ANNUAL REPORT 2023

BONESUPPORT™

BONESUPPORT™ is a fast growing orthobiologics company that focuses on innovative products for the treatment of bone disorders. The Company develops and sells injectable bio-ceramic bone graft substitutes based on its CERAMENT® platform, which remodels to bone and has the ability to release pharmaceuticals to promote healing.

BONESUPPORT markets and sells CERAMENT®|BONE VOID FILLER (BVF), CERAMENT®|G and CERAMENT®V, and is developing pre-clinical product candidates that are designed to promote bone regrowth. BONESUPPORT's products focus on trauma, revision arthroplasty (replacement of joint prostheses), chronic osteomyelitis (bone infection) and foot and ankle surgery.

BONESUPPORT has its registered office in Lund, Sweden and is listed on Nasdaq Stockholm. Net sales in 2023 amounted to SEK 591 million (329) and the Company had 118 (106) employees at year-end.

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The Company's formal annual accounts and consolidated accounts are included on pages 8-49 in this document.

2023
IN BRIEF

FINANCIAL RESULTS

Sales **591** SEKm	Net sales increased by 80% (72% in constant exchange rates[1]) and amounted to SEK 591 million (329). The North America segment increased by 104% (95% in constant exchange rates) and the EUROW segment reported a sales increase of 33% (28% in constant exchange rates).
Margin **92** %	The gross margin was 92% (91).
Profit/Loss **14** SEKm	Operating profit amounted to SEK +14 million (-65).
Earnings/share **3.77** SEK	Earnings per share before dilution were +3.77 SEK (-1.06).

[1] Alternative performance measures, see definitions on Page 58.

CEO EMIL BILLBÄCK COMMENTS ON THE PROGRESS IN 2023

STEPPING INTO THE NEXT CHAPTER

In 2023, BONESUPPORT's sales growth accelerated further. The turnover for the year was SEK 591 million, which corresponds to a growth of 72 percent in constant exchange rates. The increase in sales was driven by the continued successful launch of CERAMENT G in the US and increased general use of CERAMENT, both among existing and new customers in both regions.

Due to a lack of resources and personnel, the backlog of care that arose during the pandemic persisted after the restrictions were lifted at the beginning of 2022. In the US, the backlog was managed by extending operating hours and additional hiring within healthcare systems. This contributed to a favorable market dynamic throughout the year, with an increased number of surgical procedures. In Europe, it has taken longer to increase healthcare capacity, but by the end of 2023, we began to see this backlog starting to be addressed, mainly thanks to increased government funding, which provided a positive market dynamic.

Sales in the US amounted to SEK 442 million, which corresponds to a growth of 95 percent in constant exchange rates, and sales of CERAMENT G amounted to SEK 224 million. During the year, we began to see some cannibalization between CERAMENT G and CERAMENT BVF (Bone Void Filler), but at the same time, we rapidly added new CERAMENT customers. Administrative approvals within various hospital systems maintained a high pace throughout 2023. At the same time, penetration at member-connected hospitals was still in its infancy, and the focus of the American sales force is on educating surgeons in application technique and the added value of local antibiotic elution, as well as the health economic advantages of a one step procedure with CERAMENT G.

In December 2023, we submitted a 510(k) application for an expanded indication (trauma/open fracture) for CERAMENT G in the US as planned. At the beginning of March 2024, the FDA communicated its market approval for the extended indication. This means that CERAMENT G has become available for broader use, purposed at repairing skeletal injuries while simultaneously preventing infection at the site of the injury. There is currently no equivalent product in the US with such market approval.

Sales in EUROW amounted to SEK 149 million, which corresponds to a growth of 28 percent in constant exchange rates, with gains in market shares at the expense of both autograft and traditional bone cement. Moreover, contribution to the sales growth also came from successful sales within our hybrid markets, Spain and Italy. Here, staff from BONESUPPORT work together with distributors to develop the market and bring more and more hospitals and users from pilot use to regular use.

The strong sales and the leverage in the business model meant that the Company reported an operating result before accounting effects of incentive programs, of SEK 54 million. The underlying improvement in results amounted to SEK 90 million. Our strong growth during the year meant that we were able to show a positive cash flow during both the third and fourth quarters.

Over the past years, significant progress has been made within the Company in everything from research and development, clinical documentation, and regulatory milestones to commercial infrastructure. A testament to our solid work is that since December, we belong to a relatively small group of companies with a completely MDR CE-certified product portfolio. The CE-certification according to the new MDR standard has been gradually applied in Europe since May 2021 and involves extended documentation requirements on efficacy and safety with medical devices.

Several significant clinical studies were published during the year, validating the unique advantages of CERAMENT. From King's College in England, a study was published on the use of CERAMENT G and CERAMENT V in foot bone infections among diabetes patients. All patients included in the study were able to avoid amputation, which is otherwise a common consequence for this type of patient undergoing traditional treatment. During the year, long-term data on patients treated with CERAMENT G in connection with severe open fractures (trauma) were also published. The study showed very strong results for CERAMENT G's ability to prevent bone infections and avoid amputations. It is evidence of this caliber that fuels our tireless desire to change and replace an outdated standard of care treatment.

At the end of the year, Centers for Medicare & Mediacaid Systems (CMS) approved CERAMENT G for outpatient reimbursement through CMS's Transitional Pass-Through (TPT) payment. This payment will reimburse hospital outpatient departments and ambulatory surgical centers for the incremental cost of CERAMENT G. The TPT is uncapped and valid for three years.

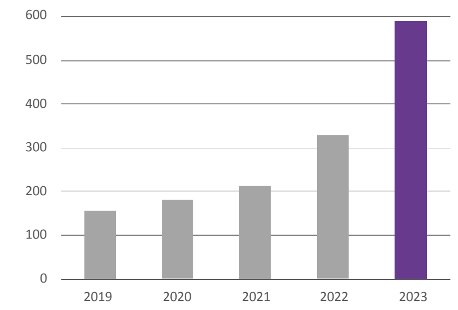
To bring transparency on our strategic work, we held a capital markets day at the end of November where we announced, among other things, that we intend to submit a market application for CERAMENT V in the US during the first quarter of 2025 and that we intend to enter the spinal fusion segment, an indication that would add 750,000 procedures annually to our addressable market in the US. In a first step, we intend to introduce CERAMENT BVF within spinal fusion, followed by our antibiotic-releasing products.

At the capital markets day, we also provided an updated forecast for 2024 of a sales growth of over 40 percent in constant exchange rates. BONESUPPORT's strong growth is a clear indication that more and more healthcare providers appreciate and value the patient benefits that CERAMENT provides. We continue our rapid expansion and are proud to contribute to a positive change for patients with skeletal injuries and bone infections.

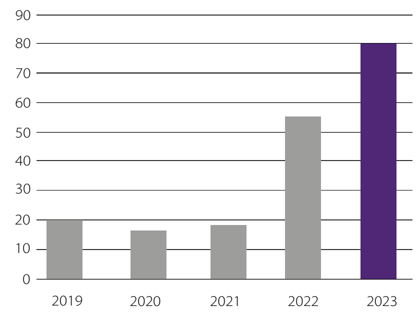
Emil Billbäck
CEO

FIVE YEARS IN OVERVIEW

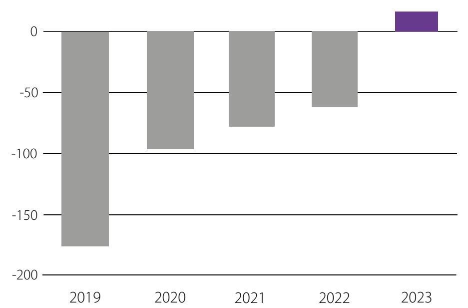
NET SALES 2019-2023, SEKm



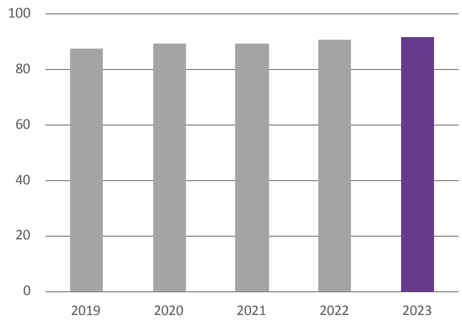
REVENUE GROWTH 2019-2023, %



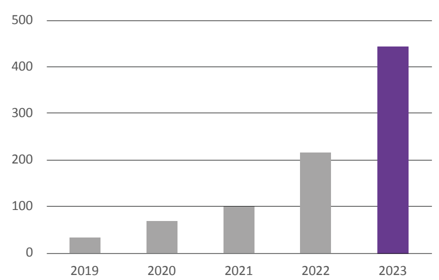
OPERATING PROFIT/LOSS 2019-2023, SEKm



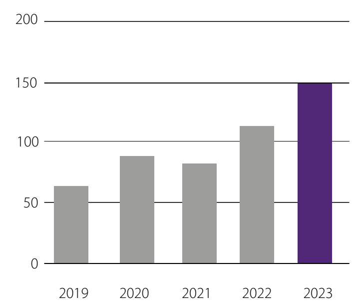
GROSS MARGIN 2019-2023, %



NET SALES SEGMENT NA 2019-2023, SEKm



NET SALES SEGMENT EUROW 2019-2023, SEKm



BONESUPPORT'S SHARE

BONESUPPORT has been listed on Nasdaq Stockholm since June 21, 2017 and since the beginning of 2021 on the Mid Cap segment. The Company has ordinary shares (class A shares) and class C-shares. During 2023, the number of shareholders increased by 1,472 to 9,418 (7,946). The highest share price in 2023 was SEK 190.70 and the lowest was SEK 74.55. The closing price on December 31, 2023 was SEK 188.20.

SHARE CAPITAL AND NUMBER OF SHARES
On December 31, 2023, the share capital amounted to SEK 41,359 thousand (41,359) divided into 66,197,635 shares with an implied book value per share of SEK 0.625.

SHARE TURNOVER
In 2023, 36,783,367 shares were traded, representing an average turnover of SEK 17.8 million per trading day.

OWNERSHIP
At the end of 2023, BONESUPPORT had 9,418 (7,946) shareholders, with Swedish shareholders representing 65.8 percent of capital and 65.3 percent of votes.

DIVIDEND AND DIVIDEND POLICY
BONESUPPORT has so far not paid any dividends. Any future dividends and the size thereof will be determined on the basis of the Company's long term growth, earnings development and capital requirements, taking into account current targets and strategies.

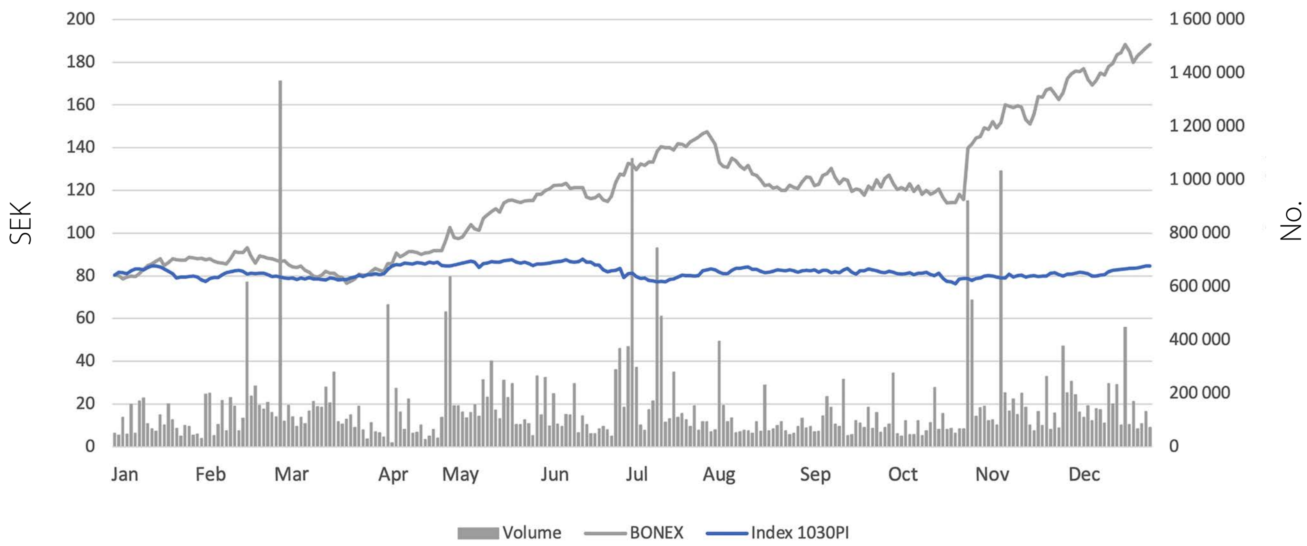
SHAREHOLDERS 31 DECEMBER 2023 (% OF CAPITAL)

HealthCap V LP	10,0%
Swedbank Robur Fonder	9,1%
Capital Group	7,9%
Avanza Pension	6,9%
Fjärde AP-Fonden	3,2%
Handelsbanken Fonder	2,7%
Tredje AP-Fonden	2,2%
Other shareholders	58,0%

DEVELOPMENT NUMBER OF SHARES

Date	Event	No. of shares
December 31, 2022	Opening balance	66 174 635
February 2023	Conversion of employee stock options to shares	23 000
March 2023	Conversion of 500,378 C-shares to ordinary shares	0
December 31, 2023	Closing balance	66 197 635

BONESUPPORT CLOSING PRICE VS INDEX



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

GROUP

GENERAL INFORMATION

BONESUPPORT HOLDING AB (publ), org.no. 556802-2171, registered in Lund, Sweden, is the Parent Company of BONESUPPORT AB. BONESUPPORT is a rapidly growing orthobiologics company in the commercial phase that primarily targets the major orthopedic markets in the US and Europe. BONESUPPORT was founded in 1999 and has its registered office in Lund with wholly owned subsidiaries in the US, United Kingdom, Germany, Sweden, Denmark, Switzerland, Spain, Italy and the Netherlands.

BONESUPPORT develops and commercializes innovative injectable bio-ceramic bone graft substitutes that remodel to the patient's host bone and have the ability to release drugs. BONESUPPORT's bone graft substitutes are based on the proprietary technology platform CERAMENT. To date, three primary commercial products have been commercialized:

- **CERAMENT®|BVF** (BONE VOID FILLER) injectable ceramic bone graft substitute that remodels to host bone.
- **CERAMENT®|G** injectable ceramic bone graft substitute that remodels to host bone and elutes Gentamicin during the critical first 30 days of bone healing. CERAMENT G constitutes a unique addition to the treatment and prevention of bone infection.
- **CERAMENT®V** injectable ceramic bone graft substitute that remodels to host bone and elutes Vancomycin during the critical first 30 days of bone healing. CERAMENT V constitutes a unique addition to the treatment and prevention of bone infection.

All three products are marketed in several markets in Europe and the rest of the world. In the US, CERAMENT BVF and CERAMENT G have been given US Food and Drug Administration (FDA) approval for use.

BONESUPPORT's strategy focuses primarily on continuing to increase sales of current products in existing and new markets, as well as generating additional clinical data through studies and health economic data (HEOR data) to highlight the benefits of CERAMENT.

BONESUPPORT has all the necessary skills to take a medical device from the research and development stage through sales to the end customers. Most of the production is outsourced to third parties. BONESUPPORT controls the product flow from supplier to customer.

The products are based on an innovative technology backed by a patent portfolio of approximately 100 registered and/or pending patents. BONESUPPORT has approximately 20 years of documented experience of safety and efficacy with CERAMENT and estimates, based on sales data, that more than 110,000 treatments have been performed with its products worldwide. There is great market potential in trauma, chronic osteomyelitis, revision arthroplasty, bone tumors and foot infections due to diabetes. The Company's research focuses on continuing to further develop and refine the current technology and to extend it to additional indications through the release of other drugs that promote bone healing.

MULTI-YEAR OVERVIEW

	2023	2022	2021	2020	2019
Net sales, SEKm	591,1	328,8	212,9	180,9	155,5
Net sales growth, %	79,8	54,5	17,7	16,3	60,9
Gross profit, SEKm	540,9	297,7	189,7	161,6	135,9
Gross margin, %	91,5	90,5	89,1	89,4	87,4
Operating result, SEKm	13,9	-64,5	-80,7	-98,6	-158,1
Net profit/loss for the year, SEKm	245,0	-68,2	-85,5	-101,4	-161,1
Equity, SEKm	545,2	268,9	265,7	398,9	124,3
Net debt, SEKm	-149,9	-183,8	-185,0	-343,3	-81,7
Operating cash flow, SEKm	-18,3	-47,0	-83,4	-100,3	-163,8
Cash at year end, SEKm	167,4	201,3	206,5	353,7	92,1
Earnings per share before dilution, SEK	3,77	-1,06	-1,34	-1,72	-3,10
Earnings per share after dilution, SEK	3,74	-1,06	-1,34	-1,72	-3,10
Average number of employees*	105	90	92	86	78
Net sales per employee, SEKt	5 629	3 654	2 314	2 103	1 993

* Expressed as average full-time equivalent.

For definitions and calculations of Alternative Performance Measures, see Page 58.

SIGNIFICANT EVENTS IN 2023

- In May, a study was published in 53 patients, with an average follow-up time of 30 months, in which 100 percent of the patients were able to avoid amputation when using CERAMENT G/V in the treatment of complex cases of diabetic foot.
- Strong long-term data with CERAMENT G in severe open fractures were presented in a study from Manchester University Hospital in May. The study was conducted with 81 patients with an average follow-up time of 55.8 months.
- During August, the last patient was recruited to the SOLARIO study, with a follow-up period of twelve months.
- In October, CERAMENT V was awarded Breakthrough device designation for the indication bone infection by the FDA.
- In November, the US Centers for Medicare & Medicaid Services (CMS) granted Transitional Pass-Through Payment (TPT) for CERAMENT G.
- In connection with BONESUPPORT's Capital Market Day in November, the Company announced an updated forecast for 2024 with sales growth of over 40 percent (in constant exchange rates). Furthermore, the Company's plans were presented including future expansion in spinal fusion (rigid surgery of vertebrae) and a planned market application for CERAMENT V in the US during the first quarter of 2025.
- In December, the Company received MDR certification for CERAMENT BVF and CERAMENT V.
- In December, as planned, the Company submitted a 510(k) application to the FDA for an expanded indication area (trauma/open fracture) for CERAMENT G in the US.

REVENUES

Revenue is generated through three channels:

- A combination of our own sales company and distributors in the US
- Direct sales in six countries in Europe
- Sales through distributors in all other markets

During 2023, the focus has been on continued commercial development, including continued launch of CERAMENT G in the US, and development of the hybrid structure in Spain and Italy that was introduced during 2021. During the year, there has been ongoing evaluation of contracted distributors in order to optimize the market presence of CERAMENT and to ensure both geographical coverage and coverage for various indications.

Net sales amounted to SEK 591.1 million (328.8), an increase of 80 percent (72 percent at constant exchange rates). The NA segment increased by 104 percent (95 percent at constant exchange rates) to SEK 442.4 million (216.9) and the EUROW segment increased by 33 percent (28 percent in constant exchange rates) to SEK 148.6 million (111.9).

SALES AND MARKETING

In the US, BONESUPPORT's products are distributed through BONESUPPORT's distributor network, supported by our directly employed and specially trained US sales and marketing organization. At year end, the US commercial organization had 30 (25) employees.

In Europe, BONESUPPORT currently has direct sales with 31 (26) sales representatives in the UK, Ireland, Germany, Switzerland, Sweden, Denmark and the Netherlands. BONESUPPORT sells via distributors in Finland, France, Ireland, Italy, Croatia, Norway, Poland, Spain and Austria. BONESUPPORT also sells through distributors in a small number of selected countries outside North America and Europe. The Company has established a hybrid model in Italy and Spain, with qualified local staff from BONESUPPORT working side by side with the local distributors' sales representatives.

RESEARCH AND DEVELOPMENT

BONESUPPORT's clinical development program focuses on further developing CERAMENT's properties, broadening clinical application areas and leveraging CERAMENT's unique drugeluting properties via the development of combination products which promote bone healing.

A number of combinations with CERAMENT have been studied to add osteoinductive properties i.e., the capability to actively stimulate bone healing. Among other research activities, the Company has conducted research in the form of preclinical candidates which combined CERAMENT with bisphosphonates, bone morphogenic proteins (BMP), bone marrow aspirate (BMA) and demineralized bone matrix (DBM). Priority product candidates for own development are CERAMENT combined with bisphosphonate and CERAMENT combined with DBM, while CERAMENT combined with BMP is a candidate for potential partner development.

Bisphosphonate is a well-established substance in the treatment of osteoporosis and is used to inhibit the activity of osteoclasts, resulting in improved bone healing and bone density. Demineralized bone matrix is based on allograft which is reduced in minerals. The material has been shown to have wide usage in conditions and situations where natural bone regrowth is weak.

Preclinical research has shown that the addition of zoledronic acid to CERAMENT increases the bone volume at screw implants with osteoporotic bone and that CERAMENT immediately improves anchor strength of hip screws[2].

Further preclinical research has shown that the combination of CERAMENT, zoledronic acid and bone morphogenic protein-2 (BMP-2) can also be used in the reconstruction of large segment defects instead of bone transplantation.

Clinical evidence, a strategic cornerstone

One of the three cornerstones of BONESUPPORT's strategy is to provide industry-leading scientific and clinical evidence that validates the many benefits of CERAMENT. Already today there is a comprehensive database of more than 240 research publications and abstracts of preclinical and clinical studies with CERAMENT.

During 2022 results from a long-term study[3] with CERAMENT G were presented. One hundred patients with bone infection treated at Nuffield Orthopaedic Centre, Oxford University Hospitals, were followed for an average of six years. At the end of the study, it was concluded that:

- 94 percent of patients remained infection-free
- 3 percent fracture frequency within the first year following the surgical intervention, thereafter no fractures

During 2023, further long-term data was presented where CERAMENT G had been used in severe open fractures[4]. 81 patients with severe open fractures and significant tissue loss who were managed in a one-step procedure with CERAMENT G at Manchester University Hospital, was followed up after surgery for an average of 55.8 months. 96.3 percent of patients avoided amputation, achieved bone healing within 12 months and avoided deep infection.

The results from these two studies over a long follow-up period confirm that our protocol using CERAMENT G remains very effective over several years.

For several years, diabetes has been one of the fastest growing public diseases and more than every eleventh adult in the world has diabetes. The annual incidence of infected foot ulcers is 3.2 percent among people with diabetes. A condition that many times leads to severe complications. A clinical study published by Vasukutty et. al. means a powerful validation of our groundbreaking technology for the management of diabetic bone infection, a particularly challenging category of patients. The study, recently published in The Diabetic Foot Journal[5], shows that the use of CERAMENT G, along with a surgical debridement, resulted in avoidance of amputation in 94 percent of cases. In a recently published study in the Lancet, it is estimated that 1.3 billion people will have diabetes by 2050. With strong treatment results,

1. Alternative performance measures, see definitions on Page 58.
2. Deepak Bushan Raina et. al. 'A New Augmentation Method for Improved Screw Fixation in Fragile Bone', Frontiers in Bioengineering and Biotechnology, March 2022 | Volume 10 | Article 816250.
3. McNally, M, et. al., 'Mid- to Long-Term Results of Single-Stage Surgery for Patients with Chronic Osteomyelitis Using a Bioabsorbable Gentamicin-Loaded Ceramic Carrier', The Bone & Joint Journal, 104-B.9 (2022), 1095–1100.
4. Henry et. al., ´Long-Term Follow-Up of Open Gustilo-Anderson IIIB Fractures Treated With an Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite´, Cureus 15(5): e39103
5. Vasukutty et. al. 'Limb salvage surgery in diabetic foot infection: encouraging early results with a local antibiotic carrier.' The Diabetic Foot Journal. 2022;25(2):1–5.

BONESUPPORT has decided to support two recently started physician-initiated studies, one in the Netherlands and one in Spain, with the aim of further validating the benefits of CERAMENT G in various surgical techniques, for the treatment of diabetes-related bone infection.

Steps for the future during 2024

During the Capital Markets Day in November 2023, the Company announced that in 2024, the Company will focus on developing evidence and compiling data within the strategically prioritized areas spinal fusion and the management of bone infection using CERAMENT V, for future launches in the USA.

Results from CERTIFY drive changed standard of care

CERTiFy[1], a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients with tibial plateau fractures, shows that CERAMENT BVF can replace autograft as the standard of care. The study confirmed that CERAMENT has the ability to be converted to bone. In addition, treatment with CERAMENT BVF resulted in significantly lower patient-experienced post-operative pain and a significantly lower blood loss. BONESUPPORT expects the results of the study published in The Journal of Bone and Joint Surgery in December 2019 to represent a milestone in driving change in the standard of care and that more clinics in consultation with the patient will choose CERAMENT over autograft.

The SOLARIO study

BONESUPPORT supports the SOLARIO study (Short or Long Antibiotic Regimes in Orthopaedics), with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment time compared to systemic antibiotics and thereby reduce risk of antibiotic resistance, side effects and additional costs. The study is led by the Oxford University Hospitals' NHS Foundation Trust in collaboration with EBJIS (European Bone and Joint Infection Society). SOLARIO is a randomized unblinded European multicenter study that is expected to include 500 patients. The first patient was recruited in February 2019 and the study is expected to be closed during Q3 2024. During August, the last patient was enrolled to the study, with a follow up time of twelve months. A positive result of the study may contribute to a paradigm shift in the protocol for treating bone infections.

The CONVICTION study

The French CRIOAc[2] network has initiated CONVICTION, a randomized controlled trial to evaluate the efficacy of CERAMENT G in the treatment of osteomyelitis. The French Ministry of Health has decided to fund the study. A research grant from BONESUPPORT to partially finance the products used in the study, has been awarded.

The study will evaluate the effectiveness of CERAMENT G in the treatment of osteomyelitis. The study is a national multicenter study and will be conducted by clinics that are part of the CRIOAc network.

The recruitment of patients to the study has been slow and we are in dialogue with participating hospitals and CRIOAc about how we can increase the recruitment rate.

A positive outcome of the study would mean that a large commercial opportunity will arise in the French market and that improved reimbursement status is obtained.

HEALTH ECONOMICS

One of the largest challenges when introducing new and innovative healthcare treatment is to ensure that healthcare systems around the world understand the value of the treatment and include it in the care offered to the patient. BONESUPPORT undertakes a variety of activities to ensure that the Company's products are included in the remuneration systems where our products are marketed.

One of the obvious positive health economic benefits that comes from the clinical benefits CERAMENT offers is a reduced utilization of healthcare resources. A reduced number of re-infections and reduced amputation frequency as a result from treatment with CERAMENT G and CERAMENT V in a one-step procedure, naturally leads to fewer return visits and fewer surgeries. This, in turn, leads to reduced hospital stays. The significance of health benefits and the calculation models for evaluating the cost-effectiveness of health benefits differ between different healthcare systems.

In connection with the launch of CERAMENT G in the USA, BONESUPPORT has been granted New Technology Add-on Payment (NTAP), providing enhanced reimbursement for new in-novative surgical procedures in inpatient care. As of January 1, 2024, Transitional Pass-Through (TPT) payment has also been granted, offering increased reimbursement in outpatient care within the American Centers for Medicare & Medicaid Services (CMS). These programs are established to promote innovation and enhance access to groundbreaking treatments. NTAP applies until October 2024 and TPT until December 2026.

Health economic model osteomyelitis USA

In 2022, a cost-benefit analysis was conducted to assess the potential implications for the American healthcare system of transitioning to a single-stage procedure with CERAMENT G. The modelling, which is based on available clinical data as well as cost data from CMS, was done in collaboration with national expertise in health economics and clinical orthopedics. The results were presented at the end of 2022, partly at the leading health economic conference ISPOR and partly at the SOMOS conference aimed at orthopedic surgeons. The analysis shows that a one-step procedure with CERAMENT G is a cost-effective strategy for treating bone infection compared to current US healthcare standards. When using CERAMENT G, instead of PMMA beads with antibiotics, the cost reduction is estimated on average to be about SEK 300 thousand (USD 27,943) per patient, over a period of two years, due to fewer surgeries and fewer surgical complications during and after procedures[3]. The analysis also shows improved quality of life for patients. The published analysis is an important tool for communicating the value of CERAMENT G to, among others, private insurance companies.

CERAMENT G / CERAMENT V leads to reduced days of care in patients with bone infections[4]

The Nuffield Orthopaedic Centre (NOC) has shown that they have been able to reduce the degree of re-infection in osteomyelitis

1. Hofmann et. al. Autologous Iliac Bone Graft Compared with Biphasic Hydroxyapatite and Calcium Sulfate Cement for the Treatment of Bone Defects in Tibial Plateau Fractures, The Journal of Bone and Joint Surgery: February 5, 2020 - Volume 102 - Issue 3 - p 179-193.
2. CRIOAc (Referenscenter för osteoartikulära infektioner) är ett sjukvårdsnätverk i Frankrike som implementeras genom ett landsomfattande program för att förbättra resultaten i han-teringen av ben- och ledinfektion.
3. Carter, M., et. al. "EE240 Does Single Stage Surgery of Long Bone Infection Using Gentamicin-Eluting Bone-Graft Substitutes Result in Decreased Cost and Improved Quality of Life Compared to Traditional App roaches?." Value in Health 25.12 (2022): S100.
4. Ferguson, J et. al. A retrospective cohort study comparing clinical outcomes and healthcare resource utilisation in patients undergoing surgery for osteomyelitis in England: a case for reorganising orthopaedic infection services, J. Bone Joint Infect., 6, 151–163.

patients by 56 percent compared to their previous standard of treatment. In an analysis involving approximately 25,000 patients who underwent surgical treatment for osteomyelitis in 2013-2017, the patient group treated at NOC after the introduction of CERAMENT G or CERAMENT V in a one-step procedure was compared with patients cared for at other hospitals in England. The results presented in The Journal of Bone and Joint Infection[4] showed that CERAMENT G or CERAMENT V in a one-step procedure contributed to significantly improved patient outcomes. The hospital stay, in connection with osteomyelitis surgery and the following two years, were on average 16 days shorter for the group that received CERAMENT G and CERAMENT V at NOC. In addition, patients at NOC had a significantly lower risk of amputation (6.47 percent) compared to the Rest of England control group (12.71 percent). With the addition of CERAMENT G or CERAMENT V in the treatment of osteomyelitis, the total saving in the number of days of care associated with surgery and subsequent care, could amount to approximately GBP 44 million annually, calculated on 6,250 treated patients per year.

Reduced risk of deep infections with CERAMENT G and CERAMENT V

Another area where CERAMENT G and CERAMENT V can help reduce healthcare costs is in the treatment of open tibial fractures. Open tibial fractures represent about 15 percent[1] of all tibial fractures and have a high incidence of infection, with no bone healing as a result. Bone infections often lead to great suffering for the patient and very high healthcare costs. In a Belgian study by Hoekstra et. al.[2] of 358 patients, the cost of tibial fractures was studied. The study showed that healthcare costs for patients affected by a deep infection were on average five times higher than for those who did not get an infection, resulting in the cost of treatment increasing from EUR 9,500 to EUR 48,700. There are a number of studies that show that CERAMENT contributes to cost-effective care by reducing the number of deep infections. One of these is a study by Henry et. al.[3] on 81 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, with a mean follow up time of 55.5 months, three patient (3.7 percent) suffered from a deep infection compared with historical references of up to 52 percent incidence of infection. This shows that one-step treatment with antibiotic-eluting CERAMENT for open tibial fractures can effectively reduce the incidence of cost-driving infections.

STAFF AND ORGANIZATION

The average number of employees in 2023 was 105 (90) for the Group. Of these, 68 percent (54) worked within in Sales and marketing and 27 percent (23) within Research and development.

RESULTS

Gross profit

As a result of the increased net sales in North America, an increased gross profit of SEK 540.9 million (297.7) was reported, corresponding to a gross margin of 91.5 percent (90.5).

Operating expenses

Sales and marketing costs excluding sales commissions and fees increased to SEK 217.2 million (158.1). The increase is mainly due to an increase in sales staff and an increased activity level throughout the year, with a large focus on the launch of CERAMENT G in NA. Sales commissions and fees increased in line with sales growth by SEK 73.7 million to SEK 154.1 million (80.4). Research and development costs increased to at SEK 57.1 million (53.1). Administrative expenses increased to SEK 90.3 million (73.3) and include costs within the framework of active incentive programs with SEK 40.1 million (28.4). Of the total operating expenses, depreciation amounted to SEK 7.8 million (7.5).

Operating profit

Operating profit amounted to SEK 13.9 million (-64.5). The improvement is due to what has been described in the sections Gross profit and Operating expenses above. The underlying improvement in result before costs for incentive programs amounted to SEK 90.2 million.

Net financial items

Net financial items amounted to SEK 1.8 million (-0.2), of which almost all regarded positive interest net.

Income tax

During the year, the Company assigned a value to the tax losses carried forward in the balance sheet for the first time. The deferred tax income amounts to SEK 237.2 million (0.0).

Net profit for the year

For the reasons described above, the net profit for the year amounted to SEK 245.02 million (-68.2). The net profit for the year includes deferred tax income amounting to SEK 237.2 million (0.0). The deferred tax income is attributable to the Company for the first time recognizing a value in the balance sheet regarding tax losses carried forward and other temporary differences.

INVESTMENTS

Investments amounted to SEK 5.2 million (1.3) for capitalized development expenses and patents during the year, and SEK 0.8 million (2.0) for equipment and tools.

FINANCIAL POSITION AND CASH FLOW

Cash and cash equivalents at the end of the year amounted to SEK 167.4 million (201.3), a decrease of SEK 33.9 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -18.3 million (-47.0). A direct effect of the increase in sales is increased capital tied up in trade receivables and inventories.

At the end of the year, equity amounted to SEK 545.2 million (268.9), of which SEK 41.4 million (41.4) constituted share capital.

QUALITY SYSTEMS AND PRODUCT APPROVAL

BONESUPPORT's quality system complies with the EU Medical Device Regulation 2017/745 (EU MDR), ISO 13485 "Medical device-Quality management system-Requirements for regulatory purposes", the FDA's Quality System Requirements and other relevant national regulations.

The Company's products are so called class III products in Europe, undergoing extensive design verification/validation before being assessed and approved for CE marking by the controlling body, the British Standard Institute (BSI).

1. Ferguson, J et. al. A retrospective cohort study comparing clinical outcomes and healthcare resource utilisation in patients undergoing surgery for osteomyelitis in England: a case for reorganising orthopaedic infection services, J. Bone Joint Infect., 6, 151–163.
2. Hoekstra et. al. Economics of open tibial fractures: the pivotal role of length-of-stay and infection. Health Econ Rev 2017;7:32.
3. Henry, Joshua A et. al. "Long-Term Follow-Up of Open Gustilo-Anderson IIIB Fractures Treated With an Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite." Cureus vol. 15,5 e39103. 16 May. 2023, doi:10.7759/cureus.39103

ENVIRONMENT

The Company's operations are not subject to authorization under the Swedish Environmental Code.

More information about our sustainability work, can be found on our web page.

OPERATIONAL AND FINANCIAL RISKS

During 2018, we established a strategic platform for our operations. There are many potential application areas for the CERAMENT platform. In our strategy, we have chosen to focus on those areas where there is strong clinical evidence of CERAMENT's therapeutic benefits, i.e. trauma, revision arthroplasty, osteomyelitis, foot and ankle surgery and bone tumors. By concentrating our resources on these indications, we address a global market of 3.8 million procedures per year, of which spine makes up 2.3 million and extremities 1.5 million. Currently, we prioritize 770 thousand procedures in extremities (380 thousand procedures in the US and 390 thousand procedures in Europe) as well as 750 thousand procedures in the spine in the US. During a capital market day in November it was announced that the Company under 2024 will focus on developing evidence and compiling data in the strategically prioritized areas spinal fusion (spine) and treatment of bone infection with CERAMENT V, for future launches in the US.

Our strategy is based on three pillars:

- Innovation
- Leading clinical and health economic evidence
- Effective commercial platform

BONESUPPORT's main operating, as well as financial risks are in market development and the time it takes to create acceptance for the products and thereby generate revenue.

There is currency exposure, primarily to USD, GBP and EUR. Since the revenues are mainly generated in these currencies, a weak SEK has a positive effect.

BONESUPPORT's results have been affected, and will continue to be affected in the future, by several factors wholly or partly outside the Company's control. In addition to the above, the following is a description of the main factors that BONESUPPORT believes have affected the results of the business and which can be expected to continue to affect the Company's results.

- Before market launch, medical device products must meet the strict requirements for quality, safety and effect that is expected by regulatory authorities. A failure can result in delayed or cancelled launch.
- Risks related to the regulatory environment for medical devices and combination products, such as the high costs of complying with applicable regulatory frameworks, in particular as regards the requirements arising from the EU Directive on medical devices, and corresponding national and regional medical devices legislation, and the effects of amended regulations as well as the consequences resulting from failure to comply with the applicable regulatory framework.
- Risks related to the conduct and outcome of clinical trials, such as time-consuming and costly clinical trials and may be delayed, become more expensive or be discontinued as a result of a number of factors including lack of authorization for the conduct of studies, lack of patient recruitment, undesirable side effects or lack of required clinical efficacy.
- Risks related to a lack of market acceptance from healthcare providers, patients and healthcare payers, for example based on perceived advantages over competing treatments, the presence and extent of side effects and costs of treatment compared to competing treatments, and risks related to a lack of availability of adequate reimbursement systems that may lead to a reluctance to use the Company's products.
- Risks that BONESUPPORT does not achieve sufficient revenue or cash flow to finance its operations in the future or is unable to obtain the necessary funding where necessary.
- Risks related to manufacturing, supply and warehousing, such as the Company's suppliers and manufacturers not fulfilling their commitments or having their operations curtailed as a result of government intervention, which would risk entailing time-consuming and costly processes for the Company to replace/find new suppliers.
- Risks related to competition and that the Company has a limited product portfolio based on a technology platform such that competing products may prove to be better or achieve greater market acceptance or that the Company's product candidates do not show sufficient potential for further development, which could lead to failure to obtain market approval.
- Risks related to key employees and qualified personnel, such as the Company's dependence on its senior executives and other key personnel and if the Company loses key employees, or fails to recruit the necessary personnel, may lead to delays or interruptions in the continued business and product development.
- Risks related to intellectual property rights such as the Company's patent protection not being sufficient to adequately protect its operations, that the Company infringes the intellectual property rights of third parties or that the Company becomes involved in intellectual property disputes.
- Risks related to potential product liability claims and insurance issues such that the Company faces significant liability risks if its products or product candidates should cause patients to suffer side effects involving illness, bodily injury or death, and that the Company's insurance coverage cannot be maintained or provide adequate protection.

A more detailed description of risks is given in Note 2. Regarding the Group's internal control and risk management system in connection with the preparation of consolidated accounts, please refer to the Corporate Governance Report.

LEGAL DISPUTES

BONESUPPORT has no ongoing or known potential legal disputes within the Group.

LONG TERM STRATEGIC ACTIVITIES

BONESUPPORT's strategy can be broken down into the following main activities:

- Produce compelling clinical and health economic data.
- Commercial focus on selected markets and indications.
- Extended regulatory market approval for CERAMENT G in the US.
- Market launch in the spinal fusion segment, an indication that would add 750,000 procedures annually to CERAMENT's addressable market in the US.
- Develop new products that meet market needs in the short, medium and long term.

BONESUPPORT will develop further compelling clinical and health economic data to strengthen its position in the markets for trauma, revision arthroplasty, chronic osteomyelitis and foot infections due to diabetes.

A number of combinations with CERAMENT have been studied to supply osteoinductive properties, i.e. the capability to actively stimulate bone healing. Among other research activity, the Company has conducted research using preclinical candidates which combined CERAMENT with bisphosphonates, bone-joint proteins (BMP), bone marrow aspirates (BMA) and demineralized bone matrix (DBM). Priority product candidates for own development are CERAMENT with bisphosphonate and CERAMENT with DBM, while CERAMENT with BMP is a candidate for potential partner development.

PROSPECTS

BONESUPPORT's objective during 2024 is to grow sales with more than 40 percent in constant exchange rates.

THE BOARD OF DIRECTORS AND ITS WORK

Håkan Björklund, Lennart Johansson, Mary I O'Connor, Björn Odlander and Christine Rankin were re-elected at the Annual General Meeting in May 2023. Lennart Johansson was reelected Chair of the Board.

The work of the Board of Directors is governed by rules of procedure that are revised and adopted by the Board at least once a year. The Rules of Procedure mainly contain provisions for the work of the Board of Directors, as well as instructions for the division of duties between the Board of Directors and the CEO, as well as instructions for financial reporting. The Swedish Code of Corporate Governance applies. More details are given in the Corporate Governance Report.

CORPORATE GOVERNANCE

The Company has chosen to issue the Corporate Governance Report separately to the Annual Report. The Corporate Governance Report can be found on Page xx.

PRINCIPLES OF REMUNERATION TO SENIOR EXECUTIVES

Pursuant to the Swedish Companies Act, the Annual General Meeting shall decide on guidelines for remuneration of the CEO and other senior executives.

At the Annual General Meeting on May 17, 2023, updated guidelines were adopted with primarily the content below.

These guidelines cover the persons who are members of BONESUPPORT HOLDING AB's ("BONESUPPORT") Group management. Group management currently consists of nine positions. The guidelines also include any remuneration to Board Members for work in addition to Board fees.

The guidelines shall be applied to the remuneration agreed, and changes made to already agreed remuneration, after the guidelines have been adopted by the Annual General Meeting 2022. The guidelines do not cover remuneration resolved by the General Meeting, such as fees to Board Members or share-related incentive programs.

The Company's starting point is that remuneration shall be at a market and competitive level and shall consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. The level of remuneration for each individual executive shall be based on factors such as duties, expertise, experience, position and performance. In addition, the Annual General Meeting may – and independently of these guidelines – resolve on, for example, share and share price-related remuneration.

In the case of employment relationships governed by rules other than Swedish regulations, appropriate adjustments may be made, in respect of pension benefits and other benefits, to comply with such mandatory rules or established local practice, taking into account, as far as possible, the overall purpose of these guidelines.

The CEO and other senior executives shall be offered a fixed annual salary. The fixed salary shall be determined taking into account the senior executive's expertise, area of responsibility and performance. The fixed salary should be reassessed annually.

In addition to fixed salary, the CEO and other senior executives may, by separate agreement, receive variable cash remuneration. Variable cash remuneration covered by these guidelines shall aim to promote BONESUPPORT's business strategy and long-term interests, including its sustainability.

Compliance with criteria for the payment of variable cash remuneration shall be measured over a period of one year. The annual variable cash remuneration may not exceed 75 percent of the fixed annual salary for the CEO, 52.5 percent for the CFO and not more than 40 percent of the fixed annual salary of other senior executives, the individual highest level being determined, inter alia, in the light of his or her position. The variable cash remuneration shall not be pensionable, subject to mandatory collective agreement provisions.

The variable cash remuneration shall be linked to one or more predetermined and measurable criteria that may be financial, such as net sales and operating profit, or non-financial, such as qualitative targets (also referred to as MBOs). The variable cash remuneration shall be less than 40 percent dependent on non-financial criteria. Clearly and measurably linking the remuneration of senior executives to BONESUPPORT's financial and operational development, promotes the implementation of the Company's business strategy, long term interests and sustainability.

Once the measurement period for compliance with the criteria for the payment of variable cash remuneration has been completed, the extent to which the criteria have been met shall be assessed. The Remuneration Committee is responsible for such assessment. Compliance with financial criteria shall be determined based on the latest financial information published by the Company. The Board of Directors shall have the possibility to recover, in whole or in part, variable remuneration paid on the basis of information that has subsequently been found to be incorrect.

Pension benefits, including health insurance, shall be defined contribution to the extent that the executive is not covered by a defined benefit pension in accordance with mandatory collective agreement provisions. Premiums for defined contribution pensions, including health insurance, may amount to a maximum of 40 percent of the fixed annual salary.

Other benefits may include life insurance, medical insurance and car benefit.

Senior executives shall be employed until further notice or for a certain period of time. In the event of termination by BONESUPPORT, the notice period may not exceed twelve months. Severance pay, in addition to salary and other remuneration during the notice period, may not exceed an amount equal to twelve times the monthly salary. In the event of resignation by the senior executive, the notice period may not exceed six months.

In addition, compensation may be paid for any commitment to restrict competition in order to compensate for any loss of income. Such remuneration shall be paid only to the extent that the former senior executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination and shall amount to a maximum of 60 percent of the fixed salary at the time of termination, subject to mandatory collective agreement provisions, and shall be paid for the duration of the anti-competition undertakings, which shall not exceed twelve months after termination of employment.

To the extent that the Board Member performs work on behalf of the Company, in addition to the work of the Board of Directors, a market-based consulting fee for such work may be paid to a Board Member or to a company controlled by a Board Member, provided that the services contribute to the implementation of BONESUPPORT's business strategy and the safeguarding of BONESUPPORT's long term interests, including its sustainability.

The Board of Directors has set up a Remuneration Committee. The Remuneration Committee's tasks include preparing the Board's resolution on proposals for guidelines for remuneration to senior executives. The Board of Directors shall prepare proposals for new guidelines at least every four years and shall submit the proposal for resolution at the Annual General Meeting. The guidelines shall remain in force until new guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to Company management, the application of guidelines for remuneration to senior executives and the current remuneration structures and levels in the Company. The members of the Remuneration Committee are independent in relation to the Company and Company management. The CEO or other members of the executive management may not be present at the Board's discussion of and decisions on remuneration-related matters, to the extent that they are affected by the issues.

The Board of Directors may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case there are special reasons for this and a deviation is necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, it is part of the Remuneration Committee's task to prepare the Board's decisions on remuneration issues, which includes decisions to deviate from the guidelines.

In addition to the commitments to pay ongoing remuneration such as salary, pension and other benefits, there is no previously resolved remuneration to any senior executive that has not become due for payment. For further information on remuneration to senior executives, see Note 11.

PARENT COMPANY

REVENUES, NET PROFIT AND FINANCIAL POSITION

The Parent Company BONESUPPORT HOLDING AB (publ) owns and administers the shares in BONESUPPORT AB, which in turn owns the shares in the other Group companies. BONESUPPORT HOLDING AB does not undertake any operational activities. BONESUPPORT HOLDING AB was registered on March 15, 2010 in connection with the restructuring of the Group.

In 2023, management fees were charged within the Group. In the Parent Company, SEK 53.7 million (47.8) has been recognized as net sales and SEK 70.7 million (61.8) as administrative costs. The Parent Company's operating expenses amount to SEK 71.4 million (64.5). The net profit for the year amounted to SEK 10.5 million (-21.5). The net profit includes deferred tax income amounting to SEK 17.4 million (0.0). The deferred tax income is attributable to the Parent Company for the first time recognizing a value in the balance sheet regarding tax losses carried forward.

During the year, no unconditional shareholder contributions were made to BONESUPPORT AB, just as in the previous year.

Equity amounted to SEK 1,269.8 million (1,247.1). Cash and bank balances amounted to SEK 43.5 million (144.5) at the end of the year.

FINANCIAL RISKS

The Parent Company's financial risks are essentially the same as the Group's.

OWNERSHIP AT DECEMBER 31, 2023

The largest shareholders at the end of the year were HealthCap V LP 10.0%, Swedbank Robur Fonder 9.1%, Capital Group 7.9%, Avanza 6.9%, Fourth Swedish National Pension Fund 3.2%, Handelsbanken Fonder 2.7% and Third Swedish National Pension Fund 2.2%.

THE SHARE

The Company has ordinary shares and class C-shares. The quotient book value of the shares is SEK 0.625 per share. As of December 31, 2023, the total number of ordinary shares amounted to 65,055,575 (64,532,197) divided among 9,418 shareholders (7,946), and the total number of class C-shares amounted to 1,142,060 (1,642,438). The ordinary shares entitle to one vote each and the C-shares entitle to one tenth of a vote each.

According to the Articles of Incorporation, the number of shares shall be not less than 29,000,000 (29,000,000) and not more than 116,000,000 (116,000,000).

Own shares

BONESUPPORT HOLDING AB holds all class C-shares.

Pursuant to authorization from the Annual General Meeting on May 22, 2018, the Board of Directors of BONESUPPORT HOLDING AB resolved to issue 505,000 class C-shares and then immediately repurchase them. The shares were issued and repurchased in accordance with the performance share programs LTI 2018/2021 and LTI Board of Directors 2018 adopted by the Annual General Meeting on May 22, 2018. SEK 315,625 was paid for the class C-shares in 2019.

Pursuant to authorization from the Annual General Meeting on May 14, 2019, the Board of Directors of BONESUPPORT HOLDING AB resolved to issue 730,000 class C-shares and then immediately repurchase them. The shares were issued and repurchased in accordance with the performance share program LTI 2019/2022 adopted by the Annual General Meeting on May 14, 2019. SEK 456,250 was paid for the class C-shares in 2020.

Pursuant to authorization from the Annual General Meeting on May 19, 2020, the Board of Directors of BONESUPPORT HOLDING AB resolved to issue 55,000 class C-shares and then immediately repurchase them.

The shares were issued and repurchased in accordance with the performance share program LTI 2020/2023 adopted by the Annual General Meeting on May 19, 2020. SEK 34,675 was paid for the class C-shares in 2021.

Pursuant to authorization from the Annual General Meeting on May 18, 2021, the Board of Directors of BONESUPPORT HOLDING AB resolved to issue 287,134 class C-shares and then immediately repurchase them. The shares were issued and repurchased in accordance with the performance share program LTI 2021/2023 adopted by the Annual General Meeting on May 19, 2021. SEK 179,458.75 was paid for the class C-shares in 2021.

Pursuant to authorization from the Annual General Meeting on May 19, 2022, the Board of Directors of BONESUPPORT HOLDING AB resolved to issue 639,572 class C-shares and then immediately repurchase them. The shares were issued and repurchased in accordance with the performance share program LTI 2021/2023 adopted by the Annual General Meeting on May 19, 2021. SEK 399,733 was paid for the class C-shares in 2022. The purpose of the issue and the repurchase of series C-shares was to, after the class C-shares had been converted to ordinary shares, ensure delivery of performance shares to employees within the BONESUPPORT Group participating in the performance share program LTI 2021/2023, adopted by the Annual General Meeting on May 20, 2021. This means that the issue of class C-shares replaces the share swap resolved by the same Annual General Meeting. Allotment of performance shares took place in March 2023.

The share of the class C-shares in the share capital amounts to two (two) percent.

THE BOARD OF DIRECTORS' PROPOSAL FOR APPROPRIATION

Appropriation Parent Company, SEK	
Unrestricted equity in the Parent Company	
Share premium reserve1	563 862 278
Accumulated losses	-345 769 561
Net profit for the year	10 327 784
Total unrestricted equity in the Parent Company	**1 228 420 502**

The Board of Directors proposes that the share premium reserve, accumulated losses and net profit for the year be carried forward.

CONSOLIDATED INCOME STATEMENT

SEKt	Note	2023	2022
Net sales	4	591 077	328 818
Cost of sales	4, 6, 7	-50 160	-31 111
Gross profit	4	**540 917**	**297 707**
Selling expenses	6, 7, 10, 11, 21	-217 166	-158 073
Sales commissions and fees	4, 6	-154 140	-80 375
Research and development expenses	6, 7, 10, 11	-57 105	-53 088
Administrative expenses	6, 7, 8, 10, 11, 12	-90 313	-73 305
Other operating income	13	32 700	43 206
Other operating expenses	6, 14	-40 963	-40 607
Operating profit/loss	4	**13 930**	**-64 535**
Profit/loss from financial items			
Interest income	15	4 935	811
Interest expenses	15	-3 117	-970
Net financial items	4	**1 818**	**-159**
Profit/loss before income tax	4	**15 748**	**-64 694**
Income tax	16	229 273	-3 473
Net profit/loss for the year		**245 021**	**-68 167**
Attributable to:			
Equity holders of the Parent Company		245 021	-68 167
Earnings per share calculated on earnings attributable to equity holders of the Parent Company			
Earnings per share before dilution, SEK	23	3,77	-1,06
Earnings per share after dilution, SEK	23	3,74	-1,06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	2023	2022
Net profit/loss for the year	**245 021**	**-68 167**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	-1 225	2 231
Other comprehensive income of the year	**-1 225**	**2 231**
Total comprehensive income of the year	**243 796**	**-65 936**
Attributable to:		
Equity holders of the Parent Company	243 796	-65 936
Total comprehensive income of the year	**243 796**	**-65 936**

Other comprehensive income of the year refers in its entirety to exchange differences with no tax effects.

CONSOLIDATED BALANCE SHEET

SEKt	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Intangible assets	18		
Capitalized development expenses		8 166	6 309
Patents		4 040	2 075
Total intangible assets		**12 206**	**8 384**
Tangible assets			
Right of use assets	26	18 946	18 861
Equipment and tools	19	5 050	5 764
Total tangible assets		**23 996**	**24 625**
Financial assets			
Deferred tax receivable	16	249 677	0
Other financial assets		1	1
Total financial assets		**249 678**	**1**
Total non-current assets		**285 880**	**33 010**
Current assets			
Inventories	17		
Raw materials and consumables		55 093	38 443
Finished goods and goods for resale		28 211	17 867
Total inventories		**83 304**	**56 310**
Current receivables			
Trade receivables	21, 25	116 563	62 623
Other operating receivables	21, 25	11 013	7 963
Prepaid expenses	22	7 551	3 359
Accrued income	22	17 154	1 299
Total current receivables		**152 281**	**81 217**
Cash and cash equivalents	25, 27	167 351	201 281
Total current assets		**402 936**	**338 808**
TOTAL ASSETS		**688 816**	**371 818**

CONSOLIDATED BALANCE SHEET

SEKt	Note	December 31, 2023	December 31, 2022
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent			
Share capital		41 374	41 359
Paid but not registered share issue		0	14
Other paid-in capital		1 563 862	1 563 836
Translation reserve		1 135	2 360
Fund for development expenses		8 053	6 035
Accumulated losses including net profit/loss for the year		-1 069 247	-1 344 676
Total equity	23	**545 177**	**268 928**
Non-current liabilities			
Leasing debt	25, 26	13 222	12 350
Provisions	24	357	344
Total non-current liabilities		**13 579**	**12 694**
Current liabilities			
Leasing debt	25, 26	4 262	5 101
Trade payables	25	19 660	23 571
Income tax payable		6 524	1 097
Other operating liabilities		6 649	6 344
Accrued expenses	22, 25	92 965	54 083
Total current liabilities		**130 060**	**90 196**
Total liabilities		**143 639**	**102 890**
TOTAL EQUITY AND LIABILITIES		**688 816**	**371 818**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Paid but not registered share issue	Other paid-in capital	Translation reserve	Fund for development expenses	Accumulated losses inclu-ding net result for the year	Total equity
As at January 1, 2022	**40 909**	**0**	**1 563 670**	**129**	**5 490**	**-1 344 494**	**265 704**
Comprehensive income							
Net loss for the year						-68 167	-68 167
Other comprehensive income							
Exchange differences on translation of foreign operations				2 231			2 231
Total comprehensive income				**2 231**	**0**	**-68 167**	**-65 936**
Transactions with equity holders							
Share swap						51 039	51 039
Change in fund for development expenses					545	-545	0
New share issue, employee stock option programs	50	14	166				230
New share issue and repurchase of own C-shares	400					-400	0
Share-based payment transactions						17 891	17 891
Total transactions with equity holders	**450**	**14**	**166**	**0**	**545**	**67 985**	**69 160**
As at January 1, 2023	**41 359**	**14**	**1 563 836**	**2 360**	**6 035**	**-1 344 676**	**268 928**
Comprehensive income							
Net profit for the year						245 021	245 021
Other comprehensive income							
Exchange differences on translation of foreign operations				-1 225			-1 225
Total comprehensive income				**-1 225**	**0**	**245 021**	**243 796**
Transactions with equity holders							
Change in fund for development expenses					2 018	-2 018	0
New share issue, employee stock options	15	-14	26				27
Transaction cost, new share issue						-163	-163
Deferred tax on earlier transaction costs						12 521	12 521
Share-based payment transactions						20 069	20 069
Total transactions with equity holders	**15**	**-14**	**26**	**0**	**2 018**	**30 409**	**32 454**
As at December 31, 2023	**41 374**	**0**	**1 563 862**	**1 135**	**8 053**	**-1 069 247**	**545 177**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Note	2023	2022
Operating activities			
Operating profit/loss		13 930	-64 535
Non-cash adjustments	28	67 905	14 985
Interests received		4 938	811
Interests paid		-3 121	-716
Income tax paid		-4 218	-2 686
Net cash flows from operating activities before changes in working capital		**79 434**	**-52 141**
Changes in working capital			
Increase (-)/decrease (+) in inventories		-37 433	7 077
Increase (-) in operating receivables		-77 619	-25 982
Increase (+) in operating liabilities		17 361	24 061
Net cash flows from operating activities		**-18 257**	**-46 985**
Investing activities			
Investments in intangible assets	18	-5 240	-1 321
Investments in equipment and tools	19	-820	-1 958
Net cash flows from investing activities		**-6 060**	**-3 279**
Financing activities			
Share swap		0	50 684
New share issue, employee stock options		27	230
Transaction costs, new share issue		-163	0
Repayments of leasing debt	26	-6 567	-8 132
Net cash flows from financing activities		**-6 703**	**42 782**
Net cash flows		**-31 020**	**-7 482**
Cash and cash equivalents as at beginning of the year	25	201 281	206 464
Net foreign exchange difference		-2 910	2 299
Cash and cash equivalents as at end of the year	**25**	**167 351**	**201 281**

PARENT COMPANY INCOME STATEMENT

SEKt	Note	2023	2022
Net sales	5	53 688	47 783
Administrative expenses	5, 8, 10, 11	-70 725	-61 831
Other operating income	13	185	119
Other operating expenses	14	-894	-2 791
Operating result		**-17 746**	**-16 720**
Result from financial items			
Other interest income and similar income	15	12 660	8 384
Other interest expenses and similar expenses	15	-1 977	-13 140
Net financial items		**10 683**	**-4 756**
Result before taxes		**-7 063**	**-21 476**
Income tax	16	17 391	0
Net profit/loss for the year		**10 328**	**-21 476**

Parent Company net profit/loss for the year equals comprehensive income.

PARENT COMPANY BALANCE SHEET

SEKt	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Non-current financial assets			
Participations in Group companies	20, 25	956 652	956 652
Receivables on Group companies	25	305 887	204 189
Deferred tax asset	16	29 912	0
Total non-current financial assets		**1 292 451**	**1 160 841**
Total non-current assets		**1 292 451**	**1 160 841**
Current assets			
Current receivables			
Other receivables	21	75	75
Prepaid expenses	22	1 962	1 066
Total current receivables		**2 037**	**1 141**
Cash	25	43 315	143 402
Total current assets		**45 352**	**144 543**
TOTAL ASSETS		**1 337 803**	**1 305 384**

PARENT COMPANY BALANCE SHEET

SEKt	Note	December 31, 2023	December 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	41 374	41 359
Paid but not registered share issue		0	14
Total restricted equity		**41 374**	**41 373**
Unrestricted equity			
Share premium reserve		1 563 862	1 563 836
Accumulated losses		-345 769	-336 651
Net profit/loss for the year		10 328	-21 476
Total unrestricted equity		**1 228 421**	**1 205 709**
Total equity		**1 269 794**	**1 247 082**
Non-current liabilities			
Liabilities to Group companies		50 524	43 882
Total non-current liabilities		**50 524**	**43 882**
Current liabilities			
Trade payables	25	709	570
Other liabilities		1 258	1 120
Accrued expenses	22, 25	15 518	12 730
Total current liabilities		**17 485**	**14 420**
TOTAL EQUITY AND LIABILITIES		**1 337 803**	**1 305 384**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Paid but not registered share issue	Share premium reserve	Accumulated losses	Total equity
As at January 1, 2022	**40 909**	**0**	**1 563 670**	**-336 251**	**1 268 328**
Comprehensive income					
Net loss for the year				-21 476	-21 476
Total comprehensive income				**-21 476**	**-21 476**
Transactions with equity holders					
New share issue, employee stock option programs	50	14	166		230
New share issue and repurchase of own C-shares	400			-400	0
Total transactions with equity holders	**450**	**14**	**166**	**-400**	**230**
As at January 1, 2023	**41 359**	**14**	**1 563 836**	**-358 127**	**1 247 082**
Comprehensive income					
Net profit for the year				10 328	10 328
Total comprehensive income				**10 328**	**10 328**
Transactions with equity holders					
New share issue, employee stock option programs	15	-14	26		27
Transaction cost, new share issue				-163	-163
Deferred tax on earlier transaction costs				12 521	12 521
Total transactions with equity holders	**15**	**-14**	**26**	**12 358**	**12 385**
As at December 31, 2023	**41 374**	**0**	**1 563 862**	**-335 441**	**1 269 794**

PARENT COMPANY STATEMENT OF CASH FLOWS

SEKt	Note	2023	2022
Operating activities			
Operating loss		-17 746	-16 720
Interest received		12 660	8 384
Interests paid		-1 977	-13 140
Net cash flows from operating activities before changes in working capital		**-7 063**	**-21 476**
Changes in working capital			
Increase (-) in operating receivables		-896	-434
Increase (+) in operating liabilities		9 707	15 975
Net cash flows from operating activities		**1 748**	**-5 935**
Financing activities			
New share issue, employee stock options		27	230
Transaction costs, share issue		-163	0
Change in balances towards BONESUPPORT AB		-101 699	-32 168
Net cash flows from financing activities		**-101 835**	**-31 938**
Net cash flow		**-100 087**	**-37 873**
Cash as at beginning of the year	25	143 402	181 275
Cash as at end of the year	**25**	**43 315**	**143 402**

NOTES

NOTE 1
GENERAL INFORMATION, ACCOUNTING POLICIES

GENERAL INFORMATION
BONESUPPORT operates within orthopedic products and develops and commercializes innovative injectable bio-ceramic bone graft substitutes that remodel to the patient's host bone and have the ability to release drugs. BONESUPPORT's marketed synthetic bone graft substitutes are CERAMENT BVF, CERAMENT G and CERAMENT V, all of which are based on the innovative and patented CERAMENT technology platform.

BONESUPPORT HOLDING AB (publ) is a limited liability company with its registered office in Lund, Sweden. The address of the head office is Scheelevägen 19, SE-223 70 Lund, Sweden.

The Board of Directors approved these consolidated accounts on March 26, 2024 and they will be presented before the Annual General Meeting for adoption on May 16, 2024.

THE GROUP'S ACCOUNTING PRINCIPLES
The main accounting principles applied at the time of the prepared consolidated accounts are set out below. These principles have been applied consistently for all the years presented unless otherwise stated.

The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Financial Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the consolidated accounts are prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting regulations for Groups.

The Company's functional currency is SEK and all amounts are in SEK thousand unless otherwise stated.

Implementation of new accounting principles
The accounting policies applied include new and changed standards mandatory for the first time for fiscal years beginning January 1, 2023. Changed standards during 2023 are the following:

IAS 1 Presentation of Financial Statements. The amendments in IAS 1 give guidance and examples for disclosing accounting and valuation policies. The amendments aim to provide more useful disclosures by replacing the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the calculation, recognition or presentation of any items in the financial statements.

IAS 8 Accounting policies, changes in accounting estimates and errors. The amendments to IAS 8 clarify the distincition between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments in IAS 8 have not had any material impact on the Group's financial reports.

New or amended IFRS standards effective from 2024 or later have not been applied in the preparation of these financial statements. The assessment is that these will not have a material impact on the Group's financial results and financial position.

BASIS FOR CONSOLIDATION
The consolidated accounts cover the Parent Company and its subsidiaries.

A subsidiary is a company that the Parent Company directly or indirectly has more than half of the votes or in some other way, has controlling interest.

Subsidiaries are recognized according to the acquisition method.

Items on the balance sheets of subsidiaries are valued in the relevant functional currency, which is the same as the country's local currency. The Group's financial statements are presented in SEK, which is the Parent Company's functional currency. The income statements and balance sheets of the foreign subsidiaries are translated into SEK. The balance sheets are translated at the exchange rates on the balance sheet date, according to the Swedish Central Bank. The profit and loss accounts are translated using the average rates for the year. The exchange differences on translation do not affect profit or loss for the year but are recognized in other comprehensive income in the consolidated accounts and accumulated.

FOREIGN CURRENCY
Transactions in foreign currency are reported at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rate of the balance sheet date (according to the Swedish Central Bank) and exchange gains and losses are reported in profit or loss as other operating income/expenses.

REVENUE RECOGNITION
The Group's revenues are mainly generated through one revenue stream, the sales of CERAMENT products. Sales revenue is recognized when the performance obligation is fulfilled, i.e. when control of an item is transferred to the buyer. For our customers, mostly the delivery terms of Ex Works BONESUPPORT's warehouse are applied, which means that the control passes to the buyer when the goods leave the warehouse. Some customers, however, keep consignment stocks. In these cases, the income is recognized when withdrawals from consignment stocks are made. The transaction price essentially consists of a fixed price per quantity sold. Variable parts of the transaction price occur only to an insignificant extent.

Revenue is generated through three channels:

- A combination of own sales company and distributors in the US
- Direct sales in six countries in Europe
- Sales through distributors in all other markets

Sales in the US and in countries with direct sales, are made to end customers, with exception of for OrthoPediatrics, a stock keeping distributor in the US with access to a network of 250 children's hospitals, where sales is made to OrthoPediatrics.

For sales in the US, with exception of OrthoPediatrics, the assessment has been made that contracted distributors constitute agents and the end customer is BONESUPPORT's customer. BONESUPPORT has its own inventory in the US from which delivery is made directly to the end customer, and the distributors never get control over the goods. The distributors receive commission on generated sales to end customers as compensation for their service as agents. This is recognized as a sales commission when the income is recognized, as the depreciation period for these would otherwise have been for a shorter period than one year, based on the practical exception in IFRS 15.94.

The majority of the sales in the US is made to hospitals within a Group Purchasing Organization (GPO). GPOs take a smaller fee for their services, based on the underlying sales value that the hospitals have been invoiced. The cost is recognized at the same time as the revenue. The cost is recognized in the consolidated income statement as Sales commissions and fees. GPOs do not constitute customers for BONESUPPORT.

For distributor markets outside the US, sales are made to the distributor. Delivery to these distributors is made from BONESUPPORT's warehouse in Lund. Control of the goods passes to the distributor as soon as they leave BONESUPPORT's inventory and the revenue is recognized at the same time.

The deliveries to OrthoPediatrics are made from BONESUPPORT's warehouse in the US. In the agreement with OrthoPediatrics, there is a certain right of return and therefor an assessment is made continuously in conjunction with revenue recognition, with respect to the transition of risk and control. As at December 31, 2023, our assessment is that the risk of return is immaterial therefore no provision has been recognized.

The sales agreements, with exception of OrthoPediatrics, do not contain any right of return, this applies to both distributors and end customers. Guarantee costs in accordance with IAS 37 exist but amount to immaterial amounts, which is why no provision is made. For warehousing distributors, with exception of the agreement with OrthoPediatrics, no return of products may take place without prior permission from BONESUPPORT. BONESUPPORT has an agreed opportunity but no obligation to take back products and in recent years has in principle not used that opportunity. BONESUPPORT therefore makes the assessment that there is no need to provision for returns.

In general, 30 day payment terms are applied to the Company's direct markets. For sales to distributors, market-adjusted terms of up to 90 days are applied.

OPERATING SEGMENTS

The Group manages and monitors operations in two operating segments: North America (NA) and Europe & Rest of the World (EUROW). Information about the operating segments' sales and profit or loss is reported in Note 4. Neither assets nor liabilities are followed-up at segment level as management and follow-up of these are done by management and the Board at Group level.

EMPLOYEE COMPENSATION

Pensions

The Group only has defined contribution pension plans. The defined contribution pension plans mainly cover retirement pension, disability pension and family pension. The premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies. The amount of the premium is based on the salary level. Pension costs for the year are included in the income statement and are expensed as the employees perform their services.

Share-based remuneration

The Group has share-based remunerations in form of employee stock options and performance share programs. For detailed descriptions of the programs, see Note 12.

The employee stock options and performance share programs are valued based on the market value of the capital instruments at the time that they are granted. The total cost is distributed over the vesting period, which is the period during which all the specified vesting conditions are to be met. The employee stock option programs have been fully vested meaning that they have been fully expensed and the cost that is recognized only regards performance share programs.

The initial valuation of the performance share programs is done according to a valuation model according to Black & Scholes and Monte Carlo. The valuation is based on several factors such as expected volatility on the stock exchange, degree of fulfillment of set targets and risk-free interest rate. The volatility is based on peer group data as the BONESUPPORT share has been subject to trading for a limited period of time. No revaluation of the programs is done after the award date.

The cost is recognized as a personnel cost and credited in equity. At each closing date, the Company reassesses how many shares are expected to be earned. Any deviations from the initial assessments that resulted from the review are reported in the income statement and the corresponding adjustments are made in equity.

When the employee stock options are exercised, the Company issues new ordinary shares. Payments received are credited to the share capital (quota value) and other contributed capital when the options are exercised. When performance shares in the performance share programs are distributed, it is done with existing ordinary shares in the Parent Company. The participants receive these shares free of charge.

Social costs attributable to these equity-related instruments are expensed during the periods during which the services are performed. The cost is calculated based on the same valuation model used when the program initiated. The liability for social security contributions incurred is revalued at each closing date based on a new calculation of the contributions that may come to be paid. This means that the basis for calculating the social security debt is a new market valuation of the equity-related instruments made at each closing date.

FINANCIAL ASSETS

A financial asset is included in the balance sheet when the Group becomes a party in a contractual relationship. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired and the Group has transferred all risks and benefits associated with ownership.

Classification of financial assets

All assets are held to receive ongoing payments. These are initially valued at fair value including transaction costs and then at amortized cost in accordance with the effective interest method. Gains and losses attributable to financial assets are reported in the income statement. Interest rate effects arising from the application of the effective interest method are also reported in the income statement. BONESUPPORT recognizes the following financial assets in the balance sheet:

- Other financial assets
- Trade receivables
- Other current receivables
- Accrued income
- Cash and cash equivalents

Impairment of financial assets

For interest bearing financial assets, a credit risk reserve is recognized and this is based on the future expected losses of the individual assets. For trade receivables, the credit risk reserve is calculated based on the asset's expected loss over its total life. For cash and cash equivalents, the write-down that could be considered is immaterial.

NON-FINANCIAL ASSETS

Classification of non-financial assets

BONESUPPORT recognizes the following non-financial assets in the balance sheet:

- Intangible assets – capitalized development expenses
- Intangible assets – patents
- Tangible assets – right of use assets/leasing
- Tangible assets – equipment and tools
- Current assets – inventories
- Current assets – prepaid expenses

Capitalized development expenses

Expenses for research are expensed when incurred. Expenditures for the development of future products are expensed until they have received regulatory approval from licensing authorities, and if such expenditures will with a high degree of certainty lead to financial benefits for the company. Expenditures for the development of existing products are expensed as incurred. To manage this effectively, the Company applies project accounting, which means that all research and development expenses are allocated to projects. Examples of such expenses are goods and materials, consulting fees and personnel costs.

Expenditure on the development of new products is recognized as an intangible asset once it has received regulatory approval from licensing authorities and if such high-collateral expenditure will bring economic benefits to the enterprise. Capitalized development expenses are recognized as intangible assets and amortization is made from the time the product is ready to use. The amortization period is the useful life, which is assumed to be ten years. Development expenditure that does not meet these criteria are expensed as cost of sales.

Patents

Externally acquired patents are activated and reported as patents. These patents are depreciated over ten years starting from when it is available for use.

Right of use assets/Leasing

For leases where BONESUPPORT is the lessee, IFRS 16 Leases is applied. The Group has no leases where it is the lessor.

The largest part (83 percent) of this asset regards the Group's offices in Lund and Massachusetts. Apart from these, there are also cars (12 percent), computers and other IT equipment (5 percent) as well as other office machines.

At the beginning of a contract, it is assessed whether it is a lease that should be recognized as leasing. The majority of leases in which the Company is a lessee are recognized as leases in accordance with the description below. There are individual agreements that cover a period that is shorter than twelve months. These are reported as short-term leases in accordance with the exception in IFRS 16 and are recognized linearly over the lease period. Currently, no agreements are reported in accordance with the exception for leases of minor value.

The leasing debt is initially valued at the present value of future lease payments, discounted at the Group's marginal loan rate. Lease payments included in the valuation of lease liabilities include fixed fees less any deduction for benefits associated with the contract; variable lease payments that depend on an index or price; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of an option to purchase if the lessee is reasonably certain to exercise such an option; and penalties payable in the event of termination of the contract, if the lease period reflects that the lessee will exercise an opportunity to terminate the lease.

The Group has no external loan financing, which is why information on marginal loan interest is based on information received from the Group's main bank.

The right of use asset is initially recognized at the value of the leasing debt, with additions for lease payments made at the start date of the agreement and initial direct expenses. The right of use asset is recognized in subsequent periods at cost, less depreciation and any impairment losses. The same principles apply to impairment of the right of use asset as those described in the section Impairment of non-financial assets.

The right of use asset is depreciated over the estimated useful life which is assumed to equal the agreed lease term. If a contract transfers or is likely to transfer ownership at the end of the lease term, the right of use asset is depreciated over the estimated useful life. Depreciation starts at the initial date of the lease. There are currently no agreements for which the depreciation is done over a longer period than four years.

Equipment and tools

Equipment and tools are recognized at cost less accumulated depreciation and any impairment losses. Depreciation according to plan is based on the depreciable amount, which consists of the cost less its residual value, which is distributed over the expected useful life. Equipment and tools are depreciated over five years.

Inventories

Inventories are reported at the lowest of the acquisition cost and the net realizable value. The acquisition cost is determined using the first in, first out (FIFO) method. The cost of finished goods consists of raw materials, direct salaries and other direct and indirect costs. Borrowing costs are not included. A reduction is made for calculated obsolescence on finished goods that are not located in the Company's premises. The provision for obsolescence is calculated with percentage rates based on previous experiences. The net realizable value is the sales price less estimated costs that are necessary to achieve a sale. The sales price is the price that the Company would normally receive when selling in the operating activities. Inventories includes so-called consignment inventory, which is inventories at the customer for which BONESUPPORT has full control and ownership, and is reported in accordance with what is specified for inventories.

Impairment of non-financial assets

With exception of inventories, assets are assessed for impairment annually or whenever events or changes in conditions indicate that the carrying amount may not be recoverable. An impairment loss is made at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value reduced by the selling costs and the value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separately identifiable cash flows (cash-generating units).

Towards the end of each year, all non-financial assets are assessed for any need for impairment requirement.

FINANCIAL LIABILITIES

Classification of financial liabilities

BONESUPPORT's financial liabilities are valued at amortized cost and are initially valued at fair value including transaction costs. After the initial accounting entry, they are valued according to the effective interest method. BONESUPPORT recognizes the following financial liabilities in the balance sheet:

- Leasing debt
- Trade payables
- Accrued expenses

THE PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company prepares its annual report in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 sets out that the Parent Company's annual report for the legal entity shall apply all EU approved IFRS and statements, as far as possible within the framework of the Annual Accounts Act, and taking into account the connections between accounting and taxation. The recommendation specifies the exceptions and additions to be made compared to IFRS accounting.

The following differences exist between the Group's and the Parent Company's accounting policies:

- Shares in Group companies are recognized in the Parent Company according to the cost method.
- Shares in Group companies and receivables on Group companies are impairment tested annually, or in case of indication of a decline in value, based on a cash flow forecast over the next five years. For further information see Notes 3 and 20.
- The Parent Company does not apply IFRS 9 and IFRS 16. The Parent Company recognizes financial instruments at accrued acquisition value. There are currently no leases in the Parent Company.
- The Parent Company complies with the Presentation form of the Annual Accounts Act for the income statement and balance sheet, which means, among other things, a different set-up for equity.

NOTE 2
FINANCIAL RISK MANAGEMENT

Through its operations, the Group is exposed to various types of financial risks such as market, liquidity and credit risk. Market risk consists mainly of currency risk. BONESUPPORT has an overall financial policy for both the Parent Company and the Group, which regulates the division of responsibilities in financial matters between the Board of Directors, the CEO, CFO and other Group companies. The Board's Audit Committee is tasked with monitoring the design of the financial policy and, if necessary, proposing changes to the Board. The financial policy is characterized by a low level of risk. There have been no changes in financial policy or risk management compared to 2022. The strategy includes continuously identifying and managing risks.

MARKET RISK

Market risk is the risk that the fair value of or future cash flows from a financial instrument vary due to changes in market prices. Market risks are divided into three types; currency risk, interest rate risk and other price risk. The market risk that primarily affects the Group is currency risk.

Currency risk

Currency risk refers to the risk that fair value or future cash flows fluctuate as a result of changes in exchange rates.

The exposure to currency risk mainly stems from foreign currency payment flows (transaction exposure) and from the translation of foreign subsidiaries' income statements and balance sheets into SEK (translation exposure). The Group's operations are international and exposed to currency risk, mainly from USD, EUR and GBP.

Approximately 75 percent (66) of BONESUPPORT AB sales is invoiced in USD, approximately 8 percent (13) in EUR and approximately 12 percent (15) in GBP. The transaction risk is only partly offset by the fact that purchases are also made mainly in EUR. If, all else being equal, USD strengthens or weakens by 5 percent against the Swedish SEK, the Group's profit after tax will be affected by +/- approximately SEK 22.1 million (10.8) based on 2023 transactions, a corresponding strengthening/weakening in EUR gives an impact of +/- 2.5 MSEK (2.1) and for GBP an impact of +/- 3.6 MSEK (2.4).

The foreign subsidiaries invoice and collect costs in their respective local currencies; USD, EUR, GBP, CHF and DKK. The translation risk means that the value of the Group's net investments in foreign currency may be adversely affected by changes in exchange rates when the net assets are consolidated in SEK at the balance sheet date. The translation risk is mainly attributable to the exposure of outstanding accounts receivable at the end of the reporting period, see Note 21 for distribution by currency.

The following exchange rates have been used for translations:

	USD	EUR	CHF	GBP	DKK
Closing day rate December 31, 2023	10,038	11,099	11,961	12,774	1,489
Average rate 2023	10,613	11,477	11,817	13,198	1,540
Closing day rate December 31, 2022	10,421	11,115	11,286	12,545	1,496
Average rate 2022	10,125	10,632	10,595	12,467	1,429

Since the total outstanding accounts receivable consists mostly of USD (about 83 percent), and subsequently of EUR (about 8 percent) and GBP (about 7 percent), currency fluctuations may affect future cash flows. If, all else being equal, USD strengthens or weakens by 5 percent against the Swedish krona, the Group's equity and profit after tax will be affected by +/- SEK 4.8 million (2.3) based on outstanding accounts receivable as of December 31, 2023. The corresponding effect for EUR amounts to +/- 0.4 MSEK (0.4) and for GBP to +/- 0.4 MSEK (0.3).

The sensitivity analysis in the table below shows the impact on the Group of changes in SEK against the largest currencies. The figures are based on 2023 results and financial position. The impact of the transaction risk is measured in the net profit for the year and the impact of the translation risk is measured in equity including net profit for the year.

SEKm	+/- 5% USD	+/- 5% EUR	+/- 5% GBP
Transaction risk	+/- 8.9	+/- 0.8	+/- 1.7
Translation risk	+/- 0.7	+/- 0.3	+/- 0.3

\+ means a weakening of SEK
\- means a strengthening of SEK

The Group does not currently use forward contracts or other instruments to reduce currency risk.

Interest rate risk

Interest rate risk refers to the risk that fair value or future cash flows fluctuate as a result of changes in market interest rates.

As of December 31, 2023, a general increase or decrease in interest rates will not have any impact on the Group's results as there are no bank loans in the Group. The effect on the Group's leases is considered marginal.

Other price risk

Other price risk refers to the risk that fair value or future cash flows fluctuate as a result of changes in prices.

The Group's sales prices are based on the clinical and health economic benefits validated by a large number of clinical studies and therefore present a low risk of major price movements. The sensitivity to the purchase prices of input goods is mainly managed through long contract times and high levels of security stock.

CREDIT AND COUNTERPARTY RISK

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling its contractual obligations. The Group's exposure to credit risk is mainly attributable to accounts receivable. A simplified model is used to calculate credit losses on the Group's accounts receivable. Expected credit losses are calculated based on past events, current conditions and projections of future economic conditions.

The Group's customers consist primarily of hospitals, clinics and distributors with a high credit rating. Accounts receivable are spread across a large number of customers and no single customer accounts for a substantial part of the total accounts receivable. Accounts receivable are spread geographically. The Group considers that the concentration risks are limited. Reversal of estimated customer losses in 2023 amounted to SEK 94 thousand (94) and new reserves were made with SEK 134 thousand (519). See also Note 21 for more information about accounts receivable.

The credit risk in cash and cash equivalents is deemed intangible because the counterparties are banks with high credit ratings awarded by international credit rating agencies. As of December 31, 2023, cash and cash equivalents amount to SEK 167,351 thousand (201,281), of which 47 percent (17) in USD, 29 percent (73) in SEK, 17 percent (7) in GBP and 3 percent (1) in EUR.

The Group's maximum exposure to credit risk is assessed by carrying amounts of all financial assets, see Note 25.

LIQUIDITY AND FINANCING RISK

Liquidity risk refers to the risk that the Group will have problems meeting payment commitments for financial liabilities. Financing risk refers to the risk that the Group will not be able to raise sufficient funding at a reasonable cost.

The liquidity risk is low because the Group's available liquidity gives substantial head room in relation to operating cash flow. The Group's positive earnings development has also meant a positive cash flow for the last two quarters of 2023.

The financing risk is assessed based on multi-year liquidity planning, and is focuses on whether the future cash flows are sufficient to run planned operations. In the event that there is a risk that they are not sufficient, the Company will balance costs against future revenues in good time and/or seek alternative financing via borrowings or similar.

NOTE 3
ESTIMATES, ASSUMPTIONS AND ASSESSMENTS

When preparing the Group's financial reports, the Group management team makes estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses with associated notes and information on contingent liabilities.

Uncertainty around these assumptions and estimates can lead to significant adjustments to the reported value of the assets and liabilities that are affected in future financial reports as the outcome may deviate from the estimates and assessments made. Changes in estimates are reported prospectively.

The Group management team also makes assessments in the application of the Group's accounting principles.

The estimates, assumptions and assessments are described in more detail below.

ASSESSMENTS

When applying the Group's accounting principles, the Group management team has made the following assessment, which has the most significant effect on the reported values in the financial reports:

Determination of the Group's marginal borrowing rate

Leasing debt is initially valued at the present value of future lease payments, discounted with the group's marginal borrowing rate. The Group has no external loan financing, which is why information on marginal loan interest is based on information received from the Group's main bank. For more information on this, see Note 26.

ESTIMATES AND ASSUMPTIONS

The key assumptions regarding the future and other sources of uncertainty in estimates that exist as of the balance sheet date and that have a significant risk of resulting in a material adjustment of assets and liabilities in the next financial year are described below. Assumptions and estimates have been based on information available when the financial statements were prepared. The conditions and assumptions about future development may change, based on changes in the market or other circumstances that arise that are not within the Group's control. Such changes are taken into account in the assumptions, as they occur.

Valuation of trade receivables

For trade receivables, a credit risk provision exists, and this is based on the receivables' expected loss during their total lifetime. The outstanding receivables are followed up monthly together with the respective area manager and measures are discussed for any older items. The need for additional reserves is also discussed. For more information about this year's credit risk provision, see Note 21.

Valuation of shares in Group companies

On an annual, or more frequent basis, the Parent Company tests whether there is an indication of a decline in value and whether there is any impairment requirement for shares in Group companies. Recoverable amounts for the shares in Group companies have been determined by calculating the value in use, which requires that comprehensive estimates and assumptions must be made. Discounted forecast future cash flows over the next four years have been calculated in these assumptions, taking into account a discount rate of 7.48 percent after tax (9.43 percent before tax). The calculation of discount rates has taken risk-free interest rates, market risk premium and company-specific capital structure and the current tax rate into consideration. Cash flow after the four-year period (the test covers 20 years) is calculated on the basis of an initial forecast growth rate of 50 percent, with a gradual de-escalation corresponding to 20 percent per year. The calculated value in use has since been compared with the carrying amount and this comparison shows that there is no need for impairment.

A sensitivity analysis where different discount rates were simulated has been carried out. An increase in the discount rate by five percentage points would not entail any impairment requirement. The result of the test shows a surplus and therefore there is no impairment requirement for shares in Group companies.

Valuation of tax losses carried forward

The possibility for capitalizing deferred tax assets regarding tax losses carried forward, are examined annually. In 2023, capitalizing has been done for the first time, after BONESUPPORT made a profit in the last three quarters of the year and since this is deemed to be a sustainable development that will lead to the entire deficit being offset against profits within the next few years. Behind the assessment are, among other things, the Company's sustained increase in turnover since the share was introduced on the stock market in 2017, our high ability to retain customers and our well-protected intellectual property rights. The tax losses carried forward essentially apply towards the same tax authority, which together with full group contribution rights within the Group means that all deficits can be recovered. For more information about this, see Note 16.

NOTE 4
OPERATING SEGMENTS

	2023				2022			
Profit and loss items	**NA**	**EUROW**	**Other**	**Total**	**NA**	**EUROW**	**Other**	**Total**
Net sales	442 449	148 628	0	591 077	216 876	111 942	0	328 818
of which CERAMENT BVF	208 357	14 737	0	223 094	195 962	14 280	0	210 242
of which CERAMENT G and CERAMENT V	224 466	133 774	0	358 239	14 510	97 662	0	112 172
of which other	9 626	117	0	9 743	6 404	0	0	6 404
Cost of sales	-23 124	-25 768	-1 268	-50 160	-12 873	-18 258	20	-31 111
Gross profit	**419 325**	**122 860**	**-1 268**	**540 917**	**204 003**	**93 684**	**20**	**297 707**
Sales commissions and fees	-152 453	-1 687	0	-154 140	-80 375	0	0	-80 375
Other operating costs[1]	-111 763	-91 148	0	-202 911	-81 373	-70 614	0	-151 987
Contribution	**155 109**	**30 025**	**-1 268**	**183 866**	**42 255**	**23 070**	**20**	**65 345**
Other operating items[2]	0	0	-169 936	-169 936	0	0	-129 880	-129 880
Operating result	**155 109**	**30 025**	**-171 204**	**13 930**	**42 255**	**23 070**	**-129 860**	**-64 535**
Net financial items	0	0	1 818	1 818	0	0	-159	-159
Profit/loss before income tax	**155 109**	**30 025**	**-169 386**	**15 748**	**42 255**	**23 070**	**-130 019**	**-64 694**

[1] Other operating costs comprise selling expenses and research & development costs directly attributable to a segment.
[2] Other operating items comprise administrative expenses, other operating income and expenses and selling expenses and research & development expenses not directly attributable to a segment.

BONESUPPORT manages and monitors operations in the North America (NA) and Europe & Rest of the World (EUROW) segments. The sales function follows the segments, where each segment is managed by a responsible business manager, including members of Group management. Other functions are organized mainly Group-wide, although it is a minor development unit that operates in the United States. The costs included in other operating items are mainly costs for Group functions that cannot be directly allocated to any of the two operating segments. Costs for the employee stock option programs are not allocated by segment, as the cost of these programs depends partly on external factors such as valuation of the Company. Therefore, a breakdown by segment could lead to a non-fair allocation if an external factor affects with different impact per segment. The contribution per segment is calculated as net sales minus directly attributable operating costs (see definition above) for the segments.

Markets that delivered more than 10 percent of net sales during 2023 were the United States with SEK 442.4 million (216.9) and the United Kingdom with SEK 73.4 million (48.6). Net sales in Sweden amounted to SEK 11.6 million (9.7). No (0) customer represented more than 10 percent of net sales.

The amounts in the table above are eliminated for Group transactions. Inter-company sales from EUROW to NA amounted to SEK 370.7 million (172.1).

The Group's non-current assets are primarily based in Sweden.

NOTE 5
INTRA-GROUP PURCHASES AND SALES

Intra-group purchases and sales amounted to SEK 717,609 thousand (478,556). The Parent Company rendered services to Group companies of SEK 53,688 thousand (47,783) and purchased services from Group companies of SEK 42,914 thousand (38,941).

All intra-group dealings, income, expenses, gains or losses, which arise in transactions between Group companies are eliminated in total.

NOTE 6
EXPENSES BY TYPE

GROUP	**2023**	**2022**
Cost for inventory items	-41 855	-28 446
Personnel costs	-248 281	-188 233
Depreciation and amortization of tangible and intangible assets	-10 072	-9 383
Sales commissions and fees	-154 140	-80 375
Other expenses	-155 499	-130 122
Total	**-609 847**	**-436 559**

Other expenses mainly relates to external services, advertising & public relations, travel expenses and exchange rate losses. Exchange rate losses amount to SEK 40,616 thousand (39,555).

Freight charges to customers are included in the consolidated income statement as Sales commissions and fees, and amount to SEK 9,173 thousand (6,270).

NOTE 7
DEPRECIATION AND AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS

GROUP	2023	2022
Capitalized development expenses	1 083	980
Patents	334	322
Right of use assets	7 120	7 109
Equipment and tools	1 535	972
Total	**10 072**	**9 383**

Depreciation and amortization is included in cost of sales with SEK 2,278 thousand (1,846).

NOT 8
COMPENSATION TO AUDITORS

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
EY				
Audit fees related to the assignment	2 447	2 244	1 774	1 472
Audit related fees	146	135	145	135
Total	**2 593**	**2 379**	**1 919**	**1 607**
Moore Kingston Smith				
Audit fees related to the assignment	198	318	0	0
Other assignments	949	762	0	0
Total	**1 147**	**1 080**	**0**	**0**

The table shows expensed fees and compensation to auditors during the year. Compensation for consultations is reported in cases where the same audit firm holds the audit assignment in the individual company. Audit fees related to the assignment refer to the statutory audit of the annual report and theadministration of the Board of Directors and the managing director. Audit related fees refer to the audit of management or financial information to be performed in accordance with statutes, articles of association, or agreements not included in the audit assignment, which shall be concluded in a report, certificate or other document intended for others than the client. Other fees are consultations that cannot be attributed to any of the other categories.

NOTE 9
PERSONNEL (AVERAGE NUMBER)

	2023		
	Men	Women	Total
PARENT COMPANY:			
Sweden	1	0	1
SUBSIDIARIES:			
Sweden	13	34	47
USA	19	7	26
United Kingdom	9	5	14
Germany	6	5	11
The Netherlands	2	1	3
Denmark	0	1	1
Spain	0	1	1
Italy	1	0	1
Total subsidiaries	**50**	**54**	**104**
Total Group	**51**	**54**	**105**

NOTE 9 CONT'D
PERSONNEL (AVERAGE NUMBER)

	2022		
	Men	Women	Total
PARENT COMPANY:			
Sweden	1	0	1
SUBSIDIARIES:			
Sweden	13	28	41
USA	17	4	21
United Kingdom	8	4	12
Germany	5	3	8
The Netherlands	2	1	3
Denmark	0	1	1
Spain	1	1	2
Italy	1	0	1
Total subsidiaries	**47**	**42**	**89**
Total Group	**48**	**42**	**90**

The number of employees in the tables above represents average full-time equivalents.

At the end of the financial year, the Board of Directors was composed of 3 (4) men and 2 (2) women. The management comprised 6 (6) men and 3 (3) women.

NOTE 10
SALARY, OTHER COMPENSATION AND SOCIAL SECURITY

	2023		2022	
GROUP	Board & CEO	Other employees	Board & CEO	Other employees
Salary and other compensation				
Parent Company	8 771	0	7 681	0
Subsidiaries	0	158 358	0	120 846
Total	**8 771**	**158 358**	**7 681**	**120 846**

The amounts in the table do not include share-based remuneration.
These are included in Note 11.

Social security all employees	2023	2022
Parent Company	10 897	7 989
of which pension cost	*613*	*273*
Subsidiaries	31 731	28 920
of which pension cost	*8 447*	*7 233*
Total	**42 628**	**36 909**
of which pension cost	*9 060*	*7 507*

Social security costs include social security costs on participation in incentive programs.

NOTE 11
COMPENSATION TO SENIOR EXECUTIVES AND RELATED PARTY TRANSACTIONS

Compensation to the CEO is decided by the Board of Directors on a proposal from the remuneration committee. The guidelines that were adopted 2023 and that described on page xx, apply until further notice.

Senior executives during the year consisted of the CEO and an additional 8 (8) persons. On December 31, 2023, the number of senior executives was 9 (9) including the CEO. For the Group management, market conditions apply to salaries and other employment benefits, which are approved by the remuneration committee.

Most employees have individual, variable bonus systems with measurable goals. Follow-up and evaluation is done quarterly or yearly.

The CEO's agreement can be terminated by either party with a notice period of 6 (6) months. In case of termination on the part of the Company, a severance pay of 12 (12) months salary (and benefits and average bonus for the last three years will be paid). Other senior executives' contracts have notice periods of up to 6 (6) months.

	2023			2022		
	Salaries, fees	Social security	Share-based compensation	Salaries, fees	Social security	Share-based compensation
Lennart Johansson[1], Chair of the Board	985	1 001	953	895	-281	953
Håkan Björklund, Director	230	23	0	225	23	0
Lars Lidgren, Director until May 17, 2023	200	20	0	400	41	0
Mary I O'Connor, Director from May 19, 2022	515	0	0	200	0	0
Björn Odlander, Director	230	72	0	225	71	0
Christine Rankin, Director from May 19, 2022	575	181	0	200	63	0
Tone Kvåle[1], Director until May 19, 2022	0	0	0	325	-140	0
Emil Billbäck[1], CEO	6 323	3 354	5 499	5 366	6 578	6 112
Other senior executives[1], 8 (8) persons	21 556	5 656	7 677	18 302	5 469	6 093

[1] The social security for these persons includes change in the liability for social security contributions for active incentive programs.

Compensation to the Board of Directors in the table above, excluding the share-based compensations, are fees that have been paid during 2023. In Note 10, fees expensed regarding 2023 are reported. Accrued Board fees amount to SEK 1,186 thousand (1,136). The guidelines for remuneration to senior executives adopted at the Annual General Meeting 2023 are described in the Director's report and the Corporate Governance Report.

Bonus to the CEO is included in salaries and fees and amounts to SEK 2,450 thousand (1,827) and to other senior executives to SEK 4,867 thousand (3,719).

For the current CEO and other senior executives, the Company pays pension premiums, with the exception of one manager, who administers this himself. The payments are made according to a scheme where 7 percent is calculated on salaries up to 7.5 of the current price base, 24 percent on price base between 7.5-20 and 16 percent on price base between 20-30. The pension schemes are different since the senior executives, excluding the CEO, are based in 4 (4) different countries. Pension premiums relating to the CEO were paid at SEK 613 thousand (273) and premiums to other senior executives were paid at SEK 1,458 thousand (1,362). Members of the Board have not received any pension.

BONESUPPORT has had consulting fees of SEK 1,121 thousand (624) to the Board Director Mary I O'Connor.

NOTE 12
PERFORMANCE SHARE PROGRAMS AND EMPLOYEE STOCK OPTION PROGRAMS

At the year end, there are four performance share programs and two employee stock option programs.

Performance share programs

There are three programs for employees and one program for one Board member.

The programs run as follows with the below end dates:

- The program for employees decided at the Annual General Meeting in 2020 runs until December 31, 2023;
- The program for employees decided at the Annual General Meeting in 2021 runs until December 31, 2023;
- The program for one Board member decided at the Annual General Meeting in 2021 runs until the date of the Annual General Meeting in 2024; and
- The program for employees decided at the Annual General Meeting in 2023 runs until December 31, 2026. The investment period for the participants ended on December 31, 2023 and the vesting period started on January 1, 2024.

In the program decided at the Annual General Meetings in 2020, each savings share gives the opportunity to be allotted to the employees a maximum of two or three performance shares without payment depending on share price development and the Company's development in terms of sales and EBITDA during the duration of the program. After the end of 2023, the outcome for this program has been set at 100 percent outcome regarding the share price target and 85.8 percent regarding the financial goals, an outcome of a total of 90.6 percent. The performance shares were issued in the form of class C-shares with a subscription price and quota value of SEK 0.625 per share.

In the program for employees decided at the Annual General Meeting in 2021, each savings share gives the opportunity to be allotted a maximum of six performance shares without payment depending on share price development and the Company's development in terms of sales and EBITDA during the duration of the program. After the end of 2023, the outcome for this program has been set at 100 percent outcome regarding the share price target and 80.2 percent regarding the financial goals, an outcome of a total of 86.1 percent.

In the program for one Board member decided at the Annual General Meeting in 2021, each savings share gives the opportunity to be allotted a maximum of three performance shares without payment depending on share price development.

NOTE 12 CONT'D

PERFORMANCE SHARE PROGRAMS AND EMPLOYEE STOCK OPTION PROGRAMS

The Annual General Meeting in May 2022 authorized the Board to issue C-shares to cover social security charges for the two programs that were decided at the Annual General Meeting in 2021. The mandate from the Annual General Meeting was fulfilled during 2022. The mandate to issue C-shares enabled the close of the share swap that was entered into during 2021.

In the program decided at the Annual General Meeting in 2023, each savings share gives the opportunity to be allotted a maximum of four performance shares without payment depending on share price development and the Company's development in terms of sales and EBITDA during the duration of the program.

VALUATION - PERFORMANCE SHARE PROGRAM LTI 2023/2026	**February 14, 2023**
Dividend	-
Expected volatility	62.52%
Interest rate	2.60%
Valuation of the share (SEK)	47.87
Valuation model	Black & Scholes/Monte Carlo

LTI 2023/2026 has no accounting effect on the financial year, except in terms of dilution of shares. The table above is shown as the program was decided during the financial year.

VALUATION - PERFORMANCE SHARE PROGRAM LTI 2021/2023	**July 12, 2021**
Dividend	-
Expected volatility	40%
Interest rate	-0.28%
Valuation of the share (SEK)	71.74
Valuation model	Black & Scholes/Monte Carlo

VALUATION - PERFORMANCE SHARE PROGRAM LTI BOARD 2021/2023	**July 12, 2021**
Dividend	-
Expected volatility	40%
Interest rate	-0.26%
Valuation of the share (SEK)	71.74
Valuation model	Black & Scholes/Monte Carlo

VALUATION - PERFORMANCE SHARE PROGRAM LTI 2020/2023	**December 16, 2020**
Dividend	-
Expected volatility	35% - 40%
Interest rate	-0.23% - -0.39%
Valuation of the share (SEK)	39.61
Valuation model	Black & Scholes/Monte Carlo

CHANGES DURING THE YEAR (NUMBER) - PERFORMANCE SHARE PROGRAMS	**2023**	**2022**
Outstanding at January 1	1 198 378	1 653 134
Granted during the year	600 000	0
Delivered performance shares regarding a completed programs previous year	-500 378	-287 134
Cancelled regarding completed programs at this year end	-82 868	-124 622
Cancelled during the year regarding terminated employment	-6 000	-43 000
Outstanding at December 31	1 209 132	1 198 378
Of which fully vested at December 31	549 132	500 378

Employee stock option programs

One of the two employee stock option programs runs over ten years and expires 2025 and one program runs over eight years and expires 2024. Each stock option gives the holder the right to acquire 0.2 ordinary shares in BONESUPPORT when exercising the option. This at a price of 0.125 SEK, equivalent to 0.625 SEK per share, in the first program and SEK 5.30, equivalent to SEK 26.50 per share, in the second program. The employee stock options are vested according to a schedule in each program. A condition for allotment of options is employment or a contractual relationship with the Company at each vesting date. Of the previously allocated 25.7 million options, 8.9 million options regard active programs. Of these 8.9 million options, 5.2 million (5.2) options were fully vested before the end of the year. Remaining 3.7 million (3.7) options were not allocated. There are no remaining exercisable stock options within the program 2015/2025.

VALUATION - EMPLOYEE STOCK OPTION PROGRAM 2016/2024	**November 9, 2016**
Dividend	-
Expected volatility	50%
Interest rate	0%
Subscription price (SEK) - recalculated after share consolidation 5:1	26.5%
Valuation model	Black & Scholes

CHANGES DURING THE YEAR (NUMBER) - EMPLOYEE STOCK OPTION PROGRAM 2016/2024	**2023**	**2022**
Outstanding at January 1	420 208	452 291
Exercised during the year	-5 000	-32 083
Outstanding at December 31	415 208	420 208
Exercisable at December 31	415 208	420 208

CHANGES DURING THE YEAR (NUMBER) - EMPLOYEE STOCK OPTION PROGRAM 2012/2022	**2023**	**2022**
Outstanding at January 1	0	881 125
Cancelled during the year	0	-401 250
Exercised during the year	0	-479 875
Outstanding at December 31	0	0
Exercisable at December 31	0	0

Weighted average exercise price for the employee stock options that were exercised during the year was SEK 26.50 (2.25) per share.

Expense and liability

During 2023, the cost of performance share programs, excluding social security contributions, was recognized as operating expense amounting to SEK 20,069 thousand (17,891). For information about the part that regards Board members and the management team, see Note 11. The social security contributions for these programs and for stock option programs, amounted to an expense of SEK 20,051 thousand (10,486). The liability for social security contributions amounts to SEK 23,510 thousand (12,968).

NOTE 13
OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
	2023	**2022**	**2023**	**2022**
Exchange rate gains	31 908	42 626	185	119
Other	792	580	0	0
Total	**32 700**	**43 206**	**185**	**119**

NOTE 14
OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
	2023	**2022**	**2023**	**2022**
Exchange rate losses	40 616	39 555	894	2 791
Other	347	1 052	0	0
Total	**40 963**	**40 607**	**894**	**2 791**

NOTE 15
FINANCIAL ITEMS

	GROUP		PARENT COMPANY	
	2023	**2022**	**2023**	**2022**
Interest income, Group	0	0	10 394	7 769
Interest income, external	4 935	811	2 266	615
Interest expenses, Group	0	0	-1 977	-1 591
Interest expenses, external	-3 117	-970	0	-11 549
Net financial items	**1 818**	**-159**	**10 683**	**-4 756**

During 2023, a self-correction of EC VAT was reported. The self-correction has led to an interest expense of SEK 1.9 million in the Group.

During 2022, the share swap agreement that the Group had entered into during 2021. In connection with the termination, financial expenses of SEK 11.3 million arose in the Parent Company.

NOTE 16
INCOME TAX

The Group has tax losses carried forward based on historical losses. The Company makes ongoing assumptions about its future earnings. Based on a prudent but realistic assessment of the future utilization of these losses carried forward, the Company has during the year for the first time assigned a value in the balance sheet attributable to the tax losses carried forward, and also to other temporary differences. For more information, see Note 3.

The tax losses carried forward are attributable to the research-focused period of the business, where the foundation and conditions for current and future sales and results were created. All tax losses carried forward are attributable to BONESUPPORT AB and BONESUPPORT HOLDING AB and the Swedish tax system, with full group contribution rights. As per December 31, 2023, the tax losses carried forward amount to SEK 1,006 million (1,119), of which SEK 145 million (138) regards the Parent Company. The tax losses carried foward have no expiration date.

The strong development in 2023 in terms of sales growth and with four consecutive quarters of gradually increasing positive operating profit, together with a communicated sales target for 2024, constitute a strong indication of the possibility to utilize these tax losses carried forward.

In the Group and in the Parent Company, the part of the deferred taxes on tax losses carried forward that relate to transaction costs on share issue, has been posted directly over equity, as that is where the transaction costs were posted. The remaining part of the deferred taxes has been posted in the income statement.

GROUP

The major components of the income tax are:	**2023**	**2022**
Income statement		
Current income tax:		
Current tax on profit for the year	-7 720	-3 736
Adjustment of taxes attributable to previous years	-177	263
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	237 170	0
Tax benefit for the year reported in the income statement	**229 273**	**-3 473**
Equity		
Deferred tax relating to transaction costs on share issue	12 521	0
Tax benefit charged directly to equity	**12 521**	**0**
Total reported tax	**241 794**	**-3 473**

Reconciliation between reported tax and tax based on applicable tax rate:	**2023**	**2022**
Result before income tax	15 748	-64 694
Tax according to the applicable tax rate 20.6% (20.6)	-3 244	13 327
Difference between Swedish and foreign tax rates	-365	-688
Non tax-deductible items	-27 486	-8 844
Non taxable income	1	129
Current tax attributable to prior years	-177	264
Utilization of previously unrecognized tax losses carried forward	24 852	0
New tax losses carried forward	-1 478	-7 661
Initial recognition of deferred tax	237 170	0
Deferred tax on transaction costs on share issue	12 521	0
Tax expense for the year	**241 794**	**-3 473**

NOTE 16 CONT'D
INCOME TAX

The major components of the deferred tax are:	Asset/liability Dec 31, 2023	Dec 31, 2022	Equity Dec 31, 2023	Dec 31, 2022	Income statement 2023	2022
Income statement						
Deferred tax benefit on tax losses carried forward	194 614	0	0	0	194 614	0
Deferred tax benefit on leasing debt	4 017	0	0	0	4 017	0
Deferred tax expense on right-of-use assets	-3 903	0	0	0	-3 903	0
Deferred taxes relating to other temporary differences	42 428	0	0	0	42 428	0
Equity						
Deferred tax on tax losses carried forward that have arisen regarding transaction costs on share issue	12 521	0	12 521	0	0	0
Total deferred tax benefit			**12 521**	**0**	**237 156**	**0**
Deferred tax asset, net	**249 677**	**0**				

The deferred tax is reflected in the balance sheet as follows:		
Deferred tax assets	253 580	0
Deferred tax liabilities	-3 903	0
Deferred tax asset, net	**249 677**	**0**

PARENT COMPANY

The Parent Company's prevailing tax rate is 20.6 percent (20.6).

The major components of the income tax are:	2023	2022
Income statement		
Current income tax	0	0
Deferred tax relating to origination and reversal of temporary differences	17 391	0
Tax benefit for the year reported in the income statement	**17 391**	**0**
Equity		
Deferred tax relating to transaction costs on share issue	12 521	0
Tax benefit charged directly to equity	**12 521**	
Total reported tax	**29 912**	**0**

Reconciliation between reported tax and taxexpense based on applicable tax rate:	2023	2022
Loss before income tax	-7 063	-21 476
Tax according to the applicable tax rate 20.6% (20.6)	1 455	4 424
Non tax-deductible items	23	-234
Utilization of previously unrecognized tax losses carried forward	-1 478	-4 190
Initial recognition of deferred tax	17 391	0
Tax expense for the year	**17 391**	**0**

The deferred tax is composed of:	Asset/liability Dec 31, 2023	Dec 31, 2022	Equity Dec 31, 2023	Dec 31, 2022	Income statement 2023	2022
Income statement						
Deferred tax benefit on tax losses carried forward	17 391	0	0	0	17 391	0
Equity						
Deferred tax relating to transaction costs on share issue	12 521	0	12 521	0	0	0
Total deferred tax benefit			**12 521**	**0**	**17 391**	**0**
Deferred tax asset, net	**29 912**	**0**				

NOTE 17
INVENTORIES

Changes in inventory are classified as cost of sales and amount to a positive cost of SEK 1,393 thousand (positive effect of 1,481).

Impairment write-down of inventory to net realizable value due to products with short durability or other impairment risk, amounts to SEK 1 thousand (19). This is done as the net sale value is lower than the acquisition value.

NOTE 18
INTANGIBLE ASSETS

GROUP

Capitalized development expenses:	Dec 31, 2023	Dec 31, 2022
Opening accumulated acquisition value	17 216	15 896
Investments for the year	2 940	1 321
Closing accumulated acquisition value	**20 157**	**17 216**
Opening accumulated amortization	-10 907	-9 927
Amortization for the year	-1 083	-980
Closing accumulated amortization	**-11 991**	**-10 907**
Closing book value	**8 166**	**6 309**

Patents:	Dec 31, 2023	Dec 31, 2022
Opening accumulated acquisition value	3 283	3 283
Investments for the year	2 299	0
Closing accumulated acquisition value	**5 582**	**3 283**
Opening accumulated amortization	-1 208	-886
Amortization for the year	-334	-322
Closing accumulated amortization	**-1 542**	**-1 208**
Closing book value	**4 040**	**2 075**

NOTE 19
EQUIPMENT AND TOOLS

GROUP	Dec 31, 2023	Dec 31, 2022
Opening accumulated acquisition value	11 952	9 720
Investments for the year	820	1 958
Translation difference	-74	274
Closing accumulated acquisition value	**12 698**	**11 952**
Opening accumulated depreciation	-6 188	-5 146
Depreciation for the year	-1 535	-972
Translation difference	75	-70
Closing accumulated depreciation	**-7 648**	**-6 188**
Closing book value	**5 050**	**5 764**

NOTE 20
PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY	Dec 31, 2023	Dec 31, 2022
Opening accumulated acquisition value	1 254 438	1 254 438
Shareholders' contribution	0	0
Closing accumulated acquisition value	**1 254 438**	**1 254 438**
Opening accumulated write-down	-297 786	-297 786
Closing accumulated write-down	**-297 786**	**-297 786**
Closing book value	**956 652**	**956 652**

NOTE 20 CONT'D
PARTICIPATIONS IN GROUP COMPANIES

	Share of equity %	Number shares	Book value Dec 31, 2023	Book value Dec 31, 2022	Corporate reg. no.	Registered office
BONESUPPORT AB	100	1 000	956 652	956 652	556800-9939	Lund

SUBSIDIARIES OF BONESUPPORT AB:

	Share of equity %	Number shares	Book value Dec 31, 2023	Book value Dec 31, 2022	Corporate reg. no.	Registered office
BONESUPPORT Inc.	100	100	69	69	98-0539754	Delaware
BONESUPPORT GmbH	100	1 000	0	0	HRB 80228	Frankfurt
BONESUPPORT BV	100	18 000	183	183	34377023	Amsterdam
BONESUPPORT Switzerland GmbH	100	20 000	171	171	CHE-474.771.411	Zürich
BONESUPPORT UK Ltd	100	1	0	0	10352673	London
BONESUPPORT ApS	100	500	69	69	40081135	Kongens Lyngby
BONESUPPORT, S.L.U.	100	3 500	36	36	B67244988	Barcelona
BONESUPPORT SRL	100	10 000	102	102	11708750960	Milano
BONESUPPORT Incentive AB	100	100 000	840	840	556739-7780	Lund

NOTE 21
TRADE RECEIVABLES AND OTHER RECEIVABLES

The Group's customers are mainly hospitals and clinics. Credit risk is considered low for the vast majority of customers. The Group shows a history of very low realised credit losses.

	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Trade receivables	116 563	62 623	0	0
Other receivables	11 013	7 963	305 962	204 264
Total	**127 576**	**70 586**	**305 962**	**204 264**

Other receivables above refer to:	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Receivables on Group companies	0	0	305 887	204 189
VAT receivable	7 185	4 889	0	0
Tax receivable	1 460	1 251	75	75
Other financial receivables	1 968	1 532	0	0
Other	401	290	0	0
Total	**11 013**	**7 963**	**305 962**	**204 264**

The four largest customers represent 11 percent (14) of total trade receivables. The single largest customer represents 3 percent (4).

Credit risk exposure:	Dec 31, 2023	Dec 31, 2022
Trade receivables not past due, gross amounts	60 441	37 863
Provision for credit risk	0	0
(Provision in percent)	0%	0%
Trade receivables past due, gross amounts	56 679	25 301
Provision for credit risk	-557	-541
(Provision in percent)	1%	2%
Total trade receivables	**116 563**	**62 623**

Credit risk exposure, per credit rating:	Dec 31, 2023	Dec 31, 2022
Low	116 563	62 623
Medium	0	0
High	557	541
Credit risk provision	-557	-541
Total carrying amount	**116 563**	**62 623**

Principles for measurement of expected credit losses are described in Note 1.

Due date for trade receivables past due but not written off:	Dec 31, 2023	Dec 31, 2022
Less than one month	21 819	11 780
1-3 months	13 691	6 320
More than 3 months	20 612	6 660
Total	**56 122**	**24 760**

Changes in credit risk provision:	2023	2022
As of January 1	541	94
Provision for credit risk	134	519
Reversal of previous provisions for credit risk	-94	0
Write off of bad debts	-4	-94
Translation difference	-20	22
As of December 31	**557**	**541**

No provision for expected credit losses has been made for other financial receivables since it is considered immaterial. Receivables on Group companies are tested for impairment together with shares in Group companies.

NOTE 21 CONT'D
TRADE RECEIVABLES AND OTHER RECEIVABLES

The Group's trade receivables per currency:	Dec 31, 2023	Dec 31, 2022
USD	96 694	46 977
EUR	8 873	7 578
GBP	8 534	5 400
SEK	1 234	1 321
DKK	1 038	868
CHF	0	193
CAD	190	286
Total	**116 563**	**62 623**

NOTE 22
ACCRUALS AND PREPAID ITEMS

	GROUP		PARENT COMPANY	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Prepaid expenses				
Prepaid insurance	2 077	1 271	1 014	577
Prepaid Board fees	813	489	813	489
Prepaid expenses for expositions and fairs	723	22	0	0
Prepaid license fees	555	355	0	0
Prepaid expenses for IT service	185	204	0	0
Prepaid travel expenses	137	239	0	0
Other prepaid expenses	3 061	2 346	135	0
Total	**7 551**	**4 926**	**1 962**	**1 066**
Accrued income				
Accrued income	17 154	5 705	0	0
Total	**17 154**	**5 705**	**0**	**0**
Accrued expenses				
Accrued social security contributions for employee incentive programs	23 510	12 968	9 511	7 392
Accrued bonus including social security contributions	28 951	22 753	3 148	2 828
Accrued holiday pay including social security contributions	7 016	5 916	660	422
Other accrued social security contributions	2 099	1 793	390	306
Accrued pension	1 544	1 272	149	66
Accrued selling commissions	19 528	2 032	0	0
Accrued consultancy expenses	3 799	1 288	43	89
Accrued expenses for received goods	1 317	2 117	0	0
Accrued Board fees	1 186	1 136	1 186	1 136
Accrued audit expenses	1 131	1 250	421	459
Other accrued expenses	2 884	1 558	10	32
Total	**92 965**	**54 083**	**15 518**	**12 730**

NOTE 23
EQUITY AND EARNINGS PER SHARE

Total number of shares, quotient value SEK 0.625 (0.625)	66 197 635

Number of shares December 31, 2021	**65 454 672**
Conversion of 287,134 C-shares to ordinary shares	0
Share issue, C-shares	639 572
Conversion of employee stock options	80 391
Number of shares December 31, 2022	**66 174 635**
Conversion of 500,378 C-shares to ordinary shares	0
Conversion of employee stock options, paid during 2022	22 000
Conversion of employee stock options, paid during 2023	1 000
Number of shares December 31, 2023	**66 197 635**
Number of votes	**66 169 781**

The total number of shares at the end of the year is 66,197,635 (66,174,635) of which 65,055,575 (64,532,197) are ordinary shares and 1,142,060 (1,642,438) are series C-shares. The share capital amounts to SEK 41,359 thousand (41,359). During 2023, 23,000 shares (80,391) were issued from exercise of employee stock options.

EARNINGS PER SHARE - BEFORE DILUTION

Earnings per share before dilution is calculated using the following results and number of shares:

	2023	2022
Net profit/loss for the year, SEK thousands	245 021	-68 167
Weighted average number of ordinary shares, thousands	64 951	64 447
Earnings per share before dilution, SEK	3.77	-1.06

EARNINGS PER SHARE - AFTER DILUTION

BONESUPPORT has potential shares in form of employee stock options and ongoing long term incentive programs. Earnings per share after dilution is calculated as follows:

	2023	2022
Net profit/loss for the year, SEK thousands	245 021	-68 167
Weighted average number of ordinary shares and potential shares, thousands	65 592	64 447
Earnings per share after dilution, SEK	3.74	-1.06

NOTE 24
PROVISIONS

The Group has capitalized direct pensions that have been presented net in the balance sheet. Special payroll tax relating to the pensions has been recorded as a provision.

	2023	2022
As of January 1	344	363
Reevaluation	13	-19
As of December 31	**357**	**344**

NOTE 25
CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities valued at amortized cost:

	Dec 31, 2023	Dec 31, 2022
Financial assets:		
Other financial assets	1	1
Trade receivables	116 563	62 623
Other current receivables	1 968	1 532
Accrued income	17 154	5 705
Cash and cash equivalents	167 351	201 281
Financial liabilities:		
Leasing liabilities	17 484	17 451
Trade payables	19 660	23 571
Accrued expenses	29 845	10 072

The Parent Company's financial assets and liabilities:

	Dec 31, 2023	Dec 31, 2022
Financial assets:		
Participations in Group companies	956 652	956 652
Receivables on Group companies	305 887	204 189
Cash	43 315	143 402
Financial liabilities:		
Trade payables	709	570
Accrued expenses	1 661	1 715

The fair value of financial assets and liabilities is estimated to be in accordance with the booked value due to the short maturity. The Parent Company values participations in Group companies to acquisition value, and all other financial assets are valued at amortized cost.

Cash and cash equivalents include cash and bank balances.

For information on interest income on financial assets, see Note 15. Losses on financial assets, recognized in the income statement as credit losses, are described in Note 21. Accrued expenses are specified in Note 22.

NOTE 26
LEASING

The Group has lease agreements with Första Fastighets AB IDEON (Wihlborgs) in Sweden and until December 2023 with John Hancock Life Insurance Company/John Hancock Life & Health Insurance Company in the US for the lease of office and warehouse space. BONESUPPORT Inc moves to new offices in January 2024 with 115-119 Foruth Avenue, LLC, as landlord.

In addition to the agreements relating to premises, the Group has contracts with a number of suppliers for car leasing and a leasing contract with ATEA regarding the rental of computers and other IT equipment. All items are used in the Company's daily operations. The lease period for premises extends between three and five years, for cars between three and four years and for computers and other IT equipment for three years.

The terms of the agreement are market-based and none of the contracts require the Group to maintain any financial key figures.

No leasing contracts last longer than four years.

NOTE 26 CONT'D
LEASING

The right of use assets and the leasing debt and how their book values have changed during the year is summarized below:

GROUP - RIGHT OF USE ASSETS	Buildings	Cars	Equipment	Total
Acquisition value				
Opening accumulated acquisition value January 1, 2022	30 877	3 588	2 301	36 766
New leasing objects	0	2 150	1 188	3 338
Terminated agreements	0	-2 450	-460	-2 910
Translation difference	642	282	0	924
Closing accumulated acquisition value December 31, 2022	**31 519**	**3 570**	**3 029**	**38 118**
Opening accumulated acquisition value January 1, 2023	31 519	3 570	3 029	38 118
New leasing objects	5 034	1 938	374	7 346
Terminated agreements	-6 574	-643	-460	-7 677
Translation difference	-229	-2	0	-231
Closing accumulated acquisition value December 31, 2023	**29 750**	**4 863**	**2 943**	**37 556**
Depreciation				
Opening accumulated depreciation value January 1, 2022	-11 170	-2 031	-1 062	-14 263
Terminated agreements	0	2 243	460	2 703
Depreciation for the year	-4 620	-1 672	-817	-7 109
Translation difference	-180	-409	0	-589
Closing accumulated depreciation December 31, 2022	**-15 970**	**-1 869**	**-1 419**	**-19 258**
Opening accumulated depreciation value January 1, 2023	-15 970	-1 869	-1 419	-19 258
Terminated agreements	6 574	643	460	7 677
Depreciation for the year	-4 728	-1 500	-892	-7 120
Translation difference	50	57	-17	90
Closing accumulated depreciation December 31, 2023	**-14 074**	**-2 669**	**-1 868**	**-18 611**
Closing book value December 31, 2022	**15 550**	**1 701**	**1 610**	**18 861**
Closing book value December 31, 2023	**15 677**	**2 194**	**1 075**	**18 946**

NOTE 26 CONT'D
LEASING

GROUP - LEASING DEBT	2023	2022
Opening balance	17 451	21 422
Debt for new leasing objects	7 347	3 338
Terminated agreements	0	-170
Repayment of debt	-8 311	-8 132
Interest expense	1 140	696
Translation difference	-143	297
Closing balance	**17 484**	**17 451**
of which non-current leasing debt	*13 222*	*12 350*
of which current leasing debt	*4 262*	*5 101*

When calculating the liability of remaining payments, an interest rate of 5.5 percent (6.0) has been applied as discount rate for agreements that have commenced or been prolonged during the year. As the Group has no external loans, the marginal borrowing rate has been based on discussions with the Group's main bank. After discussing with this external lender, a reasonable borrowing rate for a real estate loan has been evaluated. A development company carries a high risk premium and therefore 5.5 percent has been considered reasonable.

The Group's leasing debts have the following, undiscounted maturities:

GROUP	Dec 31, 2023	Dec 31, 2022
Within one year	6 966	7 148
Between one and two years	6 241	5 250
Between two and three years	5 559	3 598
Between three and four years	2 779	3 271
Between four and five years	0	2 180
Sum	**21 545**	**21 447**

The amounts with which leasing has been reported in the income statement are as follows:

GROUP	2023	2022
Depreciation right of use assets	7 120	7 109
Interest expense for leasing debt	1 140	696
Total	**8 260**	**7 805**

Leasing is included in the Group's total cash flow with SEK 1,140 thousand (696) regarding interest payments and SEK 6,567 thousand (7,805) regarding repayment of borrowings.

The Parent Company is not engaged in any lease contracts.

NOTE 27
PLEDGED SECURITIES AND CONTINGENT LIABILITIES

PLEDGED SECURITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee for its rented facilities of USD 42 thousand (56), corresponding to SEK 422 thousand (584). The Parent Company guarantees a corresponding amount. During 2022, the Parent Company also provided a general guarantee. At the end of 2023, this amounted to USD 1,000 thousand (500), corresponding to SEK 10,038 thousand (5,211).

BONESUPPORT AB has capital-invested direct pensions amounting to SEK 979 thousand (979). The Parent Company has pledged collateral amounting to the corresponding amount.

OTHER CONTINGENT LIABILITIES

At the end of 2023 and 2022, the Group and the Parent Company had no other contingent liabilities.

NOTE 28
ITEMS NOT INCLUDED IN THE CASH FLOW

GROUP - ITEMS NOT INCLUDED IN CASH FLOW	2023	2022
Depreciation regarding right of use assets	7 120	7 109
Other depreciation and amortization	2 952	2 274
Costs for employee incentive programs	39 916	17 891
Unrealized exchange rate differences	16 020	-14 474
Write-down on trade receivables	342	597
Other	1 555	1 588
Total	**67 905**	**14 985**

NOTE 29
EVENTS AFTER THE CLOSING DAY

In March, the Company's 510(k) application to include Spine Interbody Fusion procedures for CERAMENT BONE VOID FILLER was granted by the the US Food and Drug Administration (FDA).

The FDA announced in March that it had approved the Company's 510(k) application for the use of CERAMENT G in open fractures.

NOTE 30
PROPOSAL FOR APPROPRIATION - PARENT COMPANY

SEK

Unrestricted equity in the Parent Company	Dec 31, 2023	Dec 31, 2022
Share premium reserve	1 563 862 278	1 563 836 403
Retained earnings	-345 769 561	-336 651 440
Net profit/loss for the year	10 327 784	-21 476 243
Total	**1 228 420 502**	**1 205 708 721**

The Board of Directors propose that the share premium reserve, retained earnings and net profit for the year should be carried forward. The proposal will be presented at the Annual General Meeting on May 16, 2024.

THE BOARD'S ASSURANCE

The Board of Directors and the CEO assure that the consolidated accounts have been prepared in accordance with international accounting standards IFRS as adopted by the EU and give a true and fair view of the Group's position and results. The Annual report has been prepared in accordance with generally accepted accounting standards and gives a true and fair view of the Parent Company's position and results.

The annual report of the Group and the Parent Company gives a true and fair view of the development and the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Stockholm, April 19, 2024

Lennart Johansson
Chair of the Board

Gärsnäs, April 19, 2024

Håkan Björklund
Board member

Florida, (US), April 19, 2024

Mary I O'Connor
Board member

Stockholm, April 19, 2024

Christine Rankin
Board member

Stockholm, April 19, 2024

Björn Odlander
Board member

Lund, April 19, 2024

Emil Billbäck
CEO

Our audit report was delivered on April 19, 2024

Ernst & Young AB

Henrik Rosengren
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of BONESUPPORT HOLDING AB (publ), corporate identity number 556802-2171

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BONESUPPORT HOLDING AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages x-y 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 31st 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 31st December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Revenue recognition

Description

The net turnover for the year 2023 amounts to 591.077 TSEK in the group's income statement. Revenue is recognized based on the compensation that the group expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts received on behalf of third parties (for example, certain sales taxes), at the time when control of the good has been transferred to the customer. The revenues are primarily consisting of goods sales generated through three channels with different sales terms: a combination of own sales companies/distributors in the United States, direct sales in certain European markets and through distributors in other markets. The revenue recognition includes large transaction volumes and is based on the application of different contract terms depending on sales channel and market. The timing of the transfer of goods to the customer is assessed and determined at various levels within the group and there is a significant risk that the revenues are not attributable to the correct period. We have therefore assessed the revenue recognition as a key audit matter.

A description of the principles for revenue recognition is included in Note 1 and information on operating segments in Note 4.

How our audit addressed this key audit matter

In our audit of the revenue recognition, our audit measures to address the risk of revenues not being allocated to the correct period have consisted of, among other things:

- Conducting sales analyses compared to the previous year and movements in the income statement compared to expectations, reviewing customer contracts, conducting sample tests of accruals in connection with the financial year-end and conducting tests of incoming payments.
- Mapping and evaluating t he company's revenue recognition process,
- Testing the company's accounting of all significant revenue transactions, examining credit notes and accounts receivable, performing data analysis and analytical review.

We have audited the information provided in the annual report.

Deferred tax asset

Description

The reported value of deferred tax asset as of 31 December 2023 amounts to 249.677 TSEK in the Group's balance sheet and 29.912 TSEK in the parent company's balance sheet, which corresponds to 36% of the Group's total assets and 2% of the parent company's total assets. The receivables are attributable, among other things, to accumulated tax losses in the parent company BONESUPPORT HOLDING AB (publ) and the subsidiary BONE SUPPORT AB.

A deferred tax asset attributable to accumulated tax losses shall be recognized in the balance sheet if there are sufficient expected future taxable profits to offset the loss deductions against. The Group prepares an annual forecast to assess future taxable profits and whether there are factors that convincingly argue that these can be offset against the accumulated tax losses. Future taxable profits are based on management's forecasts and involve a number of assumptions, including sales growth and anticipated costs of operating the business.

Changes in assumptions have a significant impact on the calculation of future taxable profits and the assumptions the company has applied therefore have a significant impact on the assessment of whether a deferred tax asset can be activated. We have therefore assessed the recognition of deferred tax asset as a key audit matter in the audit.

A description of the valuation of deferred tax asset is given in the section Judgments, Estimates and Assumptions in Note 3 and information on accumulated losses as of 31 December 2023 is given in Note 16.

How our audit addressed this key audit matter

In our audit of deferred tax asset, our audit procedures have included, among other things:

- Mapping and evaluating the company's process for developing forecasts and evaluating previous accuracy in forecasts and assumptions,
- Critically reviewing the forecast and the assumptions made, and verifying that the forecast has been approved by the Board,
- Investigating whether there are any limitations in utilizing the tax losses that part of the asset is based on, for example by examining whether there have been any implemented or upcoming changes in tax legislation in Sweden that could affect the size of the losses.

We have audited the disclosures provided in the annual report.

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 1-6 and 50-60. The other information also includes the remuneration report and were obtained before the date of this auditor's report. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 scepticism 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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 BONESUPPORT HOLDING 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.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for BONESUPPORT HOLDING AB for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BONESUPPORT HOLDING AB 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

he examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of BONESUPPORT HOLDING AB (publ) by the general meeting of the shareholders on the 17th of May 2023 and has been the company's auditor since the 22 April 2010.

Lund 19 April 2024

Ernst & Young AB

Henrik Rosengren
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT 2023

BONESUPPORT HOLDING AB (publ) (**"BONESUPPORT"**) is a Swedish public limited company with its registered office in Lund, Sweden. The Company's shares are listed on Nasdaq Stockholm and are traded under the ticker symbol BONEX. BONESUPPORT's corporate governance is based on the applicable statutes, regulations, rules and recommendations for stock-exchange listed companies, such as the Swedish Corporate Governance Code (**"the "Code"**), Nasdaq Stockholm's Rule Book for Issuers, BONESUPPORT's Articles of Association, and company-specific rules and guidelines. For more information, refer to the Company's website **www.bonesupport.com.** During the 2023 financial year, BONESUPPORT has applied the Code without any deviations.

SHAREHOLDERS MEETING

The Annual General Meeting, or, where applicable, an extraordinary meeting of shareholders, is the ultimate decision-making body of BONESUPPORT, in which all shareholders are entitled to participate. The Annual General Meeting makes decisions on principle matters, for instance concerning amendments to the Articles of Association, the election of Members of the Board of Directors and the auditor, adoption of the profit & loss statement and balance sheet, discharge from liability for Members of the Board of Directors and the Chief Executive Officer (CEO), disposition of profits or losses, principles for the appointment of members of the Nomination Committee, and guidelines for remuneration of senior executives.

At the Annual General Meeting on May 17, 2023, 92 shareholders were represented, corresponding to holdings of 54 percent of the total number of shares and voting rights in the Company. Attorney Madeleine Rydberger was elected as Chair of the Annual General Meeting. At the Annual General Meeting 2023, resolutions were passed on, among other things, the determination of fees for the Board of Directors and the auditors, re-election of Håkan Björklund, Björn Odlander, Lennart Johansson, Christine Rankin and Mary I O'Connor, as ordinary members, implementation of a long-term incentive program to employees, and new issue authorizations for the Board of Directors. Lennart Johansson was elected Chair of the Board. Ernst & Young AB were reappointed as auditor with authorized public accountant Henrik Rosengren as the auditor in charge.

The Annual General Meeting 2024 will be held on Thursday, May 16, 2024. For further information concerning the Annual General Meeting, please visit BONESUPPORT's website. All shareholders have the right to participate and vote for all their shares at the Annual General Meeting. For information concerning shares and voting rights, see the Directors' Report, page 15 in the Annual Report.

NOMINATION COMMITTEE

According to the Code, the Company is to have a Nomination Committee, the duties of which shall include the preparation and drafting of proposals regarding the election of Members of the Board, the Chair of the Board, the Chair at the shareholders meetings and the auditor(s). The Nomination Committee shall also propose directors' fees for Members of the Board and fees for the auditor(s). At the 2023 Annual General Meeting, it was resolved to adopt a revised Instruction and Rules of Procedure for the Nomination Committee, under which the Nomination Committee is to consist of three members representing the three largest shareholders as per the end of September. The Chair of the Board shall be co-opted to the Nomination Committee, except when the Nomination Committee shall address to the matter of Chair of the Board and remuneration to the Chair of the Board. For information concerning ownership, see page 55 in the Annual Report or the Company's website www.bonesupport.com.

In accordance with the adopted Instructions, a Nomination Committee has been constituted in preparation of the 2024 Annual General Meeting consisting of Staffan Lindstrand (Chair) representing HealthCap V LP, Caroline Sjösten representing Swedbank Robur Fonder, and Jan Särlvik representing the Fourth Swedish National Pension Fund. The Chair of the Board, Lennart Johansson, has been co-opted to the Nomination Commitee. The composition of the Nomination Committee for the 2024 Annual General Meeting was publicly notified through the publication of the interim report for January – September on October 26, 2023.

During 2023, the Nomination Committee held four meetings and had ongoing contact between the meetings. The Nomination Committee has complied with the Instructions adopted at the Annual General Meeting in 2023.

In its work, the Nomination Committee has in its work applied Rule 4.1 of the Code as a diversity policy, whereby the Nomination Committee has taken into account that the Board of Directors, with regard to the Company's business activities, stage of development and circumstances in general, shall be characterized by diversity and breadth with respect to members' qualifications, skills and expertise, experience and background, and that an even gender balance shall be strived for. The Nomination Committee's ambition is that the gender balance will be equalized over time.

EXTERNAL AUDIT

The Company's auditor is appointed by the Annual General Meeting for the period until the end of the next following Annual General Meeting. The auditor examines the Annual Report with accompanying financial statements, as well as the management by the Board of Directors and the CEO. Following each financial year, the auditor shall submit an auditor's report to the Annual General Meeting. Each year, the Company's auditor reports his/her observations from the audit to the Board of Directors.

At the 2023 Annual General Meeting, Ernst & Young AB was re-appointed as the Company's auditor with authorized public accountant Henrik Rosengren as auditor in charge. It was also resolved at the Annual General Meeting that the fees to the auditor should be paid in accordance with the normal billing standards and on receipt of approved invoices. More information regarding the auditor's fees can be found in Note 8 in the Annual Report.

THE BOARD OF DIRECTORS

After the Annual General Meeting, the Board of Directors is the Company's highest decision-making body. The Board of Directors is responsible for the Company's organization and the management of the Company's affairs, for example by establishing targets and strategies, securing procedures and systems for monitoring the established targets, continuously assessing the Company's financial position and evaluating the operational management. Furthermore, it is the Board of Directors' has the responsibility to ensure that true and correct information is provided to the Company's stakeholders, that the Company complies with laws and regulations, and that the Company develops and implements internal policies and ethical guidelines. The Board of

Directors also appoints the Company's CEO and determines his/her salary and other remuneration, based on the guidelines adopted by the Shareholders Meeting.

The Board Members elected by the Annual General Meeting are elected annually at the Annual General Meeting for the term until the next Annual General Meeting is held. According to the Company's Articles of Association, the Board of Directors is to consist of a minimum of three and a maximum of eight members without alternates. According to the Code, the majority of the Board Members elected by the Annual General Meeting must be independent of the Company and its management. Furthermore, at least two of the Board Members who are independent in relation to the Company and its management must also be independent in relation to major shareholders. Major shareholders are shareholders who directly or indirectly control 10 percent or more of the total shares and voting rights in the Company. In determining whether or not a Board Member is independent, an overall assessment is to be made of all the circumstances which may call into question the independence of the Board Member vis-à-vis the Company, its management, or the major shareholders. A Member of the Board of Directors who is employed or a Member of a Board of Directors of a company that is a major shareholder is not considered to be independent. There are no further provisions in the Articles of Association concerning the appointment and resignation of Members of the Board or amendments to the Articles of Association.

All Board Members elected by the Annual General Meeting, except Björn Odlander, are independent of the major shareholders, and all Board Members elected by the Annual General Meeting are independent of the Company and its management. Björn Odlander is independent in relation to the Company and its management, but not in relation to major shareholders as he is a partner of HealthCap. As indicated, the Board of Directors is of the view that the Company fulfils the Code's requirement in regard to independence. The Board of Directors' members, own and closely related parties' holdings and the year in which they were elected are presented on the page 55 of the Annual Report.

The Board of Directors follows a written Rules of Procedure, which is reviewed annually and adopted at the statutory Board of Directors meeting. The Rules of Procedure govern, among other things, the Board of Directors' working methods, duties, responsibilities, decision-making within the Company, the Board of Directors' meeting agenda, the duties and responsibilities of the Chair of the Board, and the allocation of responsibilities and duties between the Board of Directors and the CEO. The Instruction regarding financial reporting and the Instruction to the CEO are also adopted in connection with the statutory Board of Directors meeting.

The work of the Board of Directors is also carried out on the basis of an annual plan, which fulfills the Board of Directors' need for information. In addition to meetings of the Board of Directors, the Chair of the Board of Directors and the CEO have an ongoing dialogue concerning the management of the Company.

The Board of Directors meets according to a pre-determined annual schedule and shall, in addition to the statutory Board of Directors meeting, hold at least six ordinary Board of Directors meetings between each Annual General Meeting. In addition to these meetings, extraordinary meetings may be arranged to deal with matters that cannot wait until any of the regular meetings. The work of the Board of Directors during the year has followed the framework described above. 13 meetings were held in 2023. See the table below for the attendance record.

Director	Attendance
Lennart Johansson	13/13
Håkan Björklund	13/13
Björn Odlander	13/13
Lars Lidgren(i)	5/5
Christine Rankin (ii)	13/13
Mary I O'Connor (ii)	12/13

(i) For the period until the General Meeting on May 17, 2023

The work of the Board of Directors is evaluated annually with the purpose of further developing the Board of Directors' working methods and efficiency. The Chair of the Board is responsible for the evaluation, and for presenting it to the Nomination Committee. The purpose of the evaluation is to obtain an idea of the Board Members' views on how the work of the Board of Directors is conducted and what measures could be taken to streamline the work of the Board of Directors, and whether the Board of Directors is well balanced in terms of skills and expertise. The evaluation is an important basis for the Nomination Committee in preparation for the Annual General Meeting.

The Chair of the Board conducted an evaluation with all Members of the Board in 2023. The results of the evaluation have been reported to and discussed by the Board of Directors and the Nomination Committee.

Remuneration to the Board of Directors

The directors' fees to be paid to the Members of the Board elected by the Annual General Meeting are decided by the Annual General Meeting. In the preparation of the 2024 Annual General Meeting, the Nomination Committee will make proposals in regard to the directors' fees. At the Annual General Meeting held on May 17, 2023, it was resolved that a directors fee of SEK 450,000 would be paid to the Chair of the Board and SEK 225,000 would be paid to each of the other Members of the Board who are not employed by the Company. In addition, it was decided that remuneration for work related to the committee is to be paid in the amount of SEK 150,000 to the Chair of the Audit Committee, and SEK 75,000 to each of the other members of the Audit Committee, and in the amount of SEK 60,000 to the Chair of the Remuneration Committee and SEK 30,000 to each of the other members of the Remuneration Committee. It was also resolved that an additional remuneration of SEK 100,000 would be paid to Board Member Mary I O'Connor as compensation for travel time.

The Annual General Meeting furthermore resolved that the Board Members Lennart Johansson, Mary I O'Connor and Christine Rankin together would receive an extended Board remuneration of a total of SEK 900,000, subject to (i) the Board Member acquiring shares in BONESUPPORT HOLDING AB for the entire extended Board remuneration (after tax) as soon as possible after the Annual General Meeting's resolution and the payment of the extended Board remuneration, and (ii) the Board Member undertakes not to sell the shares during the Board Member's entire term of office at BONESUPPORT HOLDING AB. The extended Board remuneration is distributed as follows: SEK 450,000 to the Chair of the Board, corresponding to 100 percent of the ordinary Board remuneration to the Chair of the Board, and SEK 225,000 to each of Mary I O'Connor and Christine Rankin, corresponding to 100 percent of the ordinary Board remuneration to each of the other Board Members who are not employed by the Company. In the event that the Board Member before the next Annual General Meeting is dismissed as a result of breach of his or her obligations as a Board Member or leaves the board at his or her own request, the Board Member is obliged to repay the entire extended Board remuneration (after tax).

For the 2023 financial year, remuneration was paid to the Members of the Board of Directors as set out in the table below. All amounts are stated in SEK thousands.

Name	Office	Ordinary remuneration paid(i)	Extended remuneration paid (ii)
Lennart Johansson	Chair, member of the Audit Committee, Chair of the Remuneration Committee	535	450
Håkan Björklund	Board member, member of the Remuneration Committee	230	-
Björn Odlander	Board member, member of the Remuneration Committee	230	-
Lars Lidgren(iii)	Board Member	200	
Christine Rankin	Board member, Chair of the Audit Committee	350	225
Mary I O'Connor	Board member	290	225

(i) Includes remuneration for committee work. Regards remuneration resolved at the Annual General Meeting on May 19, 2022, and paid out during 2023.
(ii) Regards extended Board remuneration conditioned on the acquisition of shares in BONESUPPORT HOLDING AB, which was resolved at the Annual General Meeting on May 17, 2023 and subsequently paid during 2023.
(iii) Lars Lidgren declined re-election ahead of the 2023 Annual General Meeting and is therefore not part of the Board as per December 31, 2023.

Audit Committee

The primary task and responsibility of the Audit Committee is to monitor the Company's financial position, to monitor the effectiveness of the Company's internal controls, internal audit and risk management, to be informed about the audit of the Annual Report and accompanying financial statements/consolidated accounts, and to review and monitor the auditor's impartiality and independence. The Audit Committee shall also assist the Nomination Committee in proposals for decisions concerning the election and remuneration of the auditor. The Audit Committee is comprised of Christine Rankin (Chair) and Lennart Johansson.

The work of the Audit Committee during the year has followed the framework described above. During the 2023 financial year, the Audit Committee held six meetings and discussed matters concerning the Company's control system, review of quarterly reports, assessment of the auditor's work, and evaluation of risk management. See the table below for the attendance record.

Board member	Attendance
Christine Rankin	6/6
Lennart Johansson	6/6

Remuneration Committee

The task and responsibility of the Remuneration Committee are primarily to prepare matters regarding remuneration and other terms of employment for the CEO and members of senior management. The Remuneration Committee shall also monitor and evaluate ongoing and completed programs for variable remuneration of senior executives during the year, and monitor and evaluate the implementation of the guidelines for remuneration to senior executives which the Annual General Meeting has adopted. The Remuneration Committee is comprised of Lennart Johansson (Chair), Håkan Björklund and Björn Odlander.

During the 2023 financial year, the Remuneration Committee held four meetings and dealt with matters regarding the CEO's and other group management's bonus results for 2022, bonus criteria and salary audit for 2023. See the table below for the attendance record.

Board member	Attendance
Lennart Johansson	2/2
Håkan Björklund	1/2
Björn Odlander	2/2

CEO AND OTHER MEMBERS OF SENIOR MANAGEMENT

The CEO is subordinate to the Board of Directors in the role, the CEO has as the primary task and responsibility to manage the Company's ongoing management and day-to-day business operations of the Company. The Board of Directors' Rules of Procedure and Instruction for the CEO stipulate which matters and issues the Company's Board of Directors is to decide on and which decisions fall within the area of responsibilities of the CEO. The CEO is also responsible for preparing reports and the requisite basis for decision-making in preparation of the Board of Directors meetings and presents the materials at the Board of Directors meetings.

BONESUPPORT has a management team of nine, including the CEO. For further information about the CEO and other senior executives, please refer to pages 56-57 in the Annual Report.

Remuneration to senior executives

Remuneration to senior executives consists of a base salary, variable remuneration, pension benefits, share-based incentive programs and other benefits.

Salary and other remuneration for the financial year 2023 were paid to the CEO and other senior executives in accordance with the table below. All amounts are stated in SEK thousands.

	Salaries, fees	Social security	Share-based compensation
CEO	6 323	3 354	5 499
Other senior executives	21 556	5 656	7 677

Guidelines for remuneration to senior executives

Pursuant to the Swedish Companies Act, the Annual General Meeting shall decide on guidelines for remuneration of the CEO and other senior executives. At the Annual General Meeting in 2023, revised guidelines were adopted with primarily the following content:

The Company's starting point is that the Company is to offer remuneration at market levels, and which facilitate the ability to recruit and retain senior executives, and that the terms and conditions must be competitive with consideration of the market practice in the country where the senior executive is employed. Remuneration to senior executives may consist of fixed salary, variable cash remuneration, pension benefits and other benefits.

The base salary shall be determined taking skills and expertise, area of responsibility and performance into account. The variable cash remuneration shall be based on one or more predetermined and measurable criteria that may be financial, such as net sales and operating profit, or non-financial, such as qualitative targets. The variable remuneration shall be capped and for the CEO may not exceed 75 percent of the annual base salary, for the CFO 52.5 percent of the annual base salary and for other senior executives 40 percent of the annual base salary, whereby the maximum individual level is to be determined based on factors relating to the position held by the specific individual etc.

In addition to what is required by law and collective bargaining agreements or other contracts, the CEO and other senior executives may be entitled to arrange pension solutions on an individual basis. Refraining from receiving a salary and variable remuneration can be used for increased pension contributions, provided that the total cost to the Company is unchanged over time.

In addition, the Annual General Meeting may – and independently of these guidelines – make a resolution regarding, for example, share and share price-related remuneration. The senior executives may be granted other customary benefits, such as a company car, occupational healthcare services, etc.

In the event of termination of a position as a senior executive by the Company, the notice period may not exceed twelve months. Severance pay, in addition to salary and other remuneration during the notice period, may not exceed an amount equal to twelve times the monthly salary. In addition, compensation may be paid for any commitment to restrict competition in order to compensate for any loss of income. Such remuneration shall be paid only to the extent that the former senior executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination and shall amount to a maximum of 60 percent of the fixed salary at the time of termination, subject to mandatory collective agreement provisions, and shall be paid for the duration of the anti-competition undertakings, which shall not exceed 12 months after termination of employment.

The Board of Directors shall be entitled to deviate from these guidelines in individual cases, if there are special reasons for doing so.

INTERNAL CONTROL

The Board of Directors' responsibility for the internal control is governed by the Swedish Companies Act, the Swedish Annual Reports Act – which requires that information concerning the primary elements of BONESUPPORT's internal control and risk management systems related to the financial reporting each year is to be included in the Corporate Governance Report – as well as the Code. The Board of Directors is to ensure, inter alia, that BONESUPPORT has sufficient internal control and formalized procedures that ensure compliance with established principles for financial reporting and internal control, and that there are effective systems for follow-up and control of the Company's business operations and the risks associated with the Company and its business operations.

The overall purpose of internal control is to ensure, to a reasonable extent, that the Company's operating strategies and targets are monitored and that the shareholders' investment is protected. Furthermore, internal control is to ensure that external financial reporting is, to a reasonable extent, reliable and prepared in accordance with generally accepted accounting principles, compliance with applicable laws and regulations, and that requirements imposed on stock-exchange listed companies are complied with. The internal control primarily consists of the following five components: control environment, risk assessment, control activities, information and communication and monitoring. There is no unit in the Company for internal auditing. The Board of Directors evaluates the need for this unit annually and has made the assessment that, considering the size of the Company, there is not sufficient need to introduce a formal internal audit unit.

1. Control environment

The Board of Directors has overall responsibility for internal control in relation to the financial reporting. In order to establish and maintain a functioning control environment, the Board of Directors has adopted a number of policies and regulatory documents that govern the financial reporting. These consist primarily of the Board of Directors' Rules of Procedure, Instruction for the CEO, and Instruction for financial reporting. BONESUPPORT has also adopted a special authorization policy. In addition, the Company has a financial manual that contains the principles, guidelines and process descriptions for bookkeeping, accounting and financial reporting. The Company has also summarized its procedures for internal control in a separate internal control policy. Finally, the Board of Directors has established an audit committee whose primary task is to monitor the Company's financial position, monitor the effectiveness of the Company's internal control, internal audit and risk management, keep itself informed about the audit of the Annual Report with accompanying financial statements including consolidated financial statements, and review and monitor the auditor's impartiality and independence. The responsibility for the day-to-day work with financial control has been delegated to the Company's CEO, who in turn has delegated this responsibility to the Company's Chief Financial Officer (CFO), who has overall responsibility for maintaining sound internal control over the financial reporting environment. The CEO regularly reports to the Board of Directors in accordance with the established instruction for the CEO and the instruction for financial reporting.

2. Risk assessment

The risk assessment includes identifying risks that may arise if the basic requirements for financial reporting in the Company are not fulfilled. In a special risk assessment document, BONESUPPORT's management team has identified and evaluated the risks that arise in the Company's business operations and assessed how these risks can be properly managed. Within the Board of Directors, the Audit Committee has primary responsibility for continuously assessing the Company's risk situation, after which the Board of Directors also conducts an annual review of the risk situation. During the year, senior management has reviewed the risks related to strategies, compliance, and financial and operational issues. Afterwards, these risks were assessed according to probability and effect, where risks with either a high degree of probability or potential impact have been prioritized. This has subsequently been presented to the Audit Committee before being reviewed by the Board of Directors. The Company has assigned each risk factor to at least one person in Group management for them to lead the efforts in developing and executing plans for courses of action.

3. Control activities

In order to prevent, detect and correct mistakes and deviations, a framework for control in terms of policies, processes and procedures has been established within BONESUPPORT in relation to control objectives. The control activities help to ensure that the requisite measures are taken to identify and address risks consistent with achieving the Company's objectives. Examples of control activities at an overall level are that BONESUPPORT has a clear governance structure and division of responsibilities with a number of forums and activities which continuously monitor the business operations. Well-defined business processes, separation of duties, and appropriate delegation of authority are also activities that promote good corporate governance and internal control.

Key processes identified to have potential significant risks are mapped out in detail in a separate process description in the financial handbook and key process steps are defined in order to ensure that there is sufficient segregation of responsibilities and that the sufficient control mechanisms are in place.

4. Information and communication

BONESUPPORT has information and communication established for the intention to promote the accuracy of financial reporting, and to facilitate reporting and feedback from the business operations to the Board of Directors and senior management, for example by making corporate governance documents such as internal policies, guidelines and Instructions regarding the financial reporting known and accessible to the employees affected. The Board of Directors has also adopted an information policy that regulates the Company's external disclosure.

5. Monitoring

The compliance with and effectiveness of the internal controls are continually monitored. The CFO is responsible for ensuring that appropriate processes for monitoring are in place, and the CEO ensures that the Board of Directors continuously receives reports on the developments concerning of the Company's business activities, including the developments with the Company's profits or losses and financial position, as well as information on significant events, such as research results and important contracts. The CEO also makes a report concerning these matters at each Board of Directors meeting. The Company's compliance with relevant policies and guidelines shall be evaluated annually and a report is to be made to the Audit Committee annually by the CFO. A summary of identified proposals for improvements shall then be presented to the Board of Directors.

Lund, April 19, 2024
THE BOARD OF DIRECTORS OF BONESUPPORT HOLDING AB

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF BONESUPPORT HOLDING AB (PUBL), CORPORATE IDENTITY NUMBER 556802-2171.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 49–52 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Lund 19 of April 2024
Ernst & Young AB

Henrik Rosengren
Authorized Public Accountant

THE BOARD OF DIRECTORS

LENNART JOHANSSON
Chair

Born: 1955
Elected into the Board: 2017
Elected as Chair: 2019
Education: MBA from Handelshögskolan, Stockholm.
Experience: Lennart Johansson has been Senior Advisor for Patricia Industries AB since 2015 and was previously Managing Director (Business Development, Operational and Financial Investments) at Investor AB (2006-2015). Prior to that, he was a partner and CEO of Emerging Technologies ET AB and b-business partners. Today he is a Board Member of Chalmers Ventures Ab, Hi3G Access AB, Atlas Antibodies AB and GoCo Development AB.
Shareholding: 105,700 shares (own holding).

HÅKAN BJÖRKLUND
Member of the Board

Born: 1956
Elected: 2016
Education: Ph.D. in Neuroscience from Karolinska Institutet in Stockholm.
Experience: Dr. Håkan Björklund is a partner in Tellacq AB, a private investment company. He was elected to the Board of Directors of BONESUPPORT in December 2016 in connection with the funding of USD 37 million (SEK 315 million), led by Tellacq. Dr. Håkan Björklund has a long and successful career in the healthcare industry, including as CEO of Nycomed. During his time there, Nycomed grew from being a small Scandinavian company to becoming a global business, which was bought by Takeda in 2011. He is currently Chair of the Board of BioPhorum, Asker Healthcare Group AB, Bohus BioTech AB and Intervacc AB.
Shareholding: Owns 25 percent of the shares in Tellacq AB, which holds 1,055,976 shares.

MARY I O’CONNOR
Member of the Board

Born: 1957
Elected: 2022
Education: MD. from Drexel University, Philadelphia, USA; Orthopedic Residency and Fellowship from Mayo Clinic, Rochester, USA.
Experience: Dr. Mary I O’Connor, MD, is Professor Emerita of Orthopedic Surgery at Mayo Clinic and Past Professor of Orthopaedics and Rehabilitation at Yale University School of Medicine. In 2021, she became co-founder and Chief Medical Officer at Vori Health, a physician-led virtual musculoskeletal company. Honored with the American Academy of Orthopedic Surgery 2023 Diversity Award, Dr. Mary I O’Connor is a nationally recognized leader in health equity, chairing the Movement is Life Caucus, a nonprofit multi-stakeholder coalition committed to addressing musculoskeletal health disparities, since its inception in 2010.
Shareholding: 24,844 shares (own holding).

BJÖRN ODLANDER
Member of the Board

Born: 1958
Elected: 2010
Education: MD. Ph.D. from Karolinska Institutet in Stockholm.
Experience: Founder and Managing Partner of HealthCap. Björn Odlander has headed the Health Care Team at ABB Aros. He has pursued scientific research in the biochemistry of inflammation at Karolinska Institutet in Stockholm. Björn Odlander has extensive experience from Board assignments from listed and private companies in the life-science sector and is currently on the Boards of inter alia Oncorena AB, Tribune AB and Carisma Terapeutics, Inc.
Shareholding: –

CHRISTINE RANKIN
Member of the Board

Born: 1964
Elected: 2022
Education: Bachelor’s degree in Business Administration and Economics from Stockholm University.
Experience: Currently, Christine Rankin is a Board member of Coinshares International Ltd, Orexo AB, 4C Group AB and Starbreeze AB. Christine Rankin has previously been a Board member of Adventure Box Technology AB, Board member of Technopolis Plc, Senior Vice President Corporate Control at Veoneer Inc., CFO at Cherry AB, acting CFO/Head of Finance at Serneke Group, Head of Corporate Control at Spotify and partner/Head of US Capital Markets in Sweden at PwC.
Shareholding: 1,966 shares (own holding).

GROUP MANAGEMENT

EMIL BILLBÄCK
Chief Executive Officer

Born: 1970
Employed since: 2018
Education: B.Sc. in Business Administration from Karlstad University
Experience: Emil Billbäck joined BONESUPPORT as Chief Executive Officer in March 2018. He has more than 25 years of experience in Life Science, most recently as Chief Commercial Officer at BSN Medical. He has had operational roles at Astra Zeneca and Beiersdorf, and that of Senior Strategic Advisor within ESSITY. Today he is a Board Member of Doctrin and has previously been a Board Member of ATOS. Emil Billbäck has lived and worked in the United States and in Germany.
Shareholding: 454,425 shares (own holding).

HELENA L BRANDT
EVP Human Resources

Born: 1965
Employed since: 2017
Education: M.Sc. in International Business & Economics from Lund University. Has studied at University of Cologne, Germany, and at the universities in Cincinnati and Delaware, USA.
Experience: Helena started at BONESUPPORT as Head of Human Resources in October 2017. She is a senior HR leader with more than 25 years of experience in a wide range of industries, from Life Science to IT/Telecom. She has held global HR roles at Astra Zeneca, Sony and Tetra Pak, developing organizations, people, leaders, teams and cultures as well as driving transformation and change.
Shareholding: 20,000 shares (own holding).

MICHAEL DIEFENBECK
EVP Medical & Clinical Affairs Chief Medical Officer

Born: 1974
Employed since: 2017
Education: M.D. from Ludwig-Maximilians-University Munich, Germany. Ph.D. from Friedrich-Schiller-University, Jena, Germany. Certified orthopedic and trauma surgeon.
Experience: Dr. Michael Diefenbeck joined BONESUPPORT as Chief Medical Officer in April 2017. He founded Scientific Consulting in Orthopedic Surgery in 2014 and subsequently worked on several projects with BONESUPPORT as an independent medical advisor. He is currently honorary consultant at Nuffield Orthopaedic Centre, Oxford University Hospitals. He has 15 years of clinical experience from various hospitals in Germany, is the author of 24 published research articles in the field and is involved in the surgical education and training programs for students at University Hospital Jena.
Shareholding: 121,160 shares (own holding). He also has 360,000 employee stock options that can be converted to 72,000 shares.

KRISTINA INGVAR
EVP Quality Management & Regulatory Affairs

Born: 1972
Employed since: 2019
Education: Bachelor of Science in Medicine, Diploma in Marketing Management, with additional studies in Public Health.
Experience: Kristina Ingvar joined BONESUPPORT in February 2020 as Executive Vice President Quality Management & Regulatory Affairs. She has the overall responsibility for global quality and regulatory compliance at BONESUPPORT. Kristina Ingvar has more than 20 years of Life Science experience from areas across the value chain, in both large and small companies. Prior to joining BONESUPPORT, she spent almost 13 years with Novo Nordisk, most recently in a role as Global Program Vice President, Global Regulatory Affairs. She has held various other product-, project- and people management positions in the regulatory, quality, safety and medical areas.
Shareholding: 35,606 shares (own holding).

HÅKAN JOHANSSON
Chief Financial Officer

Born: 1963
Employed since: 2018
Education: B.Sc. in Business Administration & Finance from Mid Sweden University.
Experience: Håkan Johansson joined BONESUPPORT as Chief Financial Officer in November 2018. He has more than 25 years of experience as CFO and other senior management roles from several industries in the public and private sectors. Prior to BONESUPPORT, Håkan Johansson was CFO for Northern Europe at Thunstall Healthcare Group (2012-2018), a global company in security technology and system solutions for healthcare. He has previously worked at toy manufacturer BRIO AB (publ) and Arctic Paper Group.
Shareholding: 55,184 shares (own holding).

FERGUS MACLEOD
GM & EVP Commercial Operations EUROW

Born: 1970
Employed since: 2019
Education: HND Business & Finance, University of Bedfordshire, Executive Leadership Program, Center for Creative Leadership
Experience: Fergus MacLeod joined BONESUPPORT as General Manager & Executive Vice President Commercial Operations EUROW in November 2019. He has more than 20 years' experience from international sales leadership positions in the orthobiology and medical equipment sectors with companies such as Johnson Matthey, RTI Surgical and Stryker.
Shareholding: 23,941 shares (own holding).

MICHAEL WRANG MORTENSEN

EVP R&D and Operations

Born: 1975
Employed since: 2021
Education: M.Sc. in Engineering from Technical University of Denmark, a Ph.D. in Chemistry from University of Copenhagen and an executive MBA from the AVT Business School in Denmark
Experience: Michael Wrang Mortensen joined BONESUPPORT in December 2021 as Executive Vice President with the overall responsibility for R&D and Operations. Michael has more than 15 years of experience from the Medical Device and Healthcare industry with solid leadership and management experience within Innovation, Product Realization, Commercial Development and Operations. Prior to joining BONESUPPORT, Michael Wrang Mortensen was Director for Development and Supply at Nanovi A/S. Before this Michael held various management positions at Ferrosan Medical Devices A/S innovating and developing combination products in partnership with large global players such as Ethicon Biosurgery Inc, Johnson and Johnson.
Shareholding: 13,000 shares (own holding).

MICHAEL ROTH

EVP Commercial Operations for North America

Born: 1963
Employed since: 2020
Education: BA degree in international development from Clark University
Experience: Michael Roth started at BONESUPPORT as General Manager and Executive Vice President Commercial Operations for North America in June 2020. Michael Roth has over 25 years of experience with senior positions in both large and small companies active in orthopedics, with both direct and distributor-led sales. His most recent role was as Vice President of Sales and Marketing for Surgical Planning Associates (HipXpert). He has also served as Vice President of Sales for the Eastern Region at both Wright Medical and Microport Orthopaedics.
Shareholding: 20,000 shares (own holding).

ANNELIE AAVA VIKNER

EVP Global Marketing

Born: 1971
Employed since: 2019
Education: Bachelor degree in Chemistry from the Linköping Institute of Technology, LIU (Linköping University) and a post graduate certificate in Leadership from Glasgow Caledonian University.
Experience: Annelie Aava Vikner joined BONESUPPORT as Executive Vice President Global Marketing in March 2019. Annelie Aava Vikner has close to 30 years' of experience from marketing, sales and clinical trials in the field of medical technology & pharma. Before joining BONESUPPORT she worked at Medtronic in different regional leading positions, mainly within marketing.
Shareholding: 14,480 shares (own holding).

ALTERNATIVE PERFORMANCE MEASURES AND FINANCIAL DEFINITIONS

BONESUPPORT uses Alternative Performance Measures (APM) to enhance understandability of the information in its financial reports, both for external analysis and comparison and internal performance assessment.

Alternative Performance Measures are key figures not defined in financial reports prepared according to IFRS. The following key figures are used:

Net sales growth
The difference in net sales between two years in relation to net sales for the earlier year. Shows the operations' sales performance. BONESUPPORT's objective during 2024 is to grow sales with over 40 percent (constant exchange rates).

Net sales growth in constant exchange rates, CER
The difference in net sales between two years in relation to net sales for the earlier year. The net sales for the current year is recalculated using the earlier year's exchange rates (see the average exchange rates used for the comparison year in Note 2). Shows the operations' sales performance.

Gross profit
Net sales minus cost of sales. Shows the profit to cover other expenses and profit margin.

Gross margin
Net sales minus cost of sales, divided by net sales. Shows the gross profit in relation to net sales and the margin for covering other expenses and profit margin.

Contribution
Net sales minus the cost of sales, minus directly attributable selling expenses and research and development expenses. A result measure showing the performance of segments and their contribution to cover other Group costs.

Operating result before effects from the Group's incentive programs
Operating result reduced with expenses for IFRS2 and reduced with the change in the liability for social security contributions for these incentive programs.

Interest bearing debt
Leasing debt, short and long term. Shows the debt level of the Group and forms the base for interest expenses.

Net debt
Interest bearing debt minus cash and cash equivalents. Shows the Group's net debt and is used to measure the leverage level of the Group and future funding needs.

SEKm	**2023**	**2022**
Net sales	591,1	328,8
Sales growth, %	**79,8**	**54,5**
Cost of sales	-50,2	-31,1
Gross profit	**540,9**	**297,7**
Gross margin, %	**91,5**	**90,5**
Directly attributable selling expenses	-354,0	-224,5
Selling expenses, not directly attributable	-17,3	-13,9
Selling expenses including commissions and fees	*-371,3*	*-238,4*
Directly attributable research & development expenses	-3,0	-7,9
Research & development expenses, not directly attributable	-54,1	-45,2
Research & development expenses	*-57,1*	*-53,1*
Contribution	**183,9**	**65,3**

Interest bearing debt and net debt

	Dec 31	
SEKm	**2023**	**2022**
Non-current leasing debt	13,2	12,4
Current leasing debt	4,3	5,1
Interest bearing debt	**17,5**	**17,5**
Cash and cash equivalents	167,4	201,3
Net debt	**-149,9**	**-183,8**

Operating result before effects from the Group's incentive programs

SEKm	2023	2022
Operating result	13,9	-64,5
Of which incentive costs	-40,1	-28,4
Operating result before effects from the Group's incentive programs	**54,1**	**-36,2**

Net sales growth in constant exchange rates

SEKm	CER	Net sales 2023 calculated with average rates for 2022	Net sales 2022
NA	95%	422,4	216,9
EUROW	28%	142,7	111,9
Sum	**72%**	**565,1**	**328,8**

GLOSSARY

Allograft. The bone graft transplanted between genetically non-identical individuals of the same species. Allograft can be living related (harvested from femoral heads during hip arthroplasty) or cadaveric.

Autograft. A bone graft harvested from the patient's own skeleton, usually from the liliac crests.

Bisphosphonate. A group of medicines that inhibit bone breakdown.

BMA. Bone Marrow Aspirate.

BMP. Bone Morphogenetic Protein.

Bone cement. Binders used to attach prostheses to bone or glue bone, often in the form of a hardening plastic, polymethyl acrylate (PMMA), or Calcium Phosphate.

Bone graft substitute. A synthetic material used as bone grafts instead of biological bone tissue.

CERAMENT BVF. CERAMENT BONE VOID FILLER.

CERAMENT G. CERAMENT with Gentamicin.

CERAMENT V. CERAMENT with Vancomycin.

CERTiFy. A prospective, randomized, controlled clinical trial with 135 patients in 20 leading trauma centers in Germany, aimed to compare treatment using CERAMENT BVF with autologous bone graft (autograft) transplantation.

Clinical study. A study on humans of e.g. a medical device or a pharmaceutical product.

CONVICTION. A randomized, controlled trial to evaluate the efficacy of CERAMENT G in the treatment of osteomyelitis (chronic bone infection).

CRIOAc. A healthcare network in France that is implemented through a nationwide health ministry program to improve outcomes in the management of bone and joint infections.

C-shares. Performance shares within performance share programs issued in the form of class C-shares.

DBM. Demineralized Bone Matrix. A processed form of allograft, an acid-extracted matrix from human bone sources.

FDA. US Food and Drug Administration. The federal medical authority in the US.

GPO. Group Purchasing Organization. An entity with the purpose to realize savings and efficiencies by aggregating purchasing volumes.

Hematoma. A localized collection of blood outside the blood vessels.

HEOR. Health Economics and Outcomes Research. Scientific discipline that quantifies the economic and clinical outcomes of medical technology.

HTA. Health Technology Assessment. Systematic evaluation of the relative safety, efficacy and cost-effectiveness of a treatment in comparison to current treatment alternatives.

ICUR. Incremental Cost-Utility Ratio. A quote that compares cost and utility between two alternative treatment alternatives.

MDR. The Medical Device Regulation is an EU regulation designed to ensure the safety and performance of medical devices.

Micro-CT. Micro Tomography, uses X-ray scanning to recreate a 3D-model without destroying the object.

Osteoinduction. Osteoinduction at bone graft material (or growth factor) can stimulate the differentiation of osteoblasts, forming new bone tissues.

Osteomyelitis. A bacterial infection affecting bones.

PMA. Pre-market approval. Market pre-approval from the FDA in the US for class III medical devices.

PMMA. Poly methyl methacrylate, often called "bone cement".

SOLARIO. A randomized, unblinded, European multicenter study with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment times compared to systemic antibiotics.

Tibial plateau fracture. Fracture of the upper part of the tibia.

Toxicity. The degree to which a substance (a toxin or poison) can harm humans or animals.

HEADQUARTERS

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