

## INTERIM REPORT JULY – SEPTEMBER 2022

# Q3 ACCELERATED SALES GROWTH

### JULY – SEPTEMBER 2022

- Net sales increased by 54 percent (39 percent at constant exchange rates<sup>1</sup>) and amounted to SEK 84.6 million (54.9).
- The North America (NA) segment reported a sales growth of 72 percent (49 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 28 percent (23 percent at constant exchange rates).
- The gross margin amounted to 90.8 percent (89.0).
- Operating result before effects from the Group's incentive programs<sup>1</sup> amounted to SEK -4.4 million (-15.7). Reported operating result amounted to SEK -13.9 million (-13.3).
- Earnings per share, before and after dilution, were SEK -0.23 (-0.22).

### JANUARY – SEPTEMBER 2022

- Net sales increased by 49 percent (34 percent at constant exchange rates) and amounted to SEK 225.6 million (151.5).
- The North America (NA) segment reported a sales growth of 65 percent (42 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 27 percent (23 percent at constant exchange rates).
- The gross margin amounted to 90.1 percent (89.0).
- Operating result before effects from the Group's incentive programs<sup>1</sup> amounted to SEK -26.1 million (-58.1). Reported operating result amounted to SEK -45.3 million (-58.9).
- Earnings per share, before and after dilution, were SEK -0.74 (-0.96).

### EVENTS DURING THE PERIOD

- In accordance with a resolution from the annual general meeting in May, the share swap that was entered into previous year has been closed during the period. This led to an inflow in cash of SEK 50.7 million.
- At a capital markets day in September, the Company communicated an updated financial goal of 40 percent<sup>1</sup> sales growth per year in the next three years (2023-2025).
- In September, the Company announced the publication of long-term data confirming the clinical advantages of CERAMENT G in a single-stage protocol to manage osteomyelitis.

### EVENTS AFTER THE PERIOD

- The Company's antibiotic-eluting bone graft CERAMENT G has been used surgically for the first time in patients in the US.

KEY FIGURES	Jul - Sep		Jan - Sep		12 months	
	2022	2021	2022	2021	LTM	2021
Net sales, SEKm	84.6	54.9	225.6	151.5	287.0	212.9
Sales growth, % <sup>1</sup>	54.2	14.1	48.9	18.6	40.2	17.7
Gross profit, SEKm	76.8	48.8	203.3	134.9	258.1	189.7
Gross margin, % <sup>1</sup>	90.8	89.0	90.1	89.0	89.9	89.1
Operating loss, SEKm	-13.9	-13.3	-45.3	-58.9	-67.0	-80.7
Loss for the period, SEKm	-15.0	-14.1	-47.6	-61.3	-71.8	-85.5
Equity at period end, SEKm	283.4	284.9	283.4	284.9	283.4	265.7
Net debt, SEKm <sup>1</sup>	-194.1	-214.5	-194.1	-214.5	-194.1	-185.0
Operating cash flow, SEKm	-9.8	-20.2	-41.3	-66.7	-58.0	-83.4
Cash at period end, SEKm	212.6	225.5	212.6	225.5	212.6	206.5
Earnings per share before and after dilution, SEK	-0.23	-0.22	-0.74	-0.96	-1.12	-1.34

This information is such information as BONESUPPORT HOLDING AB (publ) is obliged to make public pursuant to EU's regulation on market abuse (MAR).

1. APM: Alternative performance measures, see definitions on page 22.



## CEO COMMENTS

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### *Strong sales success in the US and new unique long-term data*

**Sales in the quarter amounted to SEK 85 million, a growth of 54 percent compared to the third quarter previous year. Sales increased sequentially by 13 percent compared to Q2.**

At the beginning of the quarter, the pandemic had some impact on the number of surgeries, which was also visible in sales. During the quarter, however, sales saw a strong improvement as orthopedic procedure volumes increased.

In the US, the number of customers has increased during the second and third quarter. This contributed to the strong sales growth of 72 percent in the quarter, 49 percent after currency adjustment.

In EUROW, sales grew by 28 percent, 23 percent at constant exchange rates. The number of orthopedic procedures is still 5-15 percent below pre-pandemic levels. Surgical backlog is at record high levels and measures to increase surgery capacity have been initiated in virtually all key markets. In Germany, hospital customer visits are still limited by restrictions.

The strong growth in sales has driven a significantly improved operating profit. Compared to Q3 previous year, before effects of incentive programs, the improvement was SEK 11 million.

The most significant event of the year, so far for BONESUPPORT, is the market approval for CERAMENT G in the US, which we received from the US Food and Drug Administration, FDA, in May. As the first and only antibiotic-eluting bone graft, CERAMENT G will have a unique position on the US market. To provide further insight into the US launch of CERAMENT G, we held a well-attended Capital Markets Day in September, where we communicated, among other things, our "US booster program" – an investment of seven additional full-time positions to effectively drive the US market penetration. At the Capital Markets Day, we also updated our financial target; Over the next three years (2023–2025), we intend to grow sales by 40 percent per year.

During the quarter, unique long-term data for CERAMENT G were published in The Bone and Joint Journal. The study followed 100

patients with bone infection, who underwent a one-stage procedure with CERAMENT G. Follow-up was on average six years (4-8 years). 94 percent remained infection-free during the period. Only three percent suffered a fracture, and no fractures were registered after one year post procedure. The results are very strong and validate CERAMENT's unique benefits in terms of treating bone infection and promoting bone healing. There are no similar long-term results for any other orthobiologic product. The study was recognized as one of the ten most important presentations at the European Bone and Joint Infection Society's (EBJIS) annual meeting in Graz, Austria, on 8–10 September.

During the quarter, the base of clinical data for CERAMENT G was further strengthened, with a study published in The Diabetic Foot Journal. Here it was shown that CERAMENT G significantly reduces the risk of bone infection and foot amputations. In the clinical study, amputation could be avoided in 94 percent of cases, making the study a strong validation of CERAMENT G in a difficult patient group where amputation is common.

We summarize another record quarter where the strongly improved operating result shows the good operational leverage in our business. The quarter has included intense preparations for the upcoming launch of CERAMENT G in the US market. CERAMENT G has already been included in a variety of major contracts and as of October 2022 it's included in the available range for Healthtrust's approximately 1,500 hospitals and Premier's approximately 2,500 hospitals.

With the market introduction of CERAMENT G in the US, BONESUPPORT leaps into the next chapter of our development.

Emil Billbäck, vd



## NORTH AMERICA (NA)

The US market is the world's largest for synthetic bone graft products and thus the Company's most important market. In May, the Company received market approval from the US Food and Drug Administration (FDA), for the Company's antibiotic-eluting product CERAMENT G, for the indication bone infection (osteomyelitis). Launch will take place during October of this year. Simultaneously, work as begun for an extension of the indication area to also include orthopedic surgeries where there is a high risk of infection, such as in e.g. infection prevention at trauma operations.

### JULY - SEPTEMBER

#### Sales

Sales for the period amounted to SEK 56.3 million (32.7), which corresponds to a growth of 72 percent (49 percent in constant exchange rate). The strong sales in the quarter stemmed from new customers in the second and third quarter, in addition to increased use of CERAMENT among existing customers.

Our investment in an independent distribution network with over 40 distributors has brought improved geographical coverage and enables a broader and deeper pursuit. The strengthened customer base together with the larger GPO contracts (Group Purchasing Organization), signed in previous periods, continue to contribute to the strong sales increase.

#### Contribution<sup>1</sup>

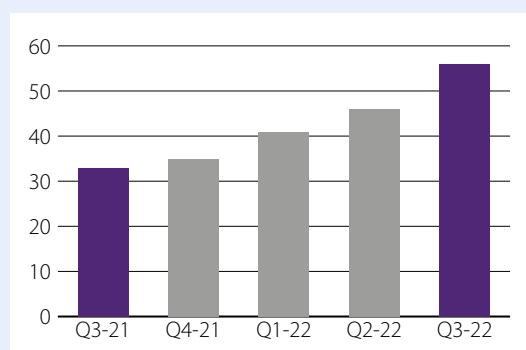
The contribution from the segment was SEK 11.2 million (1.3). The increased sales led to an increase in gross profit of SEK 22.5 million. Sales and marketing expenses during the quarter amounted to SEK 38.7 million (25.5), of which sales commissions to distributors amounted to SEK 17.8 million (10.0). The increase, excluding sales commissions, was driven by currency effects of SEK 2.8 million and an increased activity level. The contribution was also influenced by R&D costs related to clinical studies amounting to SEK 3.2 million (3.8).

### JANUARY - SEPTEMBER

Net sales amounted to SEK 143.5 million (86.9), which corresponds to a growth of 65 percent (42 percent in constant exchange rate).

The contribution amounted to SEK 24.9 million (-1.0). The improved contribution is mainly due to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Jul - Sep		Jan - Sep		Full year
	2022	2021	2022	2021	2021
Net sales	56.3	32.7	143.5	86.9	121.7
Gross profit	53.1	30.6	134.6	81.0	113.8
Contribution	11.2	1.3	24.9	-1.0	2.7

1. APM: Alternative performance measures, see definitions on page 22.





## EUROPE & REST OF THE WORLD (EUROW)

In Europe, CERAMENT is sold either by the Company's own sales organization or by distributors. Germany, the UK, Sweden, Denmark and the BENELUX countries are key markets where BONESUPPORT has its own sales representatives. In Italy and Spain, the Company has established a hybrid model, with qualified local staff from BONESUPPORT working side by side with the local distributors' sales representatives. In other European markets and in other parts of the world (ROW), the Company cooperates with specialist distributors. The focus is on accelerating the sales and the use of CERAMENT in established and new markets through market access and the provision of clinical and health economic evidence.

### JULY - SEPTEMBER

#### Sales

Sales for the period amounted to SEK 28.3 million (22.2), corresponding to a growth of 28 percent (23 percent in constant exchange rates). Our sales organization is largely back at the same level of activity as before the pandemic, except for Germany, where hospital customer visits are still limited by restrictions.

Sales in key direct markets accounted for 83 percent (86) of the segment's sales during the quarter. Sales of the antibiotic-eluting products CERAMENT G and CERAMENT V corresponded to 88 percent (87).

#### Contribution<sup>1</sup>

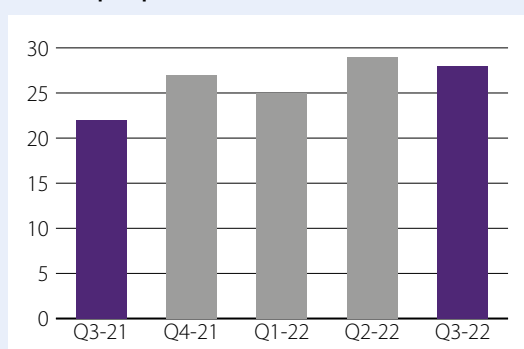
The contribution from the segment amounted to SEK 7.3 million (2.4). The improved contribution is explained mainly by the increase in sales. Sales and marketing expenses increased marginally compared to the corresponding quarter last year and amounted to SEK 16.4 million (15.8).

### JANUARY - SEPTEMBER

Net sales amounted to SEK 82.1 million (64.6), an increase of 27 percent compared to the previous year (23 percent in constant exchange rates).

The contribution amounted to SEK 20.1 million (7.6). The improved contribution is explained by the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Jul - Sep		Jan - Sep		Full year
	2022	2021	2022	2021	2021
Net sales	28.3	22.2	82.1	64.6	91.2
Gross profit	23.7	18.3	68.7	53.8	75.9
Contribution	7.3	2.4	20.1	7.6	12.6

1. APM: Alternative performance measures, see definitions on page 22.



# RESEARCH AND DEVELOPMENT

**BONESUPPORT's clinical development program focuses on further developing CERAMENT's properties, broadening clinical application areas and leveraging CERAMENT's unique drug-eluting 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 morphogenetic 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. These findings have recently been supplemented by a published biomechanical study showing

that CERAMENT immediately improved anchor strength of hip screw with 400 percent.

Further preclinical research has shown that the combination of CERAMENT, zoledronic acid and bone morphogenetic 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 the last quarter, two studies have been published with outstanding results that further confirm the clinical benefits of CERAMENT.

The September issue of The Bone and Joint Journal presented outstanding results from a long-term study<sup>1</sup> of CERAMENT G. 100 patients, treated at Nuffield Orthopaedic Centre, Oxford University

### ONGOING RANDOMIZED CONTROLLED TRIALS

	SOLARIO	CONVICTION
Indication	Osteomyelitis	Osteomyelitis
Purpose	Evaluate whether synthetic bone graft substitutes with antibiotics (CERAMENT G / V) can shorten treatment times with systemic antibiotics	Evaluate the cost-effectiveness and treatment effect of CERAMENT G
Effect measure	<ul style="list-style-type: none"><li>• Treatment time</li><li>• Antibiotic resistance</li><li>• Side effects</li><li>• Cost</li></ul>	<ul style="list-style-type: none"><li>• ICUR Reinfection</li><li>• Complications</li><li>• Amputations</li></ul>
Number of patients	500	220
Follow up time	12 month	24 month
Place	Europe	France, CRIOfac
Expected completion	Q1 2024	2025

1. 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

Hospitals, were followed for an average of six years. At an average follow-up of six years, it was reported:

- 94 percent of patients remained infection-free
- 3 percent fracture frequency and no further pathological fractures were noted after the first year after surgery.

These results over a long follow-up period confirm that our protocol using CERAMENT G remains very effective over several years.

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*<sup>2</sup>, shows that the use of CERAMENT G, along with a surgical debridement, resulted in avoidance of amputation in 94 percent of cases.

## RESULTS FROM CERTIFY DRIVE CHANGED STANDARD OF CARE

CERTiFy<sup>3</sup> was a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients. The study, which was done on 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 Hospital's NHS Foundation Trust in collaboration with EBJS (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 Q1 2024. 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<sup>4</sup> 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.

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.

2. 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.

3. 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.

4. CRIOAc (Reference Center for Osteoarticular Infections) is a health care network in France that is implemented through a nationwide health ministry program to improve outcomes in the management of bone and joint infections.



## 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 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 of treatment with CERAMENT G and CERAMENT V in a one-step procedure naturally leads to fewer return visits and fewer surgeries and, as a consequence, fewer hospital stays. The significance of health benefits and the calculation models for evaluating the cost-effectiveness of health benefits differ between different healthcare systems. A common way to evaluate whether a product should be covered by a reimbursement system is by performing an HTA - Health Technology Assessment. An HTA is the scientific work that evaluates the relative effect and safety of a treatment, ie what is the benefit of the product in comparison with what is already used in healthcare. The model we have now established has increased our opportunities to more quickly include the CERAMENT platform in replacement systems in new markets.

### **HEALTH ECONOMIC MODEL OSTEOMYELITIS USA**

One of the major projects that has been started in 2021 is a cost and benefit analysis of what a change of treatment regime to a one-step procedure with CERAMENT G could mean for the American healthcare system. The modeling, which is based on available clinical data and cost data from CMS, Centers for Medicare & Medicaid Services, takes place in collaboration with national expertise in health economics and clinical orthopedics. The analysis has been submitted for presentation at a conference and for publication. It will become an important tool in the marketing of CERAMENT G to, among others, private insurance companies.

### **CERAMENT G OR CERAMENT V LEADS TO REDUCED DAYS OF CARE IN PATIENTS WITH BONE INFECTIONS<sup>1</sup>**

The Nuffield Orthopaedic Centre (NOC) has shown that they have been able to reduce the degree of re-infection in osteomyelitis 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<sup>1</sup> 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 could help reduce healthcare costs is in the treatment of open tibial fractures. Open tibial fractures represent about 15 percent<sup>1</sup> 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<sup>2</sup> 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 Aljawadi et. al.<sup>3</sup> on 80 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, one patient (1.3 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.

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. Aljawadi, A et. al. Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite in the management of open Gustilo Anderson IIIB fractures. Journal of Orthopaedics, 2020; 18: 261-266.

# FINANCIAL OVERVIEW

## PROFIT AND LOSS

### JULY – SEPTEMBER 2022

#### Net sales

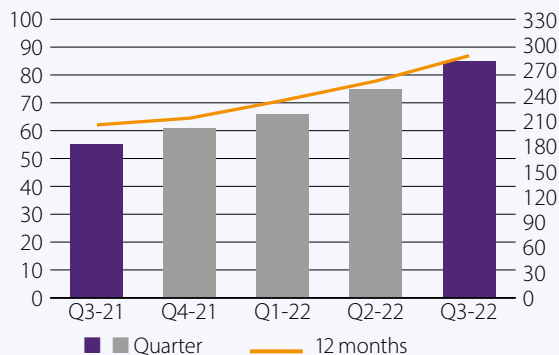
Net sales amounted to SEK 84.6 million (54.9), an increase of 54 percent compared to the previous year (39 percent at constant exchange rates).

In the North America segment, net sales amounted to SEK 56.3 million (32.7), which corresponds to growth of 72 percent (49 percent at constant exchange rate). The strengthened customer base combined with the major GPO contracts previously signed are the largest contributors to the growth in sales.

Net sales for the EUROW segment amounted to SEK 28.3 million (22.2), which corresponds to an increase of 28 percent (23 percent at constant exchange rates). Our sales organization is largely back at the same level of activity as before the pandemic, except for Germany, where the opportunity to visit hospital customers is still limited by restrictions.

The currency translation effect in the period amounted to SEK +3.2 million (+0.7).

#### Net sales per quarter, SEKm



#### Cost of goods sold

Cost of goods sold amounted to SEK 7.8 million (6.1), giving a gross margin of 90.8 percent (89.0). The higher gross margin is affected by a higher share of sales to North America.

#### Selling expenses

Selling expenses, including sales commissions, amounted to SEK 60.8 million (45.5), an increase of 34 percent. This is explained in the table below:

	Jul - Sep 2022	Jul - Sep 2022 (CER)	Jul - Sep 2021
Sales commissions	17.8	16.1	10.0
Personnel expenses	26.2	24.7	22.2
Other selling expenses	16.8	15.9	13.3
<b>Total selling expenses</b>	<b>60.8</b>	<b>56.7</b>	<b>45.5</b>

As a result of the growth in sales, the NA segment reported a cost increase to SEK 38.7 million (25.5). In EUROW, expenses amounted to SEK 16.4 million (15.8). Unallocated costs increased to 5.7 million (4.2).

#### Research and development expenses

Research and development expenses amounted to SEK 12.6 million (11.3). Personnel costs amounted to SEK 6.6 million (5.1). Other expenses totaled SEK 6.0 million (6.2).

The NA segment reported research and development expenses amounting to SEK 3.2 million (3.8).

#### Administrative expenses

Administrative expenses amounted to SEK 20.8 million (5.4).

Administrative expenses before effects from the Group's incentive programs amounted to SEK 11.3 million (7.8), of which personnel costs amounted to SEK 5.5 million (3.3). The increased personnel costs are mainly due to a larger provision for variable remunerations, as an effect of the reported increase in sales and improvement in result.

Effects regarding incentive programs amounted to an expense of SEK 9.5 million, compared with a positive effect of SEK 2.4 million the previous year. The costs in the period are mainly a result of the positive share price development, but also include costs for the latest programs, LTI2021, which commenced during the fourth quarter of 2021 and were therefore not included in the comparison figures for the previous year. Of the total cost of SEK 9.5 million, SEK 3.8 million is cash flow related. The remainder regards technical accounting measures.



### Other operating income and expenses

Other operating income and expenses consisted primarily of exchange rate gains and losses on operating assets and liabilities.

### Operating result

Operating result amounted to SEK -13.9 million (-13.3), including effects from the Group's incentive programs. Operating result before effects from the Group's incentive programs amounted to SEK -4.4 million (-15.7) and the improvement was SEK 11.3 million.

### Loss for the period

For the reasons described above, the loss for the quarter amounted to SEK -15.0 million (-14.1), which corresponds to earnings per share before and after dilution of SEK -0.23 (-0.22).

## JANUARY – SEPTEMBER 2022

### Net sales

Net sales amounted to SEK 225.6 million (151.5), an increase of 49 percent (34 percent at constant exchange rates). The NA segment

increased by 65 percent to SEK 143.5 million (86.9) and the EUROW segment increased by 27 percent to SEK 82.1 million (64.6).

### Operating result

Operating result amounted to SEK -45.3 million (-58.9). The sales increase contributed to improved gross profit at the same time as operating costs increased compared with previous year, which had higher pandemic cost reduction influence. The operating result also includes costs for incentive programs amounting to SEK 19.2 million, compared to SEK 0.8 million previous year. The improvement in result before costs for incentive programs amounted to SEK 32.1 million.

### Loss for the period

For the reasons described above, the loss for the period amounted to SEK -47.6 million (-61.3), which corresponds to earnings per share before and after dilution of SEK -0.74 (-0.96).

## FINANCIAL POSITION AND CASH FLOW

SEKm

Financial position	Sep 30		Dec 31
	2022	2021	2021
Cash and cash equivalents	212.6	225.5	206.5
Interest bearing debt <sup>1</sup>	18.4	11.0	21.4
Net debt <sup>1</sup>	-194.1	-214.5	-185.0
Equity	283.4	284.9	265.7

1. APM: Alternative performance measures, see definitions on page 22.

SEKm

Cash flow	Jul - Sep		Jan - Sep		Full year
	2022	2021	2022	2021	2021
Operating activities	-9.8	-20.2	-41.3	-66.7	-83.4
Investing activities	-0.7	-0.4	-1.9	-1.5	-3.4
Financing activities	49.9	-63.6	46.2	-60.4	-61.6
<b>Total</b>	<b>39.4</b>	<b>-84.2</b>	<b>3.0</b>	<b>-128.6</b>	<b>-148.4</b>

Cash and cash equivalents at the end of the period amounted to SEK 212.6 million (225.5), an increase of SEK 6.1 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -41.3 million (-66.7) and the positive effect of SEK 50.7 million from the share swap that was terminated during the quarter. At the annual general meeting in May this year, the Company received the mandate to issue C-shares to cover its commitment within the performance share

programs LTI2021, including coverage for social security charges. The mandate to issue C-shares enabled the close of the share swap that was entered into during the previous year.

The background to the change in cash and cash equivalents also explains the change in net debt and equity since the beginning of the year.

## OTHER DISCLOSURES

### PARENT COMPANY

The Parent Company, BONESUPPORT HOLDING AB (publ), is a holding company. The Parent Company generated SEK 11.5 million (11.0) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK -17.2 million (+1.6). The result for the quarter was burdened by financial costs of SEK 11.3, when terminating the earlier share swap. No investments were made during the quarter.

### EMPLOYEES

On average, the Group had 92 (91) employees (full-time equivalent) during the quarter, of whom 22 (23) worked within Research and development.

### SIGNIFICANT EVENTS DURING THE QUARTER

For significant events, see page 1.

### SIGNIFICANT EVENTS AFTER PERIOD END

For significant events after the period, see page 1.

### SHARES AND RELATED PROGRAMS

The Company has ordinary shares and C-shares, see Note 4. The quotient value of the shares is SEK 0.625 per share. 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 Association, the number of shares shall be at least 29,000,000 and at most 116,000,000.

As of September 30, 2022, the total number of ordinary shares amounted to 64,521,197, distributed among 7,532 shareholders. The major shareholders are shown in the table on this page. During the quarter, the number of shares increased as a result of exercised employee stock options.

As of September 30, 2022, the total number of C-shares amounted to 1,002,866. BONESUPPORT HOLDING AB holds all C-shares.

BONESUPPORT has three employee stock option programs and four performance share programs. These are described in Note 8.

### Shareholders September 30, 2022

Name	% of shares	% of votes
Avanza	11.0%	11.2%
HealthCap V LP	10.1%	10.2%
Swedbank Robur Fonder	6.3%	6.4%
State Street Bank and Trust	5.4%	5.4%
Tredje AP-Fonden	5.2%	5.2%
Fjärde AP-Fonden	4.9%	5.0%
Lancelot Avalon	3.7%	3.7%
Other shareholders	53.4%	52.9%

### FINANCIAL CALENDAR

- February 16, 2023 Year end report 2022
- April 2023 Annual report 2022
- April 27, 2023 Interim report Q1 2023
- May 2023 Annual general meeting
- July 13, 2023 Interim report Q2 2023
- October 26, 2023 Interim report Q3 2023

### NOMINATION COMMITTEE

The nomination committee is elected based on the principles decided at the AGM May 19, 2022. These principles are described on BONESUPPORT's website. The task of the committee is to present a proposal to the AGM, which is planned to be held in May 2023 in Lund, Sweden. The members of the committee are:

- Lennart Johansson, Chairman of the Board
- Staffan Lindstrand, Chairman of the Committee, representing HealthCap VLP
- Caroline Sjösten, representing Swedbank Robur Fonder
- Jan Särilvik, representing Fjärde AP-Fonden

### THIS REPORT

This report has been prepared in both a Swedish-language and an English-language version. If the versions do not conform, the Swedish-language version shall prevail.

# DECLARATION OF THE CEO

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The CEO assures that this interim report 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 faced by the companies that form part of the Group. This interim report has been reviewed by the Company's auditors.

Lund October 27, 2022

**Emil Billbäck**  
CEO

## REVIEW REPORT

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### **BONESUPPORT HOLDING AB (PUBL), CORPORATE IDENTITY NUMBER 556802-2171**

Board of Directors BONESUPPORT HOLDING AB (publ)

#### **Introduction**

We have reviewed the condensed interim report for BONESUPPORT HOLDING AB (publ) as at September 30, 2022 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

#### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not ena-

ble us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, October 27, 2022

Ernst & Young AB

**Henrik Rosengren**

Authorized Public Accountant

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Jul - Sep		Jan - Sep		Full year
		2022	2021	2022	2021	2021
Net sales	7	84 623	54 877	225 597	151 483	212 885
Cost of sales	7	-7 797	-6 051	-22 297	-16 600	-23 182
<b>Gross profit</b>	7	<b>76 826</b>	<b>48 826</b>	<b>203 300</b>	<b>134 883</b>	<b>189 703</b>
Selling expenses		-43 008	-35 507	-121 265	-100 750	-139 274
Sales commissions	7	-17 818	-10 017	-44 916	-27 142	-38 571
Research and development expenses		-12 557	-11 326	-38 278	-38 614	-53 009
Administrative expenses	3, 8	-20 798	-5 401	-52 054	-29 295	-44 122
Other operating income		19 903	1 447	38 761	6 133	11 308
Other operating expenses		-16 489	-1 302	-30 800	-4 111	-6 704
<b>Operating loss</b>	7	<b>-13 941</b>	<b>-13 280</b>	<b>-45 252</b>	<b>-58 896</b>	<b>-80 669</b>
Net financial items	7	-462	-519	-747	-889	-1 168
<b>Loss before income tax</b>	7	<b>-14 403</b>	<b>-13 799</b>	<b>-45 999</b>	<b>-59 785</b>	<b>-81 837</b>
Income tax	9	-552	-269	-1 632	-1 543	-3 694
<b>Loss for the period</b>		<b>-14 955</b>	<b>-14 068</b>	<b>-47 631</b>	<b>-61 328</b>	<b>-85 531</b>
Earnings per share before dilution, SEK		-0.23	-0.22	-0.74	-0.96	-1.34
Earnings per share after dilution, SEK		-0.23	-0.22	-0.74	-0.96	-1.34
Average number of shares, thousands		64 518	64 146	64 425	63 958	63 999

Loss for the period is attributable to equity holders of the Parent.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Jul - Sep		Jan - Sep		Full year
	2022	2021	2022	2021	2021
<b>Loss for the period</b>	<b>-14 955</b>	<b>-14 068</b>	<b>-47 631</b>	<b>-61 328</b>	<b>-85 531</b>
<i>Other comprehensive income:</i>					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations	1 584	181	2 702	401	1 023
<b>Total comprehensive income for the period</b>	<b>-13 371</b>	<b>-13 887</b>	<b>-44 929</b>	<b>-60 927</b>	<b>-84 508</b>

Total comprehensive income for the period is in its entirety attributable to equity holders of the Parent.



# CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	Note	Sep 30		Dec 31
		2022	2021	2021
ASSETS				
Non-current assets				
Intangible assets		8 408	8 358	8 365
Tangible assets and right-of-use assets		24 120	15 242	27 078
Total non-current assets		32 528	23 600	35 443
Current assets				
Inventories		56 480	47 725	51 762
Trade receivables	6	53 901	35 717	38 413
Other current assets	6	14 212	10 139	11 837
Cash and cash equivalents	6	212 581	225 497	206 464
Total current assets		337 174	319 078	308 476
TOTAL ASSETS		369 702	342 678	343 919
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent	4	283 397	284 921	265 704
Non-current liabilities				
Leasing debt	6	13 283	5 388	16 152
Provisions		363	329	363
Total non-current liabilities		13 646	5 717	16 515
Current liabilities				
Leasing debt	6	5 158	5 647	5 270
Trade payables	6	15 251	14 371	18 719
Other operating liabilities	6	52 250	32 022	37 711
Total current liabilities		72 659	52 040	61 700
TOTAL EQUITY AND LIABILITIES		369 702	342 678	343 919

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Other paid in capital	Translation reserve	Fund for development expenses	Accumulated losses including loss for the period	Total equity
<b>As at January 1, 2021</b>	<b>40 625</b>	<b>1 557 639</b>	<b>-894</b>	<b>5 352</b>	<b>-1 203 823</b>	<b>398 899</b>
Loss January - September 2021			401		-61 328	-60 927
Share swap <sup>1</sup>					-62 333	-62 333
Change in fund for development expenses				-17	17	0
New share issue, employee stock options	242	5 695				5 937
New share issue and repurchase of own C-shares	34				-34	0
Share-based payment transactions					3 345	3 345
<b>As at September 30, 2021</b>	<b>40 901</b>	<b>1 563 334</b>	<b>-493</b>	<b>5 335</b>	<b>-1 324 156</b>	<b>284 920</b>
Loss October - December 2021			622		-24 203	-23 581
Change in fund for development expenses				155	-155	0
New share issue, employee stock options	8	336				344
Share-based payment transactions					4 020	4 020
<b>As at January 1, 2022</b>	<b>40 909</b>	<b>1 563 670</b>	<b>129</b>	<b>5 490</b>	<b>-1 344 494</b>	<b>265 704</b>
Loss January - September 2022			2 702		-47 631	-44 929
Share swap <sup>1</sup>					51 039	0
Change in fund for development expenses				444	-444	0
New share issue, employee stock options	44	166				210
Share-based payment transactions					11 373	11 373
<b>As at September 30, 2022</b>	<b>40 953</b>	<b>1 563 836</b>	<b>2 831</b>	<b>5 934</b>	<b>-1 330 157</b>	<b>283 397</b>

1. During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting in May 2021, entered into a share swap agreement to secure the commitments in the Group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand. At the annual general meeting in May this year, the Company received the mandate to issue C-shares to cover its commitment within the performance share programs LTI2021, including coverage for social security charges. The mandate to issue C-shares enabled the close of the share swap that was entered into during the previous year. The close led to an inflow of cash amounting to SEK 51,039 thousand.

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Jul - Sep		Jan - Sep		Full year
SEKt	2022	2021	2022	2021	2021
Operating loss	-13 941	-13 280	-45 252	-58 896	-80 669
Non-cash adjustments:					
-Share-based payments	5 256	1 431	11 373	3 345	7 365
-Depreciation regarding right of use assets	1 642	1 187	5 071	4 304	5 786
-Unrealized exchange rate differences	-11 264	-2 176	-21 268	-5 221	-8 293
-Other	864	628	3 274	2 093	1 899
Interests received	6	0	6	0	0
Interests paid	-466	-57	-750	-120	-1 168
Income tax paid	97	133	-1 130	-539	-3 761
<b>Net cash flows from operating activities before changes in working capital</b>	<b>-17 806</b>	<b>-12 134</b>	<b>-48 676</b>	<b>-55 034</b>	<b>-78 841</b>
Changes in working capital	8 042	-8 057	7 399	-11 681	-4 580
<b>Net cash flows from operating activities</b>	<b>-9 764</b>	<b>-20 191</b>	<b>-41 277</b>	<b>-66 715</b>	<b>-83 421</b>
Investments in intangible assets	-325	-151	-1 012	-480	-808
Investments in equipment and tools	-388	-247	-892	-1 008	-2 608
<b>Net cash flows from investing activities</b>	<b>-713</b>	<b>-398</b>	<b>-1 904</b>	<b>-1 488</b>	<b>-3 416</b>
Share swap <sup>1</sup>	51 039	-62 333	51 039	-62 333	-62 333
New share issue, employee stock options and warrants	157	42	210	5 937	6 281
Repayments of leasing debt	-1 274	-1 350	-5 071	-3 968	-5 509
<b>Net cash flows from financing activities</b>	<b>49 922</b>	<b>-63 641</b>	<b>46 178</b>	<b>-60 364</b>	<b>-61 561</b>
<b>Net cash flows</b>	<b>39 445</b>	<b>-84 230</b>	<b>2 997</b>	<b>-128 567</b>	<b>-148 398</b>
Cash and cash equivalents as at beginning of period	171 828	309 559	206 464	353 737	353 737
Net exchange difference	1 308	168	3 120	327	1 125
<b>Cash and cash equivalents as at end of period</b>	<b>212 581</b>	<b>225 497</b>	<b>212 581</b>	<b>225 497</b>	<b>206 464</b>

1. During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting in May 2021, entered into a share swap agreement to secure the commitments in the Group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand. At the annual general meeting in May this year, the Company received the mandate to issue C-shares to cover its commitment within the performance share programs LTI 2021, including coverage for social security charges. The mandate to issue C-shares enabled the close of the share swap that was entered into during the previous year. The close led to an inflow of cash amounting to SEK 51,039 thousand.

## CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

	2022			2021				2020
SEKt	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	84 623	74 632	66 342	61 402	54 877	51 777	44 829	53 175
North America	56 286	46 012	41 188	34 798	32 670	29 068	25 121	28 633
EUROW	28 337	28 620	25 154	26 604	22 207	22 709	19 708	24 542
Cost of sales	-7 797	-8 195	-6 305	-6 581	-6 051	-5 448	-5 101	-5 418
<b>Gross profit</b>	<b>76 826</b>	<b>66 437</b>	<b>60 037</b>	<b>54 821</b>	<b>48 826</b>	<b>46 329</b>	<b>39 728</b>	<b>47 757</b>
<b>Gross margin, %</b>	<b>90.8%</b>	<b>89.0%</b>	<b>90.5%</b>	<b>89.3%</b>	<b>89.0%</b>	<b>89.5%</b>	<b>88.6%</b>	<b>89.8%</b>
Selling expenses	-43 008	-40 792	-37 465	-38 524	-35 507	-34 090	-31 153	-33 884
Sales commissions	-17 818	-14 156	-12 942	-11 429	-10 017	-9 256	-7 869	-8 371
Research and development expenses	-12 557	-13 586	-12 135	-14 395	-11 326	-15 031	-12 257	-16 467
Administrative expenses	-20 798	-16 716	-14 540	-14 827	-5 401	-13 991	-9 903	-12 647
Other operating income	19 903	11 859	6 999	5 175	1 447	1 187	3 499	1 594
Other operating expenses	-16 489	-7 901	-6 410	-2 594	-1 302	-1 088	-1 721	-4 638
<b>Operating loss</b>	<b>-13 941</b>	<b>-14 855</b>	<b>-16 456</b>	<b>-21 773</b>	<b>-13 280</b>	<b>-25 940</b>	<b>-19 676</b>	<b>-26 656</b>
Net financial items	-462	-68	-217	-279	-519	-32	-338	615
<b>Loss before income tax</b>	<b>-14 403</b>	<b>-14 923</b>	<b>-16 673</b>	<b>-22 052</b>	<b>-13 799</b>	<b>-25 972</b>	<b>-20 014</b>	<b>-26 041</b>
Income tax	-552	-1 380	300	-2 151	-269	-1 073	-201	-1 124
<b>Loss for the period</b>	<b>-14 955</b>	<b>-16 303</b>	<b>-16 373</b>	<b>-24 203</b>	<b>-14 068</b>	<b>-27 045</b>	<b>-20 215</b>	<b>-27 165</b>

Loss for the period is attributable to equity holders of the Parent.



## CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Jul - Sep		Jan - Sep		Full year
	2022	2021	2022	2021	2021
Net sales	11 473	10 956	34 419	33 190	43 646
Administrative expenses	-17 445	-10 197	-47 293	-37 490	-49 542
Other operating income	0	-33	24	91	121
Other operating expenses	-1 269	-171	-2 725	-748	-1 659
<b>Operating loss</b>	<b>-7 241</b>	<b>555</b>	<b>-15 575</b>	<b>-4 957</b>	<b>-7 434</b>
Net financial items	-9 998	1 039	-6 823	2 954	4 293
<b>Result after financial items</b>	<b>-17 239</b>	<b>1 594</b>	<b>-22 398</b>	<b>-2 003</b>	<b>-3 141</b>
Income tax	0	0	0	0	0
<b>Result for the period</b>	<b>-17 239</b>	<b>1 594</b>	<b>-22 398</b>	<b>-2 003</b>	<b>-3 141</b>

Parent Company result for the period equals comprehensive income.

## CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Sep 30		Dec 31
		2022	2021	2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current financial assets	6	1 130 626	1 096 263	1 128 672
<b>Total non-current assets</b>		<b>1 130 626</b>	<b>1 096 263</b>	<b>1 128 672</b>
<b>Current assets</b>				
Other receivables		0	0	47
Prepaid expenses	6	1 092	979	660
Cash	6	169 002	210 534	181 275
<b>Total current assets</b>		<b>170 094</b>	<b>211 513</b>	<b>181 982</b>
<b>TOTAL ASSETS</b>		<b>1 300 720</b>	<b>1 307 776</b>	<b>1 310 654</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity	4	40 953	40 901	40 909
Unrestricted equity		1 205 187	1 228 220	1 227 419
<b>Total equity</b>		<b>1 246 140</b>	<b>1 269 121</b>	<b>1 268 328</b>
<b>Non-current liabilities</b>		<b>42 597</b>	<b>32 004</b>	<b>35 043</b>
<b>Current liabilities</b>	6	<b>11 983</b>	<b>6 651</b>	<b>7 283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 300 720</b>	<b>1 307 776</b>	<b>1 310 654</b>

## NOTE 1

### GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles mentioned in the Annual Report for 2021 have also been applied in this interim report. New or amended standards or interpretations of standards effective as of January 1, 2022 have not had any significant impact on BONESUPPORT's financial statements.

#### Estimates, assumptions and assessments

When preparing the Company's financial statements, a number of assessments and estimates are made, as well as assumptions which affect the application of the accounting principles and the reported amounts in the income statement and balance sheet. The actual outcome may deviate from these estimates and assessments. Estimates and assessments are evaluated on the basis of historical experience and other factors, including expectations of future events.

## NOTE 2

### SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various financial risks. The business is impacted by many factors that could affect the Group's result and financial position. It is BONESUPPORT's strategy to continuously identify and manage risks. Financial risk management is described in Note 2, Annual Report 2021.

The war in Ukraine has created unrest and insecurity in the world. The business impact is difficult to predict, but higher shipping costs and higher prices for input goods are likely effects under prevailing market conditions.

## NOTE 3

### TRANSACTIONS WITH RELATED PARTIES

The financial reports include costs related to the following transactions between BONESUPPORT and related parties.

SEKt		Jul - Sep		Jan - Sep		Full year
Related party	Service	2022	2021	2022	2021	2021
Mary I O'Connor (Board member)	Consultancy	305	0	394	0	0
Route 2 Advisors Ltd (Simon Cartmell, previous Board member)	Consultancy	0	0	0	61	61

## NOTE 4

### NUMBER OF SHARES AND POTENTIAL SHARES

Ordinary shares	Number of shares	Potential shares
December 31, 2021	64 164 672	266 685
Exercised employee stock options	69 391	-69 391
Conversion of class C-shares to ordinary shares	287 134	0
September 30, 2022	64 521 197	197 294
Series C-shares		
December 31, 2021	1 290 000	0
Conversion of class C-shares to ordinary shares	-287 134	0
September 30, 2022	1 002 866	0

## NOTE 5

### PLEDGED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 627 thousand (491) for rented premises. The Parent Company, BONESUPPORT HOLDING AB, guarantees a corresponding amount. During the quarter, the Parent Company has also provided a general guarantee of USD 500 thousand (0), corresponding to SEK 5,602 thousand (0).

The Group has pledged collateral for capital-invested direct pensions amounting to SEK 979 thousand (979).

## NOTE 6

### FINANCIAL ASSETS AND LIABILITIES

Fair values of the consolidated financial assets and liabilities are assessed to agree with values accounted for.

Participations in subsidiaries are accounted for in the Parent Company in accordance with the cost method.

## NOTE 7

### SEGMENT INFORMATION

The Group manages and monitors operations in the North America (NA) and Europe & Rest of the World (EUROW) segments. Other comprises other items, mainly costs for Group functions. Contribution per segment is calculated as net sales minus directly attributable operating costs. Such costs are related to cost of sales, selling expenses including commissions and research and development expenses. Assets and liabilities are not reported by segment, these are managed and monitored on Group level by management and the Board of directors.

Net sales in Sweden (part of EUROW) was SEK 1.8 million (1.7) in the quarter. For the year to date, the corresponding amount was SEK 6.5 million (5.8). US and UK were the only markets that delivered more than ten percent of the consolidated net sales.

SEKt	Jul - Sep 2022				Jul - Sep 2021			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	56 286	28 337	0	84 623	32 670	22 207	0	54 877
of which CERAMENT BVF	54 828	3 326	0	58 154	32 127	2 810	0	34 937
of which CERAMENT drug eluting <sup>1</sup>	0	25 011	0	25 011	0	19 397	0	19 397
of which other	1 458	0	0	1 458	542	0	0	0
Cost of sales	-3 172	-4 625	0	-7 797	-2 107	-3 944	0	-6 051
<b>Gross profit</b>	<b>53 114</b>	<b>23 712</b>	<b>0</b>	<b>76 826</b>	<b>30 563</b>	<b>18 263</b>	<b>0</b>	<b>48 826</b>
Sales commissions	-17 818	0	0	-17 818	-10 017	0	0	-10 017
Other operative costs	-24 068	-16 372	0	-40 440	-19 227	-15 834	0	-35 061
<b>Contribution</b>	<b>11 228</b>	<b>7 340</b>	<b>0</b>	<b>18 568</b>	<b>1 319</b>	<b>2 429</b>	<b>0</b>	<b>3 748</b>
Other operating items	0	0	-32 509	-32 509	0	0	-17 028	-17 028
<b>Operating result</b>	<b>11 228</b>	<b>7 340</b>	<b>-32 509</b>	<b>-13 941</b>	<b>1 319</b>	<b>2 429</b>	<b>-17 028</b>	<b>-13 280</b>
Net financial items	0	0	-462	-462	0	0	-519	-519
<b>Result before income tax</b>	<b>11 228</b>	<b>7 340</b>	<b>-32 971</b>	<b>-14 403</b>	<b>1 319</b>	<b>2 429</b>	<b>-17 547</b>	<b>-13 799</b>

SEKt	Jan - Sep 2022				Jan - Sep 2021			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	143 486	82 111	0	225 597	86 859	64 624	0	151 483
of which CERAMENT BVF	139 267	10 763	0	150 030	85 476	8 898	0	94 374
of which CERAMENT drug eluting <sup>1</sup>	0	71 348	0	71 348	0	55 726	0	55 726
of which other	4 219	0	0	4 219	1 383	0	0	0
Cost of sales	-8 839	-13 458	0	-22 297	-5 819	-10 781	0	-16 600
<b>Gross profit</b>	<b>134 647</b>	<b>68 653</b>	<b>0</b>	<b>203 300</b>	<b>81 040</b>	<b>53 843</b>	<b>0</b>	<b>134 883</b>
Sales commissions	-44 916	0	0	-44 916	-27 142	0	0	-27 142
Other operative costs	-64 804	-48 588	0	-113 392	-54 853	-46 197	0	-101 050
<b>Contribution</b>	<b>24 927</b>	<b>20 065</b>	<b>0</b>	<b>44 992</b>	<b>-955</b>	<b>7 646</b>	<b>0</b>	<b>6 691</b>
Other operating items	0	0	-90 244	-90 244	0	0	-65 587	-65 587
<b>Operating result</b>	<b>24 927</b>	<b>20 065</b>	<b>-90 244</b>	<b>-45 252</b>	<b>-955</b>	<b>7 646</b>	<b>65 587</b>	<b>-58 896</b>
Net financial items	0	0	-747	-747	0	0	-889	-889
<b>Result before income tax</b>	<b>24 927</b>	<b>20 065</b>	<b>-90 991</b>	<b>-45 999</b>	<b>-955</b>	<b>7 646</b>	<b>-66 476</b>	<b>-59 785</b>

1. CERAMENT drug eluting includes CERAMENT G and CERAMENT V.

## NOTE 8

### OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

At the period end, there are three different employee stock option programs and four performance share programs.

#### Employee stock option programs

Of the three employee stock option programs, two run over ten years and expire 2022 and 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 in the first two programs of SEK 0.125 per option, equivalent to SEK 0.625 per share, and in the third program of SEK 5.30 per option, equivalent to SEK 26.50 per share. 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 allocated 25.7 million options, 21.6 million (21.6) options were fully vested before the end of the period.

#### 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 2019 runs until 31 December 2022;
- The program for employees decided at the annual general meeting in 2020 runs until 31 December 2023;
- The program for employees decided at the annual general meeting in 2021 runs until 31 December 2023; and
- 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.

In each program for employees decided at the annual general meetings in 2019 and 2020, each savings share gives the opportunity to be allotted to the employees a maximum of two, three or 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. 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.

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.

The annual general meeting in May 2022 authorized the Board to issue C-shares to cover social security charges for the latest programs. The mandate from the annual general meeting will be fulfilled during 2022. The mandate to issue C-shares enabled the close of the share swap that was entered into during the previous year.

Employee stock options and performance shares are valued at fair value at the date of allocation. The total cost is distributed over the vesting period. At the end of the vesting period, a reduction in staff turnover is assumed, which entails an increased cost. The cost is accounted for as personnel cost and is credited to equity. The social security cost is revalued at fair value. When the options are exercised, the Company issues new shares. Payments received on behalf of the shares issued are credited to equity.

Further information on these programs is presented in Notes 12 and 23 in the Annual Report 2021.



## NOTE 8

### CONT'D

<b>Employee stock option programs</b>	<b>No. of options<sup>1</sup></b>	<b>Equal to no. of shares</b>	<b>WAEP<sup>2</sup></b>
Balance January 1, 2022	1 333 416	266 685	9.40
Exercised	-346 958	-69 391	3.02
Balance September 30, 2022	986 458	197 294	11.65

<b>Performance share programs</b>	<b>Right to no. of shares</b>
Balance January 1, 2022	1 791 000
Distributed regarding completed program	-425 000
Cancelled during the year	-25 000
Balance September 30, 2022	1 341 000

1. Not allocated options amounted to 4,069,547 (4,069,547).

2. Weighted Average Exercise Price per share (SEK).

During the year, the cost of employee stock option and performance share programs, excluding social security contributions, was recognized as operating expenses amounting to SEK 11,373 thousand (3,345). The social security contributions amounted to an expense of SEK 7,819 thousand, compared to a reduced expense of SEK 2,591 thousand previous year. Liability for social security contributions at the end of the period amounts to SEK 10,301 thousand (5,509).

## NOTE 9

### TAXES

The Group has tax losses carry-forwards based on historical losses amounting to SEK 1,092 million. The Company makes ongoing assumptions about the Company's future earnings. Based on a prudent assessment of the future utilization of losses carried forwards, the Company has not assigned any value to the deferred tax assets in the balance sheet.

# DEFINITIONS - ALTERNATIVE PERFORMANCE MEASURES

**BONESUPPORT uses Alternative Performance Measures (APM) to enhance understandability of the information in the 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 periods in relation to net sales for the earlier period. Shows the operations' sales performance. BONESUPPORT's objective during the coming three years is to grow sales with 40 percent per year, measured as an average and normalized sales growth CAGR from 2023-2025.

## Net sales growth in constant exchange rates

The difference in net sales between two periods in relation to net sales for the earlier period. The net sales for the current period is recalculated using the earlier period's exchange rates. Shows the operations' sales performance.

## Gross profit

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

## Contribution

Net sales minus cost of sales, minus directly attributable selling expenses and research and development expenses. A measure of result 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

Any borrowings from banks, financial institutions and lease liabilities, short and long term. Shows the debt level of the Group and forms the base for interest expenses.

	Jul - Sep		Jan - Sep		Full year
SEKm	2022	2021	2022	2021	2021
Net sales	84.6	54.9	225.6	151.5	212.9
<b>Sales growth, %</b>	<b>54.2</b>	<b>14.1</b>	<b>48.9</b>	<b>18.6</b>	<b>17.7</b>
Cost of sales	-7.8	-6.1	-22.3	-16.6	-23.2
<b>Gross profit</b>	<b>76.8</b>	<b>48.8</b>	<b>203.3</b>	<b>134.9</b>	<b>189.7</b>
<b>Gross margin, %</b>	<b>90.8</b>	<b>89.0</b>	<b>90.1</b>	<b>89.0</b>	<b>89.1</b>
Directly attributable selling expenses	-55.5	-41.3	-152.2	-116.1	-159.8
Selling expenses, not directly attributable	-5.3	-4.2	-14.0	-11.8	-18.1
Selling expenses including commissions	-60.8	-45.5	-166.2	-127.9	-177.8
Directly attributable research & development expenses	-2.7	-3.8	-6.1	-12.1	-14.6
Research & development expenses, not directly attributable	-9.9	-7.5	-32.1	-26.5	-38.4
Research & development expenses	-12.6	-11.3	-38.3	-38.6	-53.0
<b>Contribution</b>	<b>18.6</b>	<b>3.7</b>	<b>45.0</b>	<b>6.7</b>	<b>15.3</b>

	Sep 30		Dec 31
SEKm	2022	2021	2021
Non-current borrowings	13.3	5.4	16.2
Current borrowings	5.2	5.6	5.3
<b>Interest bearing debt</b>	<b>18,4</b>	<b>11.0</b>	<b>21.4</b>
Cash and cash equivalents	212.6	225.5	206.5
<b>Net debt</b>	<b>-194.1</b>	<b>-214.5</b>	<b>-185.0</b>

	Jul - Sep			Jan - Sep		
		Net sales 2022 calculated with average rates for 2021	Net sales 2021		Net sales 2022 calculated with average rates for 2021	Net sales 2021
SEKm	CER			CER		
NA	49%	16.1	32.7	42%	36.6	86.9
EUROW	23%	5.2	22.2	23%	14.8	64.6
<b>Sum</b>	<b>39%</b>	<b>21.3</b>	<b>54.9</b>	<b>34%</b>	<b>51.4</b>	<b>151.5</b>

# DEFINITIONS

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**Allograft.** The transplant of an organ or tissue from one individual to another of the same species, with a different genotype.

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

**Bisphosphonate.** A type of drugs that inhibits resorption of bone tissue

**BMA.** Bone Marrow Aspirate

**BMP.** Bone Morphogenic Protein

**Bone graft substitute.** Synthetic material used as bone grafts instead of biological bone tissue

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

**CERAMENT BVF.** CERAMENT BONE VOID FILLER

**CERAMENT G.** CERAMENT with gentamicin

**CERAMENT V.** CERAMENT with vancomycin

**CERTiFy.** A prospective, randomized, controlled clinical trial with 137 patients in 20 leading trauma centers in Germany, aimed to compare treatment of CERAMENT BVF with autologous bone graft (autograft) transplantation

**Clinical study.** 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

**DBM.** Demineralized Bone Matrix. A bone substitute biomaterial.

**FDA.** US Food and Drug Administration

**GPO.** (Group Purchasing Organisation) 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.

**ICUR.** Incremental Cost-Utility Ratio

**LTM.** Latest twelve months

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

**Osteoinduction.** A bone graft material or a growth factor can stimulate the differentiation of osteoblasts, forming new bone tissues

**Osteomyelitis.** A bacterial infection affecting bones

**PMA.** Premarketing Approval is the FDA process to review Class III medical devices

**PMMA.** Polymethyl methacrylate, 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 substance (a toxin or poison) can harm humans or animals



# Our soul & our heart



## MISSION

*Restoring health to improve the quality of life for patients with bone disorders*

BONESUPPORT's unique product technology has properties with the potential to revolutionize the care of patients with bone disorders by enabling faster rehabilitation, limiting the number of surgical procedures and reducing the risk of severe infections. For patients, this means that they can return to a more normal life more quickly.

Until 2021, BONESUPPORT's products have been used in approximately 70,000 surgical procedures in more than 20 countries. The most common procedures consist of bone disorders where the body is unable to perform natural healing and single-stage surgery in connection with bone infection.



## VISION

*Becoming a global orthobiologics leader*

BONESUPPORT's unique technology means that over time, the Company's injectable bio-ceramic bone graft substitutes remodel to natural bones and have the ability to release drugs. This enables new treatment standards in the treatment of bone diseases/skeletal injuries.

The Company's ambition is to grow sales by 40 percent per year in the next three years.



## STRATEGY

*The strategy is based on three pillars:*

**Innovation** – BONESUPPORT has the market's most innovative solution for the treatment of bone disorders.

**Clinical and Health Economic Evidence** – The clinical evidence for the CERAMENT platform continues to grow and now amounts to more than 240 publications and abstracts. An important milestone for BONESUPPORT is the CERTiFy study, which shows that CERAMENT is at least as good as autograft.

**Effective commercial platform** – BONESUPPORT's commercial and medical organization provides healthcare with products, information, service and training.

## ABOUT BONESUPPORT

BONESUPPORT HOLDING AB (publ), org.nr. 556802-2171, based in Lund, is the Parent Company of BONESUPPORT AB. BONESUPPORT is a commercial orthobiology company primarily aimed at the orthopedic markets in the US and Europe. BONESUPPORT has its registered office in Lund and wholly owned subsidiaries in the US, the UK, Germany, Sweden, Denmark, Switzerland, Spain, the Netherlands and Italy.

The Company is not aware of any other commercially available products with the same properties as CERAMENT G and CERAMENT V, i.e. an injectable antibiotic-eluting bone graft substitute with proven rapid remodeling into host bone.

BONESUPPORT has well-documented safety and efficacy experience and estimates, based on sales data, that until 2021 more than 70,000 treatments have been performed with its products worldwide. There is great market potential in trauma, chronic osteomyelitis, revision arthroplasty and oncology, as well as bone and foot infections due to diabetes.

The CERAMENT portfolio is currently commercially available in the largest European markets, as well as in a number of markets outside Europe. In addition, CERAMENT BVF and CERAMENT G are commercially available in the United States, CERAMENT G in Canada, and CERAMENT BVF and CERAMENT G in Australia.

# PRESENTATION OF INTERIM REPORT JULY – SEPTEMBER 2022

The Company invites investors, analysts and media to a web conference (in English) on October 27, 2022 at 10.00 CET, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will be availa-

ble on BONESUPPORT's website from 08.00 CET on the same day and the presentation from the webcast will be uploaded during the day on October 27, 2022. For further details regarding participation, see the investor pages at [www.bonesupport.com](http://www.bonesupport.com)

## FORWARD-LOOKING STATEMENTS

The report contains certain forward-looking information that reflects BONESUPPORT's current views of future events and financial and operational performance. Words such as "intends", "anticipates", "expects", "can", "plans", "estimates" and similar expressions regarding indications or forecasts of future developments or trends, and which are not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances.

Forward-looking information is not a guarantee of future results or developments and actual results may differ materially from results referred to in forward-looking information. Forward-looking information in the report is only applicable on the date of issue of the report. BONESUPPORT does not commit to publishing updates or revision of any forward-looking statements as a result of new information, future events or similar circumstances other than those required by applicable legislation.

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