



# OssDsign acquires Sirakoss, enters USD 4 billion bone graft market

OssDsign AB (publ) ("OssDsign"), a leading bone-regeneration company with headquarters in Uppsala, Sweden, today announces the signing of an agreement to acquire the privately held, Scottish bone graft specialist company Sirakoss Ltd ("Sirakoss"). The acquisition broadens OssDsign's product portfolio with the 510(k) cleared Osteo<sup>3</sup> ZP Putty, a next-generation synthetic bone graft substitute for use in orthopaedic surgery. OssDsign acquires all outstanding Sirakoss shares in an all-cash transaction, which is subject to customary closing conditions. The purchase price of USD 11 million, not including agreed milestone and royalty payments, is divided into three cash instalments, with the first USD 5 million payment to be financed by a directed share issue in OssDsign conducted no later than November 24 2020.

OssDsign today announces the acquisition of Sirakoss, a privately held Scottish company that has developed, Osteo<sup>3</sup> ZP Putty, a nanosynthetic bone graft substitute that has been designed to provide surgeons with an easy-to-use, advanced solution for treating skeletal defects including spine and trauma bone grafting procedures. Sirakoss has been preparing for a commercial launch of Osteo<sup>3</sup> ZP Putty since the product received FDA clearance in June 2020, and OssDsign intends to start commercial activities around Osteo<sup>3</sup> ZP Putty in the US market for spinal fusion immediately following the acquisition.

OssDsign's CEO Morten Henneveld comments: *"This is a transformational acquisition for OssDsign with a great strategic fit, and it constitutes a major step towards our vision of becoming the global leader in regenerative bone repair solutions. We will now enter a very attractive market with strong underlying growth, high margins and scalability. In fact, this acquisition immediately gives us a five times larger addressable market. I am truly excited for the future of OssDsign and look forward to welcoming the Sirakoss team on board for the next chapter of our journey."*

Sirakoss' CEO Dr. Tom Buckland stated: *"This is a tremendous opportunity for Sirakoss' unique bone regeneration technology, Osteo<sup>3</sup> ZP Putty, and builds upon our recent successful 510(k) clearance for Spine and Trauma applications. The OssDsign team have a proven track record in bringing novel and highly effective Orthobiologics to market successfully and we are enthusiastic about working with them to take the benefits of the Osteo<sup>3</sup> technology to patients and surgeons."*

Through the acquisition, OssDsign will now expand from its current focus on craniomaxillofacial surgery into the broader orthopaedic space. Commercial activities around Osteo<sup>3</sup> ZP Putty will begin immediately, leveraging OssDsign's proven commercial infrastructure in the United States with access to customers and key opinion-leading spine- and neurosurgeons. OssDsign expects to see revenue from Osteo<sup>3</sup> ZP Putty during the second half of 2021 following approval processes in US hospitals where OssDsign already is present with its existing implants for cranial reconstruction. Over time, bone graft is expected to represent a substantial percentage of the company's turnover.

Morten Henneveld continues: *"I consider this a plug-and-play acquisition in that Osteo<sup>3</sup> ZP Putty is complementary to our current craniomaxillofacial portfolio, and we already have a strong sales infrastructure and operational capacity in place. We will initially target the US market for spinal fusions, as the spine segment constitutes a large share of most of our current customers' practices and we see many synergies in our existing sales channels. Having Osteo<sup>3</sup> ZP Putty in the portfolio undoubtedly strengthens our overall position in the US market, with the increased relevance and hospital presence expected to help drive sales of our patient-specific implants."*

Simon Cartmell, OssDsign's Chairman of the board, says: *"The teams behind OssDsign and Sirakoss share deep development and commercialisation experiences in the bone graft substitution and spine market segments, with several members of the management and board in both companies having worked successfully together in this field. I therefore have great confidence in our ability to deliver on our promises with the combined experience of both teams aligned towards achieving common goals."*

According to market data from Millenium Research Group, the global bone graft substitute market is projected to be worth USD 4 billion in 2021, of which 2.6 billion comes from cervical and thoracolumbar spinal fusion surgery. The bone graft market is characterized by high growth, with an 8% CAGR and gross margins reaching above 90%.

## Transaction terms and financing

Completion of the transaction is subject to and conditional upon OssDsign successfully carrying out a directed share issue in order to finance the first USD 5 million cash instalment of the purchase price no later than November 24 2020. OssDsign has appointed ABG Sundal Collier to act as sole global coordinator and joint bookrunner and Erik Penser Bank to act as joint bookrunner in connection with the directed share issue, which will commence shortly after the publication of this press release.

The purchase price of USD 11 million on a cash and debt free basis, is divided into three cash instalments, USD 5 million to be paid at closing of the deal and two equal instalments of USD 3 million to be paid on June 30 and December 31 2021, respectively. The sellers are also entitled to USD 2.5 million in additional milestone payments from OssDsign when the cumulative net sales of Osteo<sup>3</sup> ZP Putty reach USD 60 million and USD 120 million, respectively. Furthermore, the sellers and OssDsign have entered into a royalty agreement including a right for the sellers to receive a single-digit royalty fee on future sales of Osteo<sup>3</sup> ZP Putty or other products covered by the acquired IP until it expires.

Sirakoss was founded in 2011 by Prof Iain Gibson and Dr Jordan Conway at the University of Aberdeen, with the intention to translate the transformative Osteo<sup>3</sup> technology from academic discovery into clinical use. Hence, Sirakoss's financial results have historically been largely affected by costs related to research and development. For the financial year ended 31 December 2019 Sirakoss reported a net loss of GBP 941 085. The founders of Sirakoss will, along with the remaining Sirakoss team of two people, join OssDsign to support the continued development and commercialisation of the Osteo<sup>3</sup> technology.

## Advisors

Setterwalls Advokatbyrå and Pinsent Masons acted as legal counsel to OssDsign in the transaction. OssDsign has appointed ABG Sundal Collier to act as sole global coordinator and joint bookrunner and Erik Penser Bank to act as joint bookrunner in connection with the directed share issue.

**Webcast**

Due to the announcement of the acquisition, financial analysts and media are invited to participate in a webcast on November 4 2020 at 10.00 CET. The event will be hosted by OssDsign's CEO, Morten Henneveld, and the presentation will be held in English. The presentation can be followed live, or afterwards on [www.ossdsign.com](http://www.ossdsign.com).

To participate in the webcast, please go to:

<https://www.finwire.tv/webcast/ossdsign/presentation/>

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**Certified Adviser**

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**About OssDsign**

OssDsign is a Swedish medical technology company that develops and manufactures regenerative implants for improved healing of bone defects. Providing neuro and plastic surgeons with innovative implants, OssDsign improves the outcome for patients with severe cranial and facial defects worldwide. By combining clinical knowledge with proprietary technology, OssDsign manufactures and sells a growing range of patient-specific solutions for treating cranial defects and facial reconstruction. OssDsign's technology is the result of collaboration between clinical researchers at Karolinska University Hospital in Stockholm and material scientists at the Ångström Laboratory at Uppsala University.

**About Sirakoss**

Sirakoss is developing nanosynthetic graft substitutes to facilitate complete bone repair and transform patient healing. The Sirakoss bone graft substitutes utilise advanced and proprietary understanding of nanostructures and nanochemistry to catalyze faster bone regeneration coupled with total graft resorption. Sirakoss was spun out of the University of Aberdeen in 2011 based on the research of Professor Iain Gibson and is supported through financing from leading early-stage venture fund Epidarex Capital ([www.epidarex.com](http://www.epidarex.com)) and the Scottish Investment Bank, the investment arm of Scottish Enterprise together with grant funding from Innovate UK.

This information is information that OssDsign AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above at 17:31 CET on Nov 3, 2020.