapid bone formation even in challenging, poorly vascularized, and hypoxic environments.

FDA clearance expands indication

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.

TOP FUSION – Key Findings

- Top-line results show a 93% spinal fusion rate 12 months post-surgery with OssDsign Catalyst.
- All scores used to quantify pain, function and overall health in patients showed improvement in quality of life over time.
- No device-related adverse events were observed during the study.

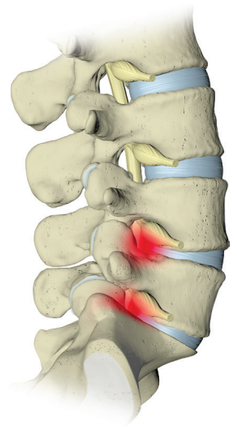
In September 2023, OssDsign Catalyst received clearance from the U.S. Food and Drug Administration (FDA) for use on-label in any interbody cage cleared for use with synthetic bone grafts. This means that OssDsign Catalyst can now be used as a filler in cages cleared for use with synthetic bone grafts. OssDsign Catalyst was the first synthetic bone graft to obtain FDA clearance for use in interbody cages solely based on its intrinsic safety and efficacy data.

Outstanding clinical results

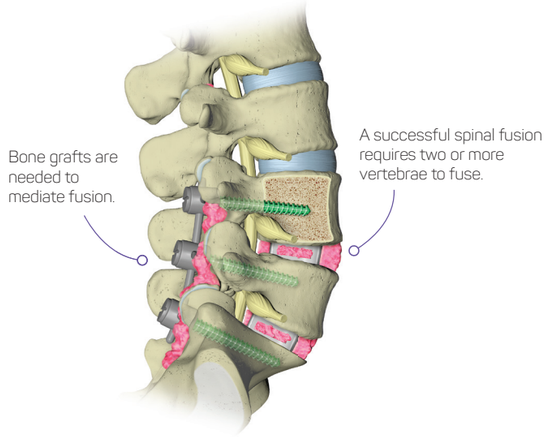
The outstanding efficacy of OssDsign Catalyst has been confirmed in the clinical study TOP FUSION where top-line results show a 93% spinal fusion rate at 12 months after surgery with the novel nanosynthetic bone graft[1]. All scores used to quantify pain, function and overall health in patients showed improvement in quality of life over time and no device-related adverse events were observed during the study. The results align well with the first post-market safety report that was published in November 2022, where no device-related complaints or device-related adverse events were recorded. 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.

1. A Lazary et al. First-In-Human Study with a Novel SyntheticBone Graft, OssDsign Catalyst™, in Transforaminal Lumbar Interbody Fusion with Instrumented Posterolateral Fusion. Biomed J Sci & Tech Res 54(4)-2024.

A spinal fusion stabilizes the spine and relieves pain

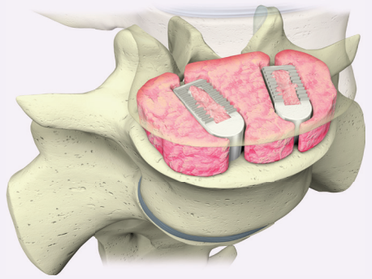


A degenerated disc in the spine creates pressure on the nerves which leads to severe, and often disabling, back and leg pain.



Spinal fusions can be either posterior, interbody, or a combination of both. The procedure stabilizes the spine and creates space for the nerves which decreases nerve pressure and pain.

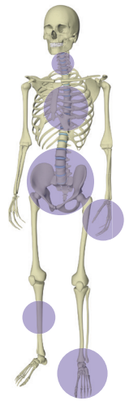
OssDsign Catalyst mediates successful bone formation



Synthetic bone grafts are applied during surgery to help bone formation between the vertebrae to provide long term stabilization of the spine following spinal fusion surgery.

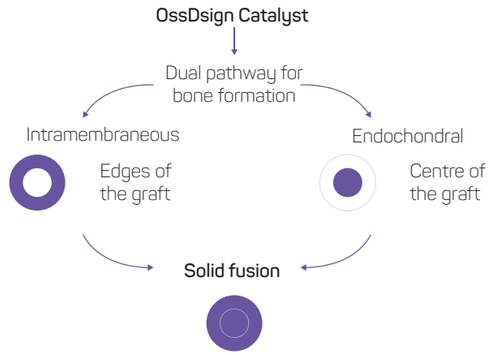
OssDsign Catalyst is a nanosynthetic bone graft that is easy to apply. It has physical and chemical properties bioidentical to human bone, which triggers the natural healing process down dual bone formation pathways.

OssDsign Catalyst is a multipurpose bone graft



OssDsign Catalyst can also be used in fusion surgeries elsewhere in the body e.g. the ankle, foot, and extremities as well as non-load bearing defect filling and trauma in any part of the skeleton.

OssDsign Catalyst activates dual pathways



OssDsign Catalyst activates both the intramembranous and the endochondral pathways, which enables bone growth even in blood-poor (avascular) areas, including the center of a fusion mass. By promoting bone growth in both the center and edges of the graft, it aims to provide a more reliable bone fusion and decrease the risk of non-unions.

Registry collects real-world data

OssDsign has so far enrolled over 200 patients in the prospective multicenter spinal fusion registry, PROPEL. The registry bridges the gap between implant performance in pre-market clinical trials and its use in clinical practice over time and is an important step in OssDsign's strategy to build clinical evidence for OssDsign Catalyst. Since the start of the PROPEL registry in 2022, surgeons have been recruiting patients on an ongoing basis, to evaluate the use and outcomes of OssDsign Catalyst in clinical practice. The primary endpoint of the study measures the degree of spinal fusion, using computed tomography (CT) or radiography, at 12 months postoperatively. In addition, patients' quality of life, neurological function, as well as the clinical safety profile of the spinal implant are recorded.

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

Benefits with OssDsign Catalyst

Benefits to Hospital

Shelf storage / no freezer necessary	Easy and cost effective storage
Requires no preparation or mixing	Simple and efficient in the operating room (OR)
FDA cleared for spine and orthopedic surgeries (including interbody cages)	510K cleared
Free of human tissue / 100% disease-free	Zero risk to patient / no tissue tracking
Cost-effective	Saves OR & hospital budget

Benefits to Patient

No graft harvesting required	Less patient morbidity and time under anesthesia
Free of human tissue / 100% disease-free	Zero risk of disease transmission
FDA cleared for spine and orthopedic surgeries (including interbody cages)	Safety and efficacy have been established
Grows bone in poorly vascularized areas	Gives the surgeon more confidence of achieving a fusion, even in at risk or more challenging patients
Bioidentical properties to human bone	Promotes new bone formation via both of the body's bone formation pathways

”We have separated from the crowd”

During the last two years, OssDsign Catalyst has gone from being one of many synthetic bone grafts on the U.S. market to one that stands out from the crowd. Apart from OssDsign Catalyst being an outstanding nanosynthetic bone graft, the success also comes from a solid clinical program and a skillful, well-connected sales team, say two of OssDsign’s key players, Melanie Marshall, VP, Clinical and Medical Affairs and Eric Patermo, VP, U.S. Sales.

Melanie Marshall

Eric Patermo

OssDsign has recently presented data from the clinical study TOP FUSION. Were you surprised by the outstanding results?
Not at all, since we already had very strong preclinical data, the clinical results were more of a verification of the efficacy of OssDsign Catalyst, says Melanie Marshall.

What commercial advantages do you expect to see based on these new results?
The published top-line results will make OssDsign more attractive to independent distributors since the addition of clinical data will improve the preconditions significantly when seeking approvals at hospitals. We also have many surgeons who have just been waiting for this confirmation on OssDsign Catalyst’s performance in certain areas of the spine, so we expect to see an increase in engagement on the surgeon level as well, says Eric Patermo.

What is the next step in the clinical development of OssDsign Catalyst and what other data is needed in building clinical data to support OssDsign Catalyst?
The next step will be to publish some of the data from our ongoing post-market registry, PROPEL. We currently have over 200 patients in the database, and we have about 100 patients approaching the one-year primary endpoint where we measure fusion. At this point, we are going to start analyzing the results and begin to get some publications out. We are also looking to expand outside of spine to foot and ankle as well as extremities. This does not require additional approval since it falls under the same 510(k) clearance, says Melanie Marshall.

”I think OssDsign Catalyst mimics iliac crest autograft more accurately than any other technology on the market, both from a structural standpoint and how it behaves. At this point, surgeons are looking at our product as the closest to the gold standard on the market today”

Eric Patermo
VP, U.S. Sales

Why do you think OssDsign Catalyst has been so well received by surgeons in the U.S. – what does OssDsign Catalyst offer that other bone grafts don’t?
It certainly starts with the unique mechanism of action paired with the tactile feeling when handling the product. Based on that, surgeons can understand how OssDsign Catalyst is going to work in the operating room, which is where it really matters. In essence, it is a case of meaningful preclinical and clinical proof marrying the underlying mechanism of action and excellent operative handling. In addition, we have an outstanding sales team with strong relationships with our independent distribution network across the country as well as with surgeons. There is a lot of market competition but during the last two years, we have separated from the crowd of many synthetic bone grafts and now we are in that top that people are talking about, says Eric Patermo.

I also think that we are showing that we’re investing heavily in our clinical programs – we’re essentially putting our money where our mouth is. I think it matters to surgeons that you do go out and show your efficacy, especially when you come to market on the 510(k) pathway. We have really good, differentiated preclinical data as well as early follow-on clinical data. TOP FUSION being a pre-market study also adds credibility, says Melanie Marshall.

What are the advantages of OssDsign Catalyst over today’s gold standard autograft?
A big difference is what the patient needs to be subjected to, autografts can either be harvested locally from the spine or the iliac crest. Iliac crest autografts require a separate operation which usually results in more pain in the operative site than the actual back surgery. With local bone, you are getting the patient biology mixed in while the quality of bone differs between patients, depending on if they are for example osteoporotic. What OssDsign Catalyst offers is a uniform, synthetic bone graft where you can predict how it’s going to work rather than depending on the patient’s own biology, says Melanie Marshall.

I think OssDsign Catalyst mimics iliac crest autograft more accurately than any other technology on the market, both from a structural standpoint and how it behaves. At this point, surgeons are looking at our product as the closest to the gold standard on the market today, says Eric Patermo.

Can OssDsign Catalyst be used in any other surgeries, apart from spinal fusions?
Being a bone void filler, OssDsign Catalyst can be used in any spinal fusion surgery, fusion surgeries on the ankle, foot, and extremities as well as trauma and some pelvis surgeries. We got the expanded indication in the fall to include interbody cages and that was huge for us, says Melanie Marshall.

”What OssDsign Catalyst offers is a uniform, synthetic bone graft where you can predict how it’s going to work rather than depending on the patient’s own biology”

Melanie Marshall
VP, Clinical & Medical Affairs

Market Overview

OssDsign Catalyst is a scalable, high-margin product in a growing market

The U.S. market for spine orthobiologics is valued at USD 1.8 billion, with a projected annual growth of 8%. Owing to its unique capabilities, OssDsign Catalyst has already been established as a top synthetic bone graft, and the recent broadened clearance from the FDA opens for further accelerated sales growth.

Underlying volume increase

Today, 1.5 million instrumental spinal procedures are performed each year in the U.S., of which approx. 750,000 are fusion surgeries. The volume is expected to increase in the coming decades as an aging population leads to more patients with spinal degeneration. Globally, the number of people over 60 years is expected to double from 2020 to 2050[1] and the average life expectancy is projected to increase from 73 to 77 years by 2050.

Spinal fusion surgery is the standard procedure when a degenerated disc is causing consistent pain that severely diminishes quality of life. Even though it is often a standard procedure, it is challenged by poor clinical outcomes – approximately 20% of all spinal fusions are unsuccessful. The need for improved treatments is thus enormous, making surgeons open to new innovative solutions that will lead to better clinical outcomes.

Surgeons are moving towards synthetic bone grafts

Historically, it has been the gold standard to use autograft – often from the patient's hip bone called the Iliac crest. Alternatively, allografts (bone from donors) have been used. However, the extra surgery needed to harvest the autograft causes both extended hospitalization and increased patient pain, and allografts are used less and less due to fear of disease transmission. Surgeons' preference is therefore moving towards synthetic bone grafts. This development accelerates as latest generation synthetic bone grafts are performing on par or above autografts and allografts and with a lower perceived risk profile, and there is now an increasing demand for the best performing synthetic bone grafts. The latest generation of synthetic bone grafts is expected to grow at a 4:1 ratio compared to older bone grafts on the market[2].

OssDsign Catalyst established as a synthetic bone graft people talk about

OssDsign Catalyst was launched in the U.S. market in August 2021 and is now established as an elite-category synthetic bone graft, showing best in class data in both preclinical and clinical studies. Sales grew exponentially during 2023 as new hospitals and hospital networks (IDNs) were added to the customer base, and existing customers kept increasing their orders.

Major indication clearance by the FDA

The FDA clearance in September 2023 means that OssDsign Catalyst can now be used by surgeons on-label in all interbody cages cleared for use with synthetic bone grafts. Surgeons have historically used bone grafts off-label in interbody cages – the off-label use is believed to have represented up to 50% of all bone graft use in spine surgery. OssDsign Catalyst was the first latest-generation synthetic bone graft to receive interbody clearance. As it is a clear advantage for surgeons to use bone grafts on-label, the FDA clearance is expected to further increase hospital approvals, number of users and product usage.

Challenges in spinal surgery

80%
The share of the population in the U.S. that will experience lower back pain at some point in their lives.

1.5 million
The number of instrumented spinal procedures performed each year in the U.S. alone.

~20%
Share of spinal fusion surgeries that fail.

Strategy Update

THRIVE26

1. **Win in the US**
2. **Drive high-value innovation**
3. **Prove clinical performance**
4. **Build scalability**

In 2023, OssDsign launched an updated strategy for growth that aims to drive long-term value creation through scalability and profitable growth.

1. United Nations: 2019 Revision of World Population Prospects.
2. Bone Graft Substitutes, Market Insights, Global, 2019, Decision Resource Group.

OssDsign as an investment

Following the transformation of the company over the last years, OssDsign is now fully focused on the fast-growing U.S. market for orthobiologics. The exceptional sales growth of the nanosynthetic bone graft OssDsign Catalyst is paving the way for the company to reach profitability and a positive cash flow.

High unmet medical need

Nearly 80% of the U.S. 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, of which approx. 750,000 are spinal fusion surgeries. However, approximately 20% of all spinal fusions have an unsuccessful outcome and the need for improved treatments is thus enormous.

A differentiated, next generation bone replacement product

OssDsign Catalyst is based on cutting-edge material science and supports the body's intrinsic healing capabilities, thereby improving clinical outcomes. OssDsign Catalyst has shown better results than any other synthetic bone graft in the most demanding animal model, which is highly predictive of the clinical outcome in humans.

Outstanding clinical results

12-month results from the clinical study TOP FUSION, published in the peer-reviewed journal Biomedical Journal of Scientific & Technical Research, show a 93% spinal fusion rate as well as improvements in quality of life and pain following surgery with OssDsign Catalyst. In addition, the prospective spinal fusion registry PROPEL is continuing to accumulate further important data that will support the continued roll-out of the product.

FDA clearance for use in interbody cages

In the fall of 2023, OssDsign Catalyst received clearance from the U.S. FDA for use in interbody cages, which are used in almost all spinal fusion surgeries to stabilize the anterior spinal column. This is expected to accelerate hospital approvals, the number of users and total product usage.

Focusing on the world's largest market

OssDsign is deploying all its sales & marketing efforts to the U.S., a market that represents approximately 70 percent of the spinal orthobiologics market and is projected to grow considerably in the years to come. OssDsign Catalyst is continuously winning more hospital approvals, more users are added to the customer base and new contracts are established with large hospital systems (IDNs). These new approvals and contracts, together with an increase in usage among existing users, are the key drivers behind the sales acceleration in the U.S.

Rapid growth of a high-margin business

With a gross margin at or above 90 percent, OssDsign Catalyst has the potential to generate substantial profitability for OssDsign. Due to its strategic shift in 2023, the company is now able to deploy all resources and investments to support the continued strong market growth of this truly differentiated nanosynthetic bone graft.

Meet our co-workers

OssDsign gathers leading scientists and experts within a broad range of functional areas – all passionate to giving patients back the life they deserve.

Marisa Antoine
Assistant Operations Manager

"I'm excited to see what new goals we will reach in the next year. It is quite exciting to see how we have progressed so rapidly from when I first started with the company."

What is your role at OssDsign?
I am an Assistant Operations Manager in the U.S. team since February 2022. Before my current position, I was in the printing and shipping business for 18+ years. When I was first introduced to OssDsign and its technology, I was amazed that such advances in the medical community even existed and I made the decision to try something new and entered the medical device industry.

What does a working day look like for you?
My typical day usually starts with reviewing emails that came through after office hours. This helps me to determine how to triage the workflow for the day. I review orders that were placed the day before and make sure that nothing is missed. I assist our Director of Operations, Sarah, with any task that needs to be completed for the day. We also have a brainstorming or end-of-day recap. We discuss how we can improve our daily processes. The goal is to continuously streamline our day-to-day procedures for maximum efficiency.

What characterizes OssDsign as a work place?
I'm very pleased and honored to be working for and representing OssDsign. The technology still excites me the same way it did when I was first introduced to the company two years ago. I work with an amazing U.S. team and a wonderful group of individuals at the Columbia, MD office. They are very talented and warm office mates who make me laugh at least once a day and twice on weekends.

What are you most excited about for the coming year?
I'm excited to see what new goals we will reach in the next year. It is quite exciting to see how we have progressed so rapidly from when I first started with the company.

Dr. Jordan Conway
Senior R&D Manager

"Having a scientific background, I relish the moments when I can provide solutions or improvements to end users, being able to translate my ideas from concept to clinic and improving patient outcomes."

What brought you to OssDsign?
I was one of the co-founders of Sirakoss and co-inventor of its main technology, and I was delighted by the opportunity to join OssDsign as it acquired our company in late 2020.

What does your role as Senior R&D Manager entail?
Having developed OssDsign Catalyst from an initial proof of concept means I am often the primary go-to person for a vast array of queries. As well as overseeing our new product development activities, the daily tasks include managing our production subcontractors, working on improvements and modifications to products and processes as well as a lot more. However, recently, the most intense portion of my role has been focused on the production of OssDsign Catalyst products to keep up with demand.

What drives you in your work at OssDsign?
Having a scientific background, I relish the moments when I can provide solutions or improvements to end users, being able to translate my ideas from concept to clinic and improving patient outcomes. Beyond work, I gravitate toward the great outdoors whereby being close to nature focuses the mind and provides time to reflect on the technical challenges of the week.

What are you most excited about for the coming year?
A well-executed plan to become a key player in the orthobiologics business has great potential to expand not only OssDsign Catalyst, but also future product development. Adapting to the key regulatory changes and latest orthopedic trends to deliver new technologies whilst staying one step ahead of the current competitor product offerings is compelling from an R&D perspective.

Key figures co-workers (as per December 31, 2023)

Number of employees
41

Women
15

Men
26

Number in management
5

Women
1

Men
4

Employees by region
Sweden
19

U.S.
16

Europe
6

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 about 40 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 Medical 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.

ERIC PATERMO

VP, U.S. Sales 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.

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.

TOM BUCKLAND

CTO since 2024, previously 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.

The share

OssDsign's share is listed on Nasdaq First North Growth Market in Stockholm under the OSSD ticker. At the end of 2023, its market capitalization totaled SEK 781 million and the number of shareholders was 3,459.

Share capital and ownership

At the end of 2023, OssDsign's share capital amounted to SEK 5,573,682, spread over 97,658,920 shares. All shares have equal voting rights and rights to dividends. The company's largest institutional shareholders are Försäkringsaktiebolaget Avanza Pension (13,2%), TAMT AB (11,0%) and Karolinska Development AB (9,8%). The ten largest shareholders held 61,2% 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 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, %
Försäkringsaktiebolaget Avanza Pension	12 868 041	13.2%
TAMT AB	10 731 578	11.0%
Karolinska Development AB	9 596 662	9.8%
Linc AB	5 242 896	5.4%
Lancelot Avalon Master	5 100 000	5.2%
Nordnet Pensionsförsäkring AB	4 635 465	4.7%
SIX SIS AB, W8IMY	4 613 583	4.7%
Adrigo Small & Midcap L/S	2 941 046	3.0%
AGB Kronolund AB	2 500 000	2.6%
SEB Life International Assurance	1 530 824	1.6%
Other shareholders	37 898 825	38.8%
Total	**97 658 920**	**100.0%**

Financial Calendar

Interim Report Q1 2024
May 14, 2024

Annual Report 2023
June 4, 2024

Annual General Meeting 2024
June 25, 2024

Interim Report Q2 2024
August 20, 2024

Interim Report Q3 2024
November 5, 2024

Year-end Report 2024
February 4, 2025

Analyst coverage

ABG Sundal Collier – Sten Gustafsson
Carnegie – Elvin Rolder / Kristoffer Liljeberg
Redeye – Oscar Bergman
SEB – Henrik Jernbeck

Certified Adviser

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Regeringsgatan 56,
103 38 Stockholm, Sweden
Phone: +46 (0)73 856 62 65
E-mail: certifiedadviser@carnegie.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 2023 financial year.

Operations

OssDsign AB is a developer and global provider of next generation orthobiologics 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. Its first product, OssDsign Catalyst, initially targets the spinal fusion market – a procedure carried out approximately 750,000 times yearly in the U.S. alone. Addressing a USD 1.8 billion market, OssDsign is growing exponentially with its high-margin product and scalable business model. As of September 2023, more than 2,000 patients had been treated with OssDsign Catalyst in the U.S.

OssDsign Catalyst is an innovative 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.

One of the key features that makes OssDsign Catalyst differentiated from traditional synthetic bone grafts is its structural similarity to bone on a nano level rather than a macro level. This, together with incorporated silicate ions bioidentical to those in human bone, amplifies the bone formation process providing rapid and reliable bone formation. Unlike traditional synthetics, OssDsign Catalyst engages both of the body's bone formation pathways, the endochondral pathway (skeletal development and fracture repair), and the more typical intramembranous pathway (bone remodeling). This means that OssDsign Catalyst can mediate rapid bone formation even in challenging, poorly vascularized, and hypoxic environments.

Parent company

The company's R&D activities are conducted in the parent company, as well as in the subsidiary Sirakoss Ltd in Scotland. All R&D activities are managed through the central R&D department in the parent company. The parent company also provides administrative services to the subsidiaries.

The parent company is based in Uppsala, Sweden.

Research & Development Operations

OssDsign commenced the clinical first-in-human study TOP FUSION in Hungary, with respect to the synthetic bonegraft OssDsign Catalyst, in the fall of 2021. Patient enrolment was completed during 2022 and the study then encompassed 17 patients. In 2023 the 12-month follow-up for the remaining 14 patients was concluded and highly positive results were published. Top-line results show a 93% fusion rate at 12 months after surgery with OssDsign Catalyst. 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.

The results align well with the first post-market safety report that was published in November 2022, where no device-related complaints or device-related adverse events were recorded. 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.

In 2021 the company also launched PROPEL, a prospective multi-center spinal fusion registry in the U.S., with first site and patient enrolment in 2022. PROPEL is not a controlled study but rather a vehicle that provides access to Real-World Data from a large number of patients who have been treated with OssDsign Catalyst. OssDsign has so far enrolled over 200 patients in the registry, which enables evaluation of the product in clinical practice over time and is an important complement to clinical trials in OssDsign's strategy to build clinical evidence for OssDsign Catalyst. Since the start of the PROPEL registry in 2022, surgeons have been recruiting patients on an ongoing basis, to evaluate the use and outcomes of OssDsign Catalyst in clinical practice. The primary endpoint of the study measures the degree of spinal fusion, using computed tomography (CT) or radiography, at 12 months postoperatively. In addition, patients' quality of life, neurological function, as well as the clinical safety profile of the spinal implant are recorded.

Important Events during the financial year

Group

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

On January 4, 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 reaches a milestone of 500 patients treated with OssDsign Catalyst in the U.S.

On January 9, 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 Catalyst 1cc is launched and available in the U.S. market

On January 10, 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 reaches commercial milestone of 200 Cranial PSI sold in France

On March 14, OssDsign announced that the company had reached the commercial milestone of 200 Cranial PSI sold in France. Since entering the market in late 2019, OssDsign has signed several important tenders in France leading to a significantly accelerated sales during the last year.

OssDsign increases operational efficiency and reduces Cranial PSI lead time by up to 40 percent

On March 20, OssDsign announced that the company has significantly reduced Cranial PSI lead times up to 40 percent through optimizations in the manufacturing process. By delivering on this important milestone, OssDsign enhances the offering and substantially improve the product's competitiveness and growth potential. The reduction in lead times will allow for deliveries within three weeks for all OssDsign Cranial PSI orders and across all geographies which will increase relevance for more cases.

OssDsign reached commercial milestone of 750 implants sold in Germany

On April 27, OssDsign announced that the company had reached the commercial milestone of 750 implants sold in Germany since market entry, with a significant acceleration in sales during the last two years.

1,000 patients treated with OssDsign Catalyst in the U.S.

On May 9, OssDsign announced that 1,000 patients had been treated in the U.S. with the innovative nanosynthetic bone graft OssDsign Catalyst. Product awareness is increasing considerably, which is reflected in the rapidly growing number of patients treated.

OssDsign surpassed 200 patients in its prospective spinal fusion registry PROPEL

On September 13, OssDsign announced that the company has enrolled 200 patients in the multi-center, prospective spinal fusion registry, PROPEL. The registry was initiated in March 2022, to gather real-world data from patients treated with OssDsign Catalyst.

2,000 patients treated with OssDsign Catalyst in the U.S.

On September 13, OssDsign announced that the company's orthobiologic business continues to accelerate its successful commercialization in the U.S. as 2,000 patients have been treated with the innovative nanosynthetic bone graft OssDsign Catalyst, up from 1,000 patients treated in May.

OssDsign Catalyst received clearance from FDA for major new indication for use in interbody cages

On September 18, OssDsign announced that the company's innovative nanosynthetic bone graft OssDsign Catalyst has received clearance for use in interbody cages in spinal surgery from the U.S. Food and Drug Administration (FDA), allowing surgeons to use OssDsign Catalyst on-label in any interbody cage cleared for use with synthetic bone grafts.

OssDsign announced strategic shift to become a pure play orthobiologics company

On September 26, OssDsign announced a strategic shift to focus its operations on the orthobiologics business in the U.S, in order to increase shareholder value. The new strategy means that OssDsign will become a pure play orthobiologics company focusing on the nanosynthetic bone graft OssDsign Catalyst, exclusively on the U.S. market. All activities pertaining to the company's patient-specific cranial implant business will be discontinued in a responsible manner by the end of December 2023.

OssDsign has carried out a directed share issue of approximately SEK 150 million

On September 26, OssDsign announced that the company has completed a directed share issue of 26,315,790 shares at a subscription price of SEK 5.7 per share (the "Directed Issue"), through which the OssDsign received approximately SEK 150 million before the deduction of transaction costs.

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 financial year

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.

OssDsign appointed Tom Buckland as Chief Technical Officer

On February 29, OssDsign announced that the company's current VP of Strategy, Business Development and Regulatory Affairs, Tom Buckland, had been appointed Chief Technical Officer (CTO). The promotion is a key part of the company's change of direction into a pure-play orthobiologics company focusing exclusively on the U.S. Market.

OssDsign awarded long-term agreement with Premier, Inc.

On April 2, OssDsign announced that the company had been awarded a new group purchasing (GPO) agreement for Bone and Bone Substitute Implantable Products with Premier, Inc., a leading U.S. healthcare improvement company uniting an alliance of approximately 4,350 U.S. hospitals and health systems and more than 300,000 other providers and organizations. The agreement is for a period of three years.

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

On April 29, OssDsign announced that the company had been awarded a new Veteran Affairs (VA) contract which covers approximately 100 additional VA orthopedic hospitals nationwide, giving OssDsign increased access to the important U.S. military market.

Significant risks and uncertainties

Risks related to COVID-19

Post-pandemic risks related to COVID-19 are still relevant to consider, especially as they pertain to staff shortages and delays in hospital approval processes and planned surgeries, as those could negatively impact the company's results. Any risks outlined here for the group, whether COVID-19 related or other, are also applicable to the parent company.

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 recent years have also introduced war, inflation, energy 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 key personnel

OssDsign is largely 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 one or some of the key people choose to leave the company, this could result in higher costs for both product development and recruitment, at least in the short term.

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 will be on the market. In order to satisfy requirements in the medium term, the company raised MSEK 150.0 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, a liquidity that the board deems sufficient for at least the next twelve months. Based on the sales development of the company's products the board has confidence in the company's mid to long term ability to become profitable and cash flow positive.

Sustainability

After the discontinuation of the Cranial PSI business in 2023, the OssDsign Group is focusing its operations on the U.S. as from 1st January 2024. With expectations of continued rapid growth, new personnel are recruited across all functions in the U.S., whereas the European operations are limited to a small and stable number of people. In terms of the internal environment from 2024 onwards, as per our Code of Conduct, available on the company website, OssDsign will continue to focus on personnel, primarily in areas such as work environment, capacity, equality, turnover and sick leave, as well as potential additional target areas linked to the new organisational setup. All targets are currently under revision and will be communicated in due course. 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 will remain unchanged.

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

Ownership

At year-end, there were 3,459 shareholders in OssDsign AB, of which the seven largest owned more than, or close to, 5% each and together more than 54% of the capital and votes. The total number of shares amounts to 97,658,920 divided into one class of shares. The largest owners as of December 31, 2023 were Försäkringsbolaget Avanza Pension (13.2%), TAMT AB (11.0%) and Karolinska Development AB (9.8%). There are currently four active incentive programs in the Group. On December 31, 2023, the programs included a maximum of 5,091,219 warrants. For full information on the programs, please refer to the company's website and Note 7 Share-related remuneration.

Owners	Number of shares	Share Capital, %
Försäkringsaktiebolaget Avanza Pension	12 868 041	13.2%
TAMT AB	10 731 578	11.0%
Karolinska Development AB	9 596 662	9.8%
Linc AB	5 242 896	5.4%
Lancelot Avalon Master	5 100 000	5.2%
Nordnet Pensionsförsäkring AB	4 635 465	4.7%
SIX SIS AB, W8IMY	4 613 583	4.7%
Adrigo Small & Midcap L/S	2 941 046	3.0%
AGB Kronolund AB	2 500 000	2.6%
SEB Life International Assurance	1 530 824	1.6%
Other shareholders	37 898 825	38.8%
Total	**97 658 920**	**100.0%**

Five-year-trends Group

SEK 000'	2023	2022	2021	2020	2019
Net sales	112 157	56 985	31 726	24 872	16 873
Operating result before items affecting comparability	-91 956	-96 937	-89 650	-83 934	-83 526
Result before tax	-130 655	-99 629	-94 077	-84 542	-83 752
Balance sheet total	356 389	339 502	347 168	246 650	153 267
Equity ratio	70%	73%	77%	45%	88%
Numbers of employees	48	48	44	44	36

Five-year-trends parent Company

SEK 000'	2023	2022	2021	2020	2019
Net sales	52 948	41 743	31 135	24 373	17 333
Operating result	-109 797	-92 375	-85 572	-81 244	-82 880
Result before tax	-112 797	-94 984	-89 597	-81 616	-83 026
Balance sheet total	328 261	283 046	307 765	202 297	122 406
Equity ratio	72%	74%	79%	43%	88%
Numbers of employees	31	35	29	31	26

For definition of key figures, see Note 37.

Financial position and development

Net Sales

The OssDsign group Net sales for the full year of 2023 amounted to TSEK 112,157 (56,985), which corresponds to an increase of 88% in constant currency terms, as compared to the full year of 2022.

Sales for the full year of 2023 demonstrate solid growth numbers, with the key drivers being the U.S. and orthobiologics. The growth in the U.S. was 155% at constant exchange rates, whilst orthobiologics grew by 260%.

Gross margin developed favourably 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 loss before items affecting comparability for 2023 amounted to TSEK 91,956 (96,937). Other operating income had a negative impact on the result, largely due to negative revaluation effects related to the provision for contingent consideration from the Sirakoss acquisition. Operating expenses have increased vs previous year, driven by increased sales variable costs, strategic investments in clinical programs and negative exchange rate effects.

Items affecting comparability, directly related to the discontinuation of the Cranial PSI business, have affected the net result for the year by TSEK -35,673.

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). The total cash flow for the period was positive at TSEK 41,362 (-27,261), where both years were positively driven by new share issues, albeit to a lesser extent in 2022.

Investments in tangible fixed assets amounted to TSEK -75 (-129). 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	887 450 409
Retained earnings from previous years	-544 393 319
Profit for the year	-113 125 017
	229 932 073

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

	229 932 073
	229 932 073

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

Condensed consolidated income statement

SEK 000'	Note	2023	2022
Net sales		112 157	56 979
Cost of sales		-28 512	-22 016
Gross profit		**83 646**	**34 962**
Sales commissions and fees		-46 785	-16 778
Selling expenses		-46 729	-50 019
Research & Development expenses		-28 765	-25 493
Administrative expenses	3, 4, 5	-49 923	-45 723
Other operating income		487	6 113
Other operating expense	9	-3 887	–
Operating result before items affecting comparability		**-91 956**	**-96 937**
Items affecting comparability	10	-35 673	–
Operating result		**-127 629**	**-96 937**
Financial income	11	2 735	7 752
Financial expenses	11	-5 761	-10 470
Tax expense		**-130 655**	**-99 656**
Tax expense	13	162	268
RESULT FOR THE PERIOD		**-130 493**	**-99 388**
Earnings per share			
Earnings per share, SEK		-1.6	-1.7

Consolidated statement of comprehensive income

SEK 000'	2023	2022
		Restated
Profit/loss for the period	-130 493	-99 388
Items that will be reclassified subsequently to profit or loss		
Conversion difference	-5 535	19 240
Other comprehensive income for the period	**-5 535**	**19 240**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-136 028**	**-80 148**
Total comprehensive income attributable to:		
Parent Company's shareholders	-136 028	-80 148

Consolidated balance sheet

SEK 000'	Note	2023-12-31	2022-12-31
ASSETS			**Restated**
Intangible fixed assets			
Balanced development work and similar work	15	–	16 773
Patent	16	19 405	22 178
Goodwill	17	131 130	136 294
Total intangible fixed assets		**150 535**	**175 244**
Tangible fixed assets			
Leasehold improvements	18	–	114
Fixed assets	19	50	1 425
Access rights Assets	20	2 404	11 999
Total tangible fixed assets		**2 454**	**13 539**
Other fixed assets			
Deferred tax asset	24	–	381
Other long-term receivables	23	2 458	2 504
Total other fixed assets		**2 458**	**2 885**
Current assets			
Inventories	25		
Raw materials		4 270	4 167
Goods in production		–	52
Finished goods		34	199
Total inventories		**4 304**	**4 418**
Receivables			
Accounts receivable	21, 26, 38	23 020	13 220
Tax receivable		314	–
Other receivables	21, 27	2 442	2 134
Prepayments	28	4 923	3 409
Total receivables		**30 700**	**18 763**
Cash and cash equivalents	20, 29, 38	165 938	124 653
Total current assets		**200 942**	**147 834**
TOTAL ASSETS		**356 389**	**339 502**

Consolidated balance sheet, cont

SEK 000'	Note	2023-12-31	2022-12-31
SHAREHOLDER EQUITY AND LIABILITIES			Restated
Equity	30		
Share capital		5 574	4 459
Other contributed capital		796 670	658 492
Reserves		17 173	22 708
Retained earnings including profit for the year		-568 285	-437 547
Total Equity		251 132	248 112
Longterm liabilities			
Liabilities to credit institutions	12, 21, 38	214	727
Lease liabilities	12, 38	1 602	9 779
Deferred tax liabilities	23	3 409	4 214
Other provisions	31	52 700	46 950
Total long term liabilities		57 924	61 670
Current liabilities			
Liabilities to credit institutions	12, 21, 38	513	513
Accounts payable	21, 38	9 915	5 757
Lease liabilities	12, 38	821	2 581
Current tax liability		–	98
Other liabilities		3 190	1 866
Accrued expenses and deferred income	32	32 894	18 906
Total current liabilities		47 334	29 720
Total liabilities		105 258	91 390
TOTAL EQUITY AND LIABILITIES		356 389	339 502

Consolidated change in shareholder's equity

SEK 000'	Note	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	-338 598	262 722
Correction of opening balance		–	–	–	3 182	–	–
OPENING BALANCE 2022-01-01 RESTATED		3 567	–	597 466	3 468	-338 598	265 903
Profit/loss for the year		–	–	–	–	-99 388	-99 388
Other comprehensive income		–	–	–	19 240	–	19 240
Total comprehensive income		–	–	–	19 240	-99 388	-80 148
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	–	61 465	–	–	62 357
CLOSING BALANCE 2022-12-31 RESTATED	30	4 459	–	658 931	22 708	-437 986	248 112
OPENING BALANCE 2023-01-01		4 459	–	658 931	22 708	-437 986	248 112
Profit/loss for the period		–	–	–	–	-130 493	-130 493
Prior year adjustment		–	–	–	–	194	194
Other comprehensive income		–	–	–	-5 535	–	-5 535
Total comprehensive income		–	–	–	-5 535	-130 299	-135 834
Transactions with shareholders							
Warrant programmes		–	–	-1	–	–	-1
New share issue		1 115	–	148 885	–	–	150 000
Issue expenses		–	–	-11 145	–	–	-11 145
Total transactions with shareholders		1 115	–	137 739	–	–	138 854
CLOSING BALANCE 2023-12-31	30	5 574	–	796 670	17 173	-568 285	251 132

Consolidated statement of cash flows

SEK 000'	Note	2023	2022
Operating Activities			
Operating result		-91 956	-96 937
Non-cash adjustments	36	-5 530	12 089
Financial items		-3 026	-2 718
Income taxes paid/received		-677	-545
		-101 189	**-88 111**
Changes in inventories		-5	-2 143
Changes in receivables		-13 330	-3 180
Changes in current liabilities		20 616	7 270
Total change in working capital		**7 280**	**1 947**
Cash flow from operating activities		**-93 909**	**-86 164**
Investment activities			
Acquisition of intangible fixed assets	15	–	–
Acquisition of tangible fixed assets	18, 19	-124	-129
Acquisition of group companies	22	–	–
Cash flow from investment activities		**-124**	**-129**
Financing activities			
New share issue	30	150 000	65 635
Share issue costs		-11 145	-3 717
Warrants		-1	438
Proceeds/repayments from borrowings, net	12	-513	-513
Repayment of lease liabilities		-2 945	-2 811
Cash flow from financing activities		**135 395**	**59 032**
Cash flow for the period		**41 362**	**-27 261**
Cash and cash equivalents at the beginning of the year		124 653	151 366
Exchange rate adjustments – cash and cash equivalents and overdrafts		-76	548
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**165 938**	**124 653**

Condensed parent income statement

SEK 000'	Note	2023	2022
Net sales		52 948	41 743
Cost of sales		-31 010	-20 751
Gross profit		**21 939**	**20 992**
Sales commissions and fees		-3 020	-1 324
Selling expenses		-46 036	-56 053
Research & Development expenses		-22 356	-18 197
Administrative expenses	3, 4, 5	-56 123	-43 830
Other operating income		487	6 036
Other operating expense	9	-4 688	–
Operating result		**-109 797**	**-92 375**
Financial income	11	2 721	7 457
Financial expenses	11	-5 692	-10 066
Result before tax		**-112 767**	**-94 984**
Tax expense	13	-74	–
RESULT FOR THE PERIOD		**-112 841**	**-94 984**

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

Consolidated balance sheet, parent company

SEK 000'	Note	2023-12-31	2022-12-31
ASSETS			
Tangible fixed assets			
Leasehold improvements	18	–	114
Fixed assets	19	–	1 416
Total tangible fixed assets		–	1 530
Financial fixed assets			
Shares in group companies	22	137 687	137 687
Other long-term receivables	23	2 314	2 314
Total financial fixed assets		140 002	140 002
Current assets			
Inventories	25		
Raw materials		4 270	4 167
Goods in production		–	52
Finished goods		18	249
Total inventories		4 288	4 468
Receivables			
Accounts receivable	26	1 132	3 034
Receivables from group companies		14 763	7 388
Tax receivable		115	541
Other receivables	27	2 419	2 117
Prepayments	28	4 606	3 333
Total receivables		23 035	16 413
Cash and cash equivalents	29	160 936	120 633
Total current assets		188 259	141 514
TOTAL ASSETS		328 261	283 046

Consolidated balance sheet, parent company, cont.

SEK 000'	Note	2023-12-31	2022-12-31
SHAREHOLDER EQUITY AND LIABILITIES			
Equity	30		
Restricted equity			
Share capital		5 574	4 459
		5 574	4 459
Non restricted equity			
Share premium		887 450	749 711
Reserves		–	–
Retained earnings including profit for the year		-657 518	-544 392
		229 932	205 319
Total equity		235 506	209 778
Provisions			
Other provisions	31	52 700	46 950
Total provisions		52 700	46 950
Long-term liabilities			
Liabilities to credit institutions	12, 38	214	727
Total long-term liabilities		214	727
Current liabilities			
Liabilities to credit institutions	12, 38	513	513
Accounts payable	38	9 383	5 508
Liabilities to group companies		3 389	3 994
Other liabilities		2 976	1 707
Accrued expenses and deferred income	32	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

Change in shareholder's equity, parent company

SEK 000'	Note	Share capital	Subscribed capital unpaid	Other capital contributions	Reserves	Profit (loss) brought forward	Total equity
OPENING BALANCE 2022-01-01		3 567	–	688 684	–	-449 846	242 405
Profit/loss for the period		–	–	–	–	-94 984	-94 984
Prior year adjustment		–	–	–	–	–	–
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		**–**	**–**	**–**	**–**	**-94 984**	**-94 984**
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**	**–**	**61 027**	**–**	**438**	**62 357**
CLOSING BALANCE 2022-12-31	30	4 459	–	749 711	–	-544 392	209 778
OPENING BALANCE 2023-01-01		4 459	–	749 711	–	-544 392	209 778
Profit/loss for the period		–	–	–	–	-112 841	-112 841
Prior year adjustment		–	–	-1	–	-285	-286
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		**–**	**–**	**-1**	**–**	**-113 126**	**-113 127**
Transactions with shareholders							
Warrant programmes		–	–	-1	–	–	-1
New share issue		1 115	–	148 886	–	–	150 001
Issue expenses		–	–	-11 145	–	–	-11 145
Total transactions with shareholders		1 115	–	137 740	–	–	138 855
CLOSING BALANCE 2023-12-31	30	**5 574**	**–**	**887 450**	**–**	**-657 518**	**235 506**

Statement of cash flows, parent company

SEK 000'	Note	2023	2022
Operating activities			
Operating result		-109 797	-92 375
Non-cash adjustment	36	9 889	3 447
Financial items		-2 970	-2 609
Income taxes paid/received		426	-475
		-102 452	**-92 012**
Changes in inventories		179	-2 540
Changes in receivables		-262	-740
Changes in current liabilities		6 874	5 866
Total change in working capital		**6 792**	**2 586**
Cash flow from operating activities		**-95 660**	**-89 426**
Investment activities			
Proceeds and purchase of intangible assets, net	15	–	–
Proceeds and purchase of property, plant and equipment, net	18, 19	-75	-118
Proceeds and purchase of subsidiaries and activities, net	22	–	–
Cash flow from investment activities		**-75**	**-118**
Financing activities			
New share issue	30	150 000	65 636
Share issue costs		-11 145	-3 717
Warrants		-1	438
Proceeds/Repayments from borrowings, net	12	-513	-513
Repayment of lease liabilities		-2 303	–
Cash flow from financing activities		**136 037**	**61 843**
Cash flow for the period		40 303	-27 701
Cash and cash equivalents at the beginning of the year		120 633	148 335
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**160 936**	**120 633**

Note 1 Accounting and valuation principles

General information

OssDsign AB (the Parent Company) and its subsidiaries' (the Group) 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, 2023 (including comparative figures) were approved for issue by the Board on June 3rd, 2024.

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 25th June, 2024.

In the third quarter of 2023 the company implemented a voluntary change of accounting principles, primarily with respect to the Income Statement table, which is now 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.

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, with the exception of conditional consideration, which is valued at fair value.

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, applicable from 2023 onwards, and hence applied in this annual report, are IAS 1, with respect to accounting and valuation principles, and IAS 12, with respect to taxes.

Known future IFRS changes are not deemed to materially affect the company's accounting.

In 2023, with effect from the third quarter, the company implemented a voluntary change of accounting principles, primarily affecting the income statement table, which, as from the third quarter onwards 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 comparative figures in the annual report have been corrected with respect to currency conversion effects from earlier business acquisitions. See note 41.

Overview of accounting principles

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 unrealized gains and losses on transactions between group companies. In cases where unrealized 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 recognized 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.

Foreign currency translation

Functional currency and presentation currency

The Group accounts are presented in SEK, which is also the parent company's functional currency.

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.

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 in 2023 derive from sales of synthetic bonegrafts, which is a standard product for spinal fusion, as well as from sales of patient specific bioceramic cranial implants. From 1st January 2024, all revenues in the group derive from sales of synthetic bonegrafts, hence why the description below will focus solely on that process.

Customer contracts or offer letters (valid as contracts) are always in writing and contain pricing agreements with respect to the respective article size of the company's bonegraft OssDsign Catalyst. The customer agreements will not contain any volume commitments from the customer.

The company's performance obligation is to provide the agreed products to the customer/hospital, either directly or through a distributor (sales agent), for use in surgical procedures. This can happen in two different ways: 1) The customer places an Purchase Order (PO) for the required articles and quantities, the company ships those articles to the customer and concurrently issues an invoice to the customer, as the performance obligation in this case is satisfied, or 2) the customer (or their distributor) signs a consignment agreement, whereafter the company ships the required articles and quantities to the customer/hospital or distributor and creates a new inventory bin in the company's ERP system, as the company, per the consignment agreement, is still the owner of the shipped products.

The customer then proceeds to use the products as and when required in surgical procedures, whereafter the customer/distributor provides the company with a case sheet to confirm that the product has been used and in what quantities, as well as sends a formal Purchase Order as the required documentation for invoicing. The company then invoices the customer for the confirmed and ordered products, according to the pricing agreement. The company also replenishes the consignment stock at the customer/distributor site, in correspondence to the usage, and updates the relevant inventory bin in the ERP system.

Revenue is recognised in the group when the performance obligation is satisfied, which can happen at different points in time. In the first example above, the performance obligation is satisfied when the company has shipped against the customer's PO, irrespective of when, subsequently, the customer uses the product. Revenue recognition and invoicing are then simultaneous. In the second example, where the customer "buys" from consignment stock, there is frequently a delay between usage (which comes first) and invoicing (only after the PO is received), which complicates revenue recognition. Not the least as the product usage and the raising of the PO (which, in principle, constitutes approval) occur in different departments.

The main principle is that revenue should be recognised when control of the sold item has passed from seller to buyer. Revenue is thereby recognised in the Group when the goods or services create an asset that the customer controls, ie

when the company's performance obligation can be said to have been satisfied, which is deemed to be when the customer has assumed control over the sold asset and approved of the same.

Operating expenses

The income statement is presented in a function-based format. *Those functions are as follows:*

- **Direct production costs** comprise production and goods handling costs, including personnel and material, external services, facilities, as well as depreciation and write-downs of tangible fixed assets used in the procurement and production processes.
- **Sales commissions and fees** contain the company's costs for sales of the company's products by external parties and freight & customs charges, as well as variable remuneration to the company's internal sales organization.
- **Selling expenses** contain all other costs for the company's internal sales organisation, as well as depreciation and write-downs of tangible fixed assets used by the group's sales organisation.
- **Research & Development expenses** refer to costs for development of the company's products, clinical, medical and regulatory affairs, as well as depreciation and write-downs of tangible fixed assets used by the group's research and development organisation.
- **Administrative expenses** refer to costs for the board of directors, group management & back-office functions and external administrative expenses, as well as depreciation and write-downs of tangible fixed assets used by the group's administrative organisation.
- **Items affecting comparability** include all costs related to the restructuring of the company through the discontinuation of the Cranial PSI business line.

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.

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 product 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 capitalized internally developed products, are recognized in accordance with the acquisition value model, whereby capitalized expenses are amortized on a straight-line basis over the estimated useful life. The residual value and the useful life are reviewed at each balance sheet date.

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

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

Depreciation and amortization is included under the respective functional heading in the Income Statement, ie Selling expenses, R&D expenses and Administrative expenses.

Leased assets

Leasing

The leasing agreements include primarily premises. The standard means that identified leasing contracts are recognized 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 liability, 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.

Impairment testing of goodwill, other intangible assets and tangible assets

When performing impairment testing, assets are grouped to the lowest level where it is possible to identify independent cash flows, a so-called cash-generating unit (CGU). Consequently, some assets are impairment tested individually, whereas other assets are impairment tested at the level of CGU. Goodwill is allocated to those CGU:s which are expected to gain synergy effects from the relevant acquisitions and which represent the lowest level in the Group, at which goodwill monitored.

Potential impairment on the CGU:s to which goodwill has been allocated is tested at least once per year. All other individual assets' or CGU:s potential impairment are tested when circumstances indicate a risk that the carrying amount of such assets exceeds its recoverable amount.

An impairment loss is recognized 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 amortized 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 amortized 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 amortized cost or fair value through other comprehensive income, accounts receivable, contract assets recognized 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, the latter including conditional consideration. Financial liabilities, excluding conditional consideration, are valued at the accrued acquisition value at the initial recognition date.

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

Conditional consideration is classified as a Level 3 liability, as per the IFRS valuation hierarchy, 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 recognized in the income statement as items "Financial expenses" or "Financial income".

Inventory
Inventories are valued at the lower of cost and net realizable 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 realizable value is the estimated sales price in the ongoing operations less any applicable selling costs.

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 recognized directly in equity.

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.

Uncertainty in estimates
Below follows 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.

With respect to the Cranial PSI business that was discontinued in 2023, the company does not deem that to be a separable business line, neither financially nor operationally, as per the definition in IFRS 5. Consequently, it has not been treated as a discontinued business according to IFRS 5.

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 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 31 Conditional consideration.

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 EU approved IFRS 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.

Shares in subsidiaries
Shares in subsidiaries are recognized 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".

Leasing
The Parent Company reports all leasing agreements as operational. Operational leases are recognized 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.

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')	2023	2022	2023	2022
US	87 311	32 546	28 102	17 304
Germany	11 099	11 441	11 099	11 441
Sweden	1 351	2 029	1 351	2 029
UK	2 590	2 666	2 590	2 666
Rest of Europe	9 354	7 781	9 354	7 781
Rest of world	452	522	452	522
Total	**112 157**	**56 985**	**52 948**	**41 743**

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 UK. During 2023 OssDsign did not have revenue from an individual customer amounting to >10%.

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	2023	2022	2023	2022
EY				
Audit assignment	471	504	471	504
Auditing activities in addition to audit assignments	–	–	–	–
Other services	–	–	–	–
KatzAbosch				
Audit assignment	496	1 051	–	–
Harmer Slater Ltd				
Audit assignment	85	91	–	–
Auditing activities in addition to audit assignments	–	–	–	–
Tax advice	–	–	–	–
Other services	–	–	–	–
Sum	**1 052**	**1 646**	**471**	**504**

Note 4 Operating lease and lease agreements

	Group		Parent company	
	2023	2022	2023	2022
Expected leasing fees for the year:	**3 390**	**4 245**	**2 721**	**3 587**
Non-cancellable leasing fees:				
Within a year	915	2 581	–	2 131
Later than one year, within five years	1 823	9 779	–	7 863
Later than five years	–	–	–	–
Due date year 4	–	–	–	–
Due date year 5	–	–	–	–
Due date year 6-	–	–	–	–
Total future agreed lease fees	**2 738**	**12 360**	**–**	**9 994**

The operating leases mainly concern premises. *The group reports leasing agreements in accordance with IFRS 16, see Note 20.* The table contains undiscounted values.

Note 5 Salaries and remuneration to employees

Costs recognised for employee benefits are broken down as follows:

	Group		Parent company	
	2023	2022	2023	2022
Salaries – Board of Directors and CEO	9 189	7 587	9 189	7 587
Salaries – other employees	57 982	46 421	23 789	23 428
Pensions, defined contribution board and CEO	–	–	–	–
Pensions, defined contribution – other employees	3 735	3 305	2 570	2 540
Other social security contributions	12 028	11 148	9 817	9 498
Sum	**82 934**	**68 461**	**45 365**	**43 053**

Salaries and other remuneration 2023	Basic salary / Board fees	Bonus	Other benefits*	Total
Simon Cartmell	350	–	–	350
Morten Henneveld, CEO	4 291	3 521	127	7 939
Anders Qvarnström	250	–	–	250
Newton Aguiar	250	–	–	250
Håkan Engqvist	150	–	–	150
Jill Schiaparelli	250	–	–	250
Other senior executives, 5 people	10 949	2 923	8	13 880
Sum	**16 490**	**6 444**	**135**	**23 069**

Salaries and other remuneration 2022				
Simon Cartmell	350	–	–	350
Morten Henneveld, CEO	3 904	2 383	117	6 404
Anders Qvarnström	250	–	–	250
Newton Aguiar	250	–	–	250
Håkan Engqvist	188	–	–	188
Jill Schiaparelli	146	–	–	146
Other senior executives, 5 people	9 934	2 650	15	12 599
Sum	**15 021**	**5 033**	**132**	**20 186**

* Other benefits are car benefits health insurance benefits.
In the event of termination, a mutual notice period of six months applies for the CEO and CFO. 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.*

In Salaries – board of directors and CEO of 9,189 (7,587) above, amounts relating to the CEO's pension of 1,010 (783) are included. With regard to Salaries and other remuneration to Other senior executives of 13,880 (12,599), amounts related to pensions of 1,247 (1,316) are not included.

Note 6 Employees

	Group			
	2023 Average number of employees	of which women, %	2022 Average number of employees	of which women, %
Average number of employees	48	44	48	45
Average number of employees by country is as follows:				
Sweden	26		30	
UK	3		3	
US	14		12	
France	3		2	
Germany	2		2	
Sum	**48**		**48**	

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

Note 7 Share-related remuneration

As of December 31, 2023, 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, 57,074 warrants were cancelled. 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 2023, 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 318,201 through issue of 5,091,219 new shares in the company, each with a quotient value of SEK 0.0625. That would mean a dilution equivalent to 4.95 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 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
Outstanding 31 December 2023	**0**	**0**	**0**	**2 882 259**	**799 041**	**1 181 622**	**285 371**

Board of directors and other senior executives 2023-12-31	Holding of warrants
Simon Cartmell	399 521
Anders Qvarnström	199 760
Newton Aguiar	199 760
Håkan Engqvist	199 760
Jill Schiaperelli	85 611
Morten Henneveld	2 282 980
Anders Svensson	627 818
Eric Patermo	199 760
Tom Buckland	123 420
Melanie Marshall	173 550
Summa	**4 491 940**

Note 8 Operating expenses

The group presents the income statement in a function-based format. The main cost types are as follows:

	2023	2022
Direct production costs	-17 739	-12 201
Personnel costs	-84 586	-74 018
Consultants and other external costs	-90 186	-64 093
Depreciation	-8 202	-9 718
Other operating expenses	-3 887	–
Total	**-204 600**	**-160 030**

The distribution of depreciation	**2023**	**2022**
Cost of goods sold	-362	-591
Selling expenses	-12	-45
Research and development costs	-4 349	-5 979
Administration costs	-3 479	-3 103
Total	**-8 202**	**-9 718**

Note 9 Other operating expenses

Other operating expenses comprise mainly operational revaluation effects related to the provision for conditional consideration from the Sirakoss acquisition. Those effects primarily derive from changes in future revenue projections and can, as such, be either positive, at lower revenue projections, or negative, at higher revenue projections (see Note 31 below).

	Group		Parent company	
	2023	2022	2023	2022
Operational revaluation effect from acquisitions	-3 736	–	-3 736	–
Operational exchange rate effect	232	–	–	–
Bad debt provision	-383	–	–	–
Disposal of fixed assets	–	–	-952	–
Total	**-3 887**	**–**	**-4 688**	**–**

Note 10 Items affecting comparability

Items affecting comparability comprise exclusively costs directly related to the discontinuation of the company's Cranial PSI business line.

	Group	
	2023	2022
Impairment of intangible fixed assets	-15 198	–
Restructuring costs personnel	-7 330	–
Restructuring costs premises	-7 000	–
Restructuring costs other	-6 145	–
Total	**-35 673**	**–**

Note 11 Financial items

	Group		Parent company	
Financial income:	2023	2022	2023	2022
Bank	1 466	102	1 459	99
Other	-3	–	-3	–
Exchange rate gains	1 272	7 650	1 265	7 358
	2 735	**7 752**	**2 721**	**7 457**
Financial expenses, borrowing at amortised cost				
Bank loan	-78	-147	-76	-147
Leasing interest	-354	-382	-298	–
Exchange rate losses	-2 023	-1 042	-2 010	-1 020
Other	–	–	-2	–
Change in fair value regarding debt for conditional purchase price:				
Present value effect	-3 306	-8 899	-3 306	-8 899
	-5 761	-10 470	-5 692	-10 066
Net financial items	**-3 026**	**-2 718**	**-2 971**	**-2 609**

Note 12 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
2023-01-01	47 677	513	12 359	60 549
Cash flow effect:				
Repayment	-513	–	-10 264	-10 777
Borrowings	–	–	328	328
Not affecting cash flow:				
Repayment	–	–	–	–
Conditional consideration	5 750	–	–	5 750
Total	**52 914**	**513**	**2 423**	**55 850**
2022-01-01	45 634	645	12 244	58 523
Cash flow effect:				–
Repayment	-513	-132	-2 251	-2 896
Borrowings	–	–	2 366	2 366
Not affecting cash flow:				–
Repayment	–	–	–	–
Conditional consideration	2 556	–	–	2 556
Total	**47 677**	**513**	**12 359**	**60 549**

Note 13 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% (2021: 20.6%) to the reported tax expense in the result are as follows:

	Group		Parent company	
	2023	2022	2023	2022
Result after financial items	-130 655	-99 629	-112 767	-94 984
Tax according to current tax rate in Sweden, 20.6 (20.6%)	26 915	20 524	23 230	19 567
Effect of changed tax rate	-72	242	–	–
Adjustment of previous years' tax	487	–	–	–
Non-taxable income	–	–	–	–
Non-deductible costs	-42	-39	-42	-39
Activation of tax on loss carryforwards	-3 451	-666	–	–
Change of temporary differences	3 952	666	-74	
Deferred tax assets during the year that are not recognised as assets	-27 628	-20 484	-23 188	-19 527
Reported tax in the income statement	**162**	**242**	**-74**	**–**
The tax cost consists of the following components:				
Current tax	–	–	–	–
Tax expense	-827	-905	–	–
Adjustment of previous years' tax	487	228	–	–
Deferred tax expense/income	–	–	–	–
Change of temporary differences	502	918	-74	–
Reported tax in the income statement	**162**	**242**	**-74**	**–**

Note 14 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	2023	2022
Profit for the year attributable to the parent company's owners according to the income statement	-130 493	-99 388

No dilution effect in 2022 and 2023.

During the fourth quarter, the company carried out a directed new share issue, resulting in a total of 26,315,790 shares. The total number of shares thereafter amounted to 97,658,920.

Number of shares	2023	2022
Weighted average number of shares used in the calculation of earnings per share before dilution	82 201	58 603
Weighted average number of shares used in the calculation of earnings per share after dilution	**82 201**	**58 603**

Dividends

In 2023 Ossdsign AB paid TSEK 0 (2022: TSEK 0) in dividends to shareholders. This corresponds to SEK 0 per share (2022: SEK 0 per share).

Earnings per share, before and after dilution	2023	2022
	-1,59	-1,70

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

Note 15 Balanced development work and similar work

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

	Group	
	2023-12-31	2022-12-31
Opening balance accumulated acquisition values	31 974	31 974
Sales/disposals	-31 974	–
Closing balance accumulated acquisition values	–	31 974
Opening balance accumulated depreciation	-15 201	-12 013
Sales/disposals	16 776	–
This year's depreciations	-1 575	-3 188
Closing balance accumulated depreciation	–	-15 201
Reported value	–	16 773

The parent company has expensed the development costs for the production of Cranial PSI, which have been written off in full by winding down operations.

Note 16 Patents

Changes in reported values for patents

	Group	
	2023-12-31	2022-12-31
Opening balance accumulated acquisition values	27 722	27 722
Closing balance accumulated acquisition values	27 722	27 722
Opening balance accumulated depreciation	-5 544	-2 772
This year's depreciation	-2 772	-2 772
Closing balance accumulated depreciation	-8 317	-5 544
Reported values	**19 405**	**22 178**

The period of use applicable to patents is 10 years, which coincides with the patent protection period. For more information regarding impairment test, please see Note 17 Goodwill.

Note 17 Goodwill

Changes in reported values for goodwill

	Group	
	2023	2022
Opening balance accumulated acquisition values	136 294	118 098
Conversion difference	-5 164	18 196
Closing balance accumulated acquisition values	131 130	136 294
Reported value	**131 130**	**136 294**

Impairment test

The Group's goodwill of TSEK 131 130 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.

	2023	2022
Group	131 130	136 294
	131 130	**136 294**

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:

	2023	2022
Group	131 130	136 294
	131 130	**136 294**

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 7 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 2024-2027 in the business plan will show a sharp increase and high growth figures from a low starting point. It is only in 2027 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 2027 has been estimated at 12% 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. A sensitivity analysis, similar to the one described with respect to conditional consideration (see Note 31 below), was also performed without identifying any impairment requirements. The sensitivity analysis took into account valuation differences related to potential variations in forecasted income and expenses, as well as working capital requirements and the cost of capital (WACC).

Note 18 Expenses incurred on someone else's property

Changes in carrying amounts regarding expenses incurred on leased property:

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening balance accumulated acquisition values	211	211	211	211
Acquisitions	28	–	28	–
Sales/disposals	-239	–	-239	–
Closing balance accumulated acquisition values	–	211	–	211
Opening balance accumulated depreciation	-97	-55	-97	-55
Sales/disposals	139	–	139	–
Depriciations	-42	-42	-42	-42
Closing balance accumulated depreciation	–	-97	–	-97
Reported value	–	114	–	114

Note 19 Equipment and tools

Changes in reported values regarding equipment and tools:

	Group		Parent company	
	2023	2022	2023	2022
Opening balance accumulated acquisition values	6 719	6 541	5 867	5 749
Investment of the year	93	130	47	118
Acquisition of subsidiaries	–	–	–	–
Sales/disposals	-5 914	–	-5 914	
Exchange rate differences	60	48	–	–
Closing balance accumulated acquisition value	958	6 719	–	5 867
Opening balance accumulated depreciation	-5 294	-4 353	-4 451	-3 603
This year's depreciations	-614	-899	-608	-848
Acquisition of subsidiaries	–	–	–	–
Sales/disposals	5 059	–	5 059	–
Exchange rate differences	-59	-42	–	–
Closing balance accumulated depreciation	-908	-5 294	–	-4 451
Reported value	50	1 425	–	1 416

Note 20 Leasing agreement

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

	Group	
	2023	2022
Opening balance accumulated acquisition values	18 604	15 790
Investment of the year	391	2 814
Disposals	-15 496	–
Closing balance accumulated depreciation	3 499	18 604
Opening balance accumulated depreciation	-6 605	-3 786
Disposals	8 705	–
This year's depreciations	-3 195	-2 819
Closing balance accumulated depreciation	-1 095	-6 605
Closing balance accumulated depreciation	**2 404**	**11 999**

During the year, the subsidiary in Scotland signed a contract for premises, the parent company has terminated its agreement regarding premises in connection with the decision to close down Cranial PSI. The subsidiary in the US 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	3 195	2 819
Interest, see also Note 9	354	382
Maturity analysis regarding lease debt	472	318
Maturity analysis regarding lease debt:		
Later than one year but within five years	2 423	9 779
Later than five years	–	–

Total cash flow regarding leasing for the financial year ended 31 December 2023 amounted to TSEK 2,945 (2021: TSEK 2,811).
For further information regarding maturity analysis, see Note 37.

Note 21 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 2023-12-31	Financial assets valued at amortised cost	Financial assets at fair value through profit or loss	Total
Other long-term receivables	2 458	–	2 458
Accounts receivable	23 020	–	23 020
Other receivables	2 442	–	2 442
Cash and cash equivalents	165 938	–	165 938
	193 858	**–**	**193 858**

Group 2023-12-31	Liabilities valued at amortised cost	Liabilities at fair value through profit or loss*	Total
Financial liabilities			
Long-term borrowing	214	–	214
Short-term borrowing	513	–	513
Other provisions	–	52 700	52 700
Accounts payable and other liabilities	15 528	–	15 528
	16 255	**52 700**	**68 955**

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	–	2 885
Accounts receivable	13 220	–	13 220
Other receivables	2 134	–	2 134
Cash and cash equivalents	124 653	–	124 653
	142 892	**–**	**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	–	727
Short-term borrowing	513	–	513
Other provisions	–	46 950	46 950
Accounts payable and other liabilities	19 982	–	19 982
	21 222	**46 950**	**68 172**

* As of the balance sheet date, 2023-12-31, the Group has a bank loan from ALMI totalling TSEK 727 at a variable interest rate of 8.20% and a maturity from 2015-03-05 – 2025-03-05. Carrying amount of accounts receivable, other receivables, cash and cash equivalents, borrowings, accounts payable and other liabilities represents a reasonable approximation of fair value. All borrowings are in SEK.

Note 22 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 % 2023	Shares % 2022
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:	**2023-12-31**	**2022-12-31**
Opening balance accumulated acquisition values	137 687	137 687
Closing balance accumulated acquisition values	**137 687**	**137 687**
Reported value	**137 687**	**137 687**
whereof:		
OssDsign Ltd	11	11
OssDsign USA Inc	8	8
Sirakoss Ltd	137 687	137 687
Closing balance accumulated acquisition values	**137 687**	**137 687**

Note 23 Other long-term receivables

The group's long-term receivables primarily relate to rent deposits for the benefit of the landlord regarding premises in Fyrislund where the parent company conducts its operations.

	Group		Parent company	
	2023	**2022**	**2023**	**2022**
Opening balance accumulated acquisition values	2 504	2 371	2 314	2 314
Investments	-39	128	–	–
Currency exchange rate differences	-7	5	–	–
Closing balance accumulated acquisition values	2 458	2 504	2 314	2 314
Reported value	2 458	2 504	2 314	2 314

Note 24 Deferred tax assets and tax liabilities

Deferred taxes arising from temporary differences are summarised as follows:

Change during the year of deferred taxes for the Group:	2023		
	Deferred tax liability	Deferred tax assets	Net
Intangible assets	3 687	–	-3 687
Right-of-use assets	424	442	19
Receivables	–	84	84
Temporary differences on tax-deductible costs	–	278	278
Activated loss carryforwards	–	-103	-103
	4 111	**701**	**-3 409**

	2022		
	Deferred tax liability	Deferred tax assets	Net
Intangible assets	7 504	–	-7 504
Tangible fixed assets	15	–	-15
Receivables	42	–	-42
Temporary differences on tax-deductible costs	–	381	381
Activated loss carryforwards	–	3 348	3 348
	7 561	**3 729**	**-3 832**

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 139,024 (TSEK 112,704). Deficit deductions have no limitation in time.

Note 25 Inventory

Inventory consists of the following:	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Raw materials and consumables	4 270	4 167	4 270	4 167
Products in work	–	52	–	52
Finished goods	34	199	18	249
	4 304	**4 418**	**4 288**	**4 468**

Note 26 Accounts receivable

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

	Group	
	2023-12-31	2022-12-31
Accounts receivable gross	23 430	13 247
Reservation for customer losses	-410	-27
Total	**23 020**	**13 220**

For more information on Accounts receivable, see Note 38.

Accounts receivable	Parent company	
	2023-12-31	2022-12-31
Accounts receivable not due	116	2 355
Accounts receivable overdue, 0-3 months	1 016	679
Accounts receivable overdue, 4-6 months	–	–
Accounts receivable overdue, more than 6 months	–	–
Reserve for doubtful accounts receivable	–	–
Total	**1 132**	**3 034**

Note 27 Other receivables

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
VAT	1 377	1 405	1 377	1 405
Other items	1 065	729	1 041	712
	2 442	**2 134**	**2 418**	**2 117**

Note 28 Prepaid Expenses and accrued income

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid insurance	1 602	1 296	1 444	1 245
Other items	3 321	2 113	3 162	2 087
Reported value	**4 923**	**3 409**	**4 606**	**3 332**

Note 29 Cash and cash equivalents

	2023-12-31	2022-12-31
Cash and cash equivalents include the following:		
Cash at bank and in cash:		
SEK	151 829	92 258
GBP	6 131	6 877
EUR	2 201	1 830
USD	5 777	23 688
Short-term investments	–	–
	165 938	**124 653**

Note 30 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
Subscribed and paid shares		
At the beginning of the year	4 459	3 567
New share issue	1 115	892
Subscribed and paid shares	5 574	4 459
Shares for share-based payments	–	–
Sum at the end of the year	**5 574**	**4 459**

During the fourth quarter, the company concluded a new share issue which increased the number of shares by 26,315,790. The total number of shares thereafter amounted to 97,658,920 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 31 Conditional consideration

Conditional consideration comprises the following amounts:

	Group		Parent company	
	2023	2022	2023	2022
Conditional consideration from acquisition of subsidiaries:				
Milestone payments	27 436	23 961	27 436	23 961
Revenue based variable consideration	25 264	22 989	25 264	22 989
	52 700	**46 950**	**52 700**	**46 950**

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 has been classified as a Level 3 liability in the IFRS valuation hierarchy.

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 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 28%
* 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

	Milestone payments	Revenue based variable consideration	Total
Fair value 2023-01-01	**23 961**	**22 989**	**46 950**
Total reported profits and losses in this year's result:			
Present value / discount effect – reported in net financial items	3 474	-168	**3 306**
Revenue change – reported in Other operating expenses	–	3 736	**3 736**
Reclassification within the balance sheet	–	-1 292	**-1 292**
Fair value 2023-12-31	**27 436**	**25 264**	**52 700**
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	**-341**
Fair value 2022-12-31	**23 961**	**22 989**	**46 950**

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:

2023	Increase	Decrease
Conditional consideration		
Compound Annual Growth Rate (10% deviation)	2 978	-2 756
Discount rate (1% deviation)	-1 914	2 013
Revenue curve with higher/lower growth early in the period (20%)	3 509	-3 178

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
Pledged assets	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
Personnel-related costs	15 454	12 880	11 942	10 527
Consultants	855	2 910	3 030	2 561
Other items	16 585	3 116	8 608	781
Reported Value	**32 894**	**18 906**	**23 580**	**13 869**

Note 33 Pledged assets and contingent liabilities

	Group		Parent company	
Pledged assets	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
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 34 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 11,904 (TSEK 3,193), a liability to OssDsign Ltd of TSEK 10 (TSEK 191) and a receivable on Sirakoss Ltd of TSEK 520 (TSEK -391).

Note 35 Events after the balance sheet date

In January, exceptional 12-month results from the clinical TOP FUSION study were published in the scientific journal Biomedical Journal of Scientific & Technical Research. The results show a 93% fusion rate as well as improvements in quality of life and pain following surgery with the nanosynthetic bonegraft OssDsign Catalyst.

In April, two important agreements were signed in the U.S. A three-year GPO agreement for Bone and Bone Substitute Implantable Products with Premier, Inc, a leading U.S. healthcare improvement company uniting an alliance of approximately 4,350 U.S. hospitals and health systems. Then a new Veteran Affairs (VA) contract which covers approximately 100 additional VA orthopedic hospitals nationwide, giving OssDsign increased access to the important U.S. military market.

The board has also resolved to put forward a proposal for a new staff option program for board members, management and other key personnel to the Annual General Meeting on June 25.

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 36 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	
	2023	**2022**	**2023**	**2022**
Depreciation and disposals	24 352	9 718	4 139	891
Impairment of accounts receivable	–	-210	–	–
Options	–	–	–	–
Leasing	–	25	–	–
Fair value effects on conditional consideration	5 750	2 556	5 750	2 556
Adjustment for items affecting comparability	-35 673	–	–	–
Other non-cash items	41	–	–	–
Sum adjustments	**-5 530**	**12 089**	**9 889**	**3 447**

Note 37 Definition of key figures

Key figures	Definition / calculation
Net sales	Operating main income, invoiced costs, side income and income corrections.
Operating result before items affecting comparability	The difference between operating income and operating expenses, with the exception of items affecting comparability.
Items affecting comparability	All costs related to the restructuring of the company through the discontinuation of the Cranial PSI business line.
Operating profit	Difference between reported operating income and reported operating expenses.
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 38 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.

	2023	2022
USD/SEK: +/- 10%	105	231
GBP/SEK: +/- 10%	49	34

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 10 and 19.*

Credit risk analysis

Credit risk is the risk that a counterparty will not fulfil an obligation to the Group. The assessment for the group also includes the parent company. 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:

	2023	2022
Types of financial assets – reported values:		
Cash and cash equivalents	165 938	124 653
Accounts receivable and other receivables	25 462	15 895
Other long-term receivables	–	–
Total	**191 400**	**140 548**

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 2023 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:

	2023	2022
Overdue:		
No more than three months	9 583	5 028
More than three months but not more than six months	312	654
More than six months or more	563	110
Total	**10 458**	**5 792**

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					
2023-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	100%	–
Reported value, gross	13 020	9 846	205	359	**23 430**
Expected credit losses for the remaining term	–	–	-51	-359	**-410**

2022-12-31	Not due	0-6 months	More than 6 months	More than 12 months	Total
Expected credit loss	0%	0%	25%	100%	–
Reported value, gross	7 456	5 682	109	–	**13 247**
Expected credit losses for the remaining term	–	–	-27	–	**-27**

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 2022	-104
Unutilised loss reserve that is returned during the year	77
Loss reserve as of December 31, 2022	-27
Loss provisions reported during the year	-383
Loss reserve as of 31 December 2023	-410

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 2023, the group has financial liabilities and provisions that can be summarised as follows:

Group	Short term		Long term	
2023-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	214	–
Interest on liabilities to credit institutions	25	15	4	
Accounts payable	9 915	–	–	–
Leasing debt	411	411	1 602	
Additional purchase price	1 292	–	30 923	21 777
Total	**11 900**	**683**	**32 743**	**21 777**

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	
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	9 778	–
Additional purchase price	341	–	6 695	40 255
Total	**9 844**	**1 574**	**17 234**	**40 255**

Parent company	Short term		Long term	
2023-12-31	Within 6 months	6-12 months	1–5 years	Later than 5 years
Liabilities to credit institutions	257	257	214	–
Interest on liabilities to credit institutions	25	15	4	–
Accounts payable and other liabilities	9 383	–	–	–
Leasing debt	–	–	–	–
Total	**9 665**	**272**	**218**	**–**

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	
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**	**–**

Note 39 Proposal for disposal of the parent company profit or loss

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

Share premium	887 450 409
Retained earnings from previous years	-544 393 319
Profit for the year	-113 125 017
	229 932 073
The Board proposes that the retained earnings be treated so that it	
Is balanced in a new account	229 932 073
	229 932 073

Note 40 Changes to the Income Statement table

In the third quarter of 2023 the company implemented a voluntary change of accounting principles, primarily with respect to the Income Statement table, which is now 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 in comments and table below, but in all material respects it remains virtually the same.

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 profit before items affecting comparability. 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.

Items affecting comparability has been introduced as a new heading immediately above Operating result and defined to include all costs related to the restructuring of the company, brought about by the planned and communicated discontinuation of our Cranial PSI business line.

INCOME STATEMENT EFFECTS (OLD TABLE)

SEK 000'	**2022**
Operating income	
Net sales	56 985
Other operating income / Other income	15 743
Change in inventory of finished goods and work in progress	111
	72 838
Raw materials and consumables/Cost of material	-11 962
Other external expenses	-64 356
Personnel costs	-74 001
Depreciation, amortisation and impairment of tangible and intangible fixed assets/non-financial assets	-9 718
Other operating expenses/Other expenses	-3 295
Total operating cost	**-163 332**
Operating profit	**-90 494**
Profit from financial items	
Financial income	292
Financial cost	-9 454
Profit after financial items	**-99 629**
Tax expense	268
Profit for the year	**-99 388**
Earnings per share	
Basic earnings per share, SEK	**-1,7**

INCOME STATEMENT EFFECTS (NEW TABLE)

SEK 000'	**2022**
Net sales	56 979
Cost of goods sold	-22 016
Gross profit	**34 962**
Sales commissions and fees	-16 778
Selling expenses	-50 019
R&D	-25 493
Administrative expenses	-45 723
Other operating income	6 113
Other operating expense	–
Operating result before Items affecting comparability	**-96 937**
Items affecting comparability	–
Operating result	**-96 937**
Financial income	7 752
Financial expenses	-10 470
Result before income tax	**-99 656**
Tax expense	268
RESULT FOR THE PERIOD	**-99 388**
Earnings per share	
Earnings per share, SEK	-1.7

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.

	Jan – Dec	
SEK 000'	**2022 current**	**2022 previous**
Non-cash adjustments	12 089	9 278
Repayment of lease liabilities	-2 811	–

Note 41 Corrections

The comparative figures in the annual report have been recalculated with regard to incorrectly handled USD currency effects related to the previous acquisition of Sirakoss. The adjustments have the following impact on the comparative figures.

Balance sheet

	2022-01-01		
	Previous accounting	Adjustment	According to annual report
Goodwill	114 916	3182	118 098
Equity, reserves	286	3 182	3 468

	2022-12-31		
	Previous accounting	Adjustment	According to annual report
Goodwill	114 916	21 378	136 294
Equity, reserves	1 330	21 378	22 708

Consolidated statement of comprehensive income

	2022		
	Previous accounting	Adjustment	According to annual report
Conversion difference	1 044	18 196	19 240

Note 42 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, June 3, 2024.

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 June 3, 2024
Ernst & Young AB

Oskar Wall
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of OssDsign AB (publ), corporate identity number 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 2023. The annual accounts and consolidated accounts of the company are included on pages 28-78 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 2023 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 2023 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 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 1-27. 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 2023 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, June 3, 2024

Ernst & Young AB

Oskar Wall
Authorised Public Accountant

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