



BONESUPPORT™

YEAR END REPORT JANUARY – DECEMBER 2022

Q4 68% SALES GROWTH IN THE QUARTER

OCTOBER - DECEMBER 2022

- Net sales increased by 68 percent (49 percent at constant exchange rates¹) and amounted to SEK 103.2 million (61.4).
- The North America (NA) segment reported a sales growth of 111 percent (80 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 12 percent (9 percent at constant exchange rates).
- The gross margin amounted to 91.5 percent (89.3).
- Operating result before effects from the Group's incentive programs¹ amounted to SEK -10.1 million (-17.0). Reported operating result amounted to SEK -19.3 million (-21.8). The operating result was affected by negative currency effects and was burdened by a retroactive correction of SEK 2 million regarding too low selling expenses in the previous quarter in EUROW.
- Earnings per share, before and after dilution, were SEK -0.32 (-0.38).

EVENTS DURING THE PERIOD

- In October, the Company's antibiotic-eluting bone graft CERAMENTG has been used surgically for the first time in patients in the US.
- Pursuant to the authorization granted by the annual general meeting on May 19, 2022, the board of directors of BONESUPPORT HOLDING AB has in December resolved to issue and immediately thereafter repurchase 639,572 series C-shares. The shares were issued and repurchased to secure delivery of shares for the share saving program LTI 2021.

JANUARY – DECEMBER 2022

- Net sales increased by 54 percent (38 percent at constant exchange rates) and amounted to SEK 328.8 million (212.9).
- The North America (NA) segment reported a sales growth of 78 percent (52 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 23 percent (19 percent at constant exchange rates).
- The gross margin amounted to 90.5 percent (89.1).
- Operating result before effects from the Group's incentive programs amounted to SEK -36.2 million (-75.1). Reported operating result amounted to SEK -64.5 million (-80.7).
- Earnings per share, before and after dilution, were SEK -1.06 (-1.34).

EVENTS AFTER THE PERIOD

Nothing to report.

KEY FIGURES	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales, SEKm	103,2	61,4	328,8	212,9
Sales growth, % ¹	68,1	15,5	54,5	17,7
Gross profit, SEKm	94,4	54,8	297,7	189,7
Gross margin, % ¹	91,5	89,3	90,5	89,1
Operating loss, SEKm	-19,3	-21,8	-64,5	-80,7
Loss for the period, SEKm	-20,5	-24,2	-68,2	-85,5
Equity at period end, SEKm	268,9	265,7	268,9	265,7
Net debt, SEKm ¹	-183,8	-185,0	-183,8	-185,0
Operating cash flow, SEKm	-6,5	-16,7	-48,0	-83,4
Cash at period end, SEKm	201,3	206,5	201,3	206,5
Earnings per share before and after dilution, SEK	-0,32	-0,38	-1,06	-1,34

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



CEO COMMENTS

Strong start for CERAMENT G in the US

CERAMENT G launched in the US. Sales reached a new all-time high with accelerated growth.

In total, sales for the fourth quarter rose 68 percent to 103 MSEK (61). The strong increase was mainly due to a continued recovery of orthopedic procedures in the US, strong customer recruitment and the launch of CERAMENT G in the US. Sales in the US grew by 111 percent, 80 percent after currency adjustment, compared to the fourth quarter of 2021.

The most important event of the quarter was the launch of CERAMENT G in the US. The work to add CERAMENT G to existing contracts with Group Purchase Organizations (GPOs) is ongoing since the summer. In late October the first patient was treated with CERAMENT G at Sinai Hospital in Baltimore. The feedback received so far from surgeons and healthcare professionals is positive. The handling of CERAMENT G, local antibiotic elution and transition to a single-step procedure have already been highlighted as distinct benefits. As the first and only antibiotic-eluting bone graft, CERAMENT G has a unique opportunity in the US market and the benefits CERAMENT G offers, meet a great clinical demand.

We are very pleased with the sales of CERAMENT G in the US of SEK 14.5 million in the quarter, but do not yet want to draw any conclusions about the penetration rate. Many of the doctors, using the product in early stage, are opinion leaders at major clinics at, for example, university hospitals. Initially, CERAMENT G is used, among other things, for evaluation purposes, to provide the hospital administration with information for local or regional approval after a couple of weeks up to months. The work is progressing according to plan. A number of key hospital chains have already approved CERAMENT G, such as Cleveland Clinic and Baylor Scott & White.

During the quarter, discussions were held with the FDA regarding a broadened indication for CERAMENT G, intended to be submitted at the beginning of the third quarter of this year.

In EUROW, sales grew by 12 percent, 9 percent at constant exchange rates. The number of orthopedic procedures remain below pre-pandemic levels and no improvement in capacity could be noted since the previous quarter. National measures to increase surgical capacity have been initiated in several key markets, but staff shortages, worsened by high levels of sick leave, limited the capacity for surgeries in the quarter. In the UK, over 10,000 nurses went on strike in December, which had major implications for the country's overall healthcare capacity.

The European healthcare backlog in orthopedic procedures is at the highest level ever and over time we see that the capacity for procedures will increase, with a strengthened market dynamic as a result. During the quarter, we filled our sales vacancies in Germany and are now ready to further drive market penetration in Europe's largest market.

During the quarter, we received updated CE certifications for CERAMENT G and for our quality system (QMS) according to the EU's new regulation for medical devices (EU MDR 2017/745). The regulation, which replaces previous EU directives, aims to improve patient safety through stricter methods of assessment and monitoring. The certifications were therefore an important milestone. CERAMENT V and CERAMENT BVF have been submitted for review with the aim of obtaining the corresponding CE MDR certification in 2023.

We summarize another record quarter with a rapidly growing customer base, regulatory progress and sharply accelerated sales growth, supported by the introduction of CERAMENT G in the US.

Emil Billbäck, CEO



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 2022, 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 took place during October 2022. Work is being undertaken 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.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 73.4 million (34.8), which corresponds to a growth of 111 percent (80 percent in constant exchange rate). The strong growth in the quarter comes from an expanded customer base, extended use of CERAMENT among existing customers and sale of CERAMENT G. Sale of CERAMENT G in the quarter amounted to SEK 14.5 million.

Contribution¹

The contribution from the segment was SEK 17.3 million (3.7). The increased sales led to an increase in gross profit of SEK 36.6 million compared to previous year. Sales and marketing expenses during the quarter amounted to SEK 50.3 million (26.5), of which sales

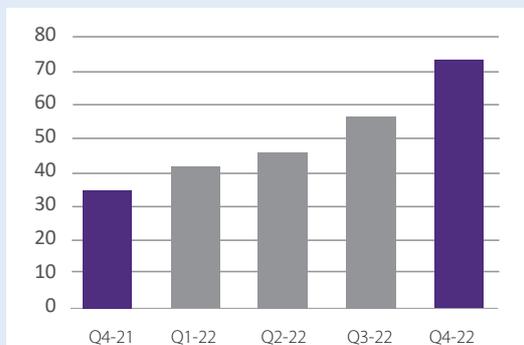
commissions to distributors and fees amounted to SEK 28.2 million (13.9). The increase, excluding sales commissions and fees, was driven by positive currency effects of SEK 7.4 million and an increased activity level, including expenses for the earlier communicated US booster program and for the launch of CERAMENT G. The contribution was also influenced by R&D costs related to clinical studies amounting to SEK 1.7 million (2.5).

JANUARY - DECEMBER

Net sales amounted to SEK 216.9 million (121.7), which corresponds to a growth of 78 percent (52 percent in constant exchange rate).

The contribution amounted to SEK 42.3 million (2.7). The improved contribution is mainly due to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales	73,4	34,8	216,9	121,7
Gross profit	69,4	32,7	204,0	113,8
Contribution	17,3	3,7	42,3	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 offering of clinical and health economic evidence.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 29.8 million (26.6), corresponding to a growth of 12 percent (9 percent in constant exchange rates). The number of orthopedic procedures is still below pre-pandemic levels and the gradual recovery seen in the third quarter did not appear to continue in the fourth quarter.

Sales in key direct markets accounted for 81 percent (82) of the segment's sales during the quarter. Sales of the antibiotic-eluting products CERAMENT G and CERAMENT V corresponded to 88 percent (87).

Contribution¹

The contribution from the segment amounted to SEK 3.0 million (5.0). Sales and marketing expenses increased compared to the

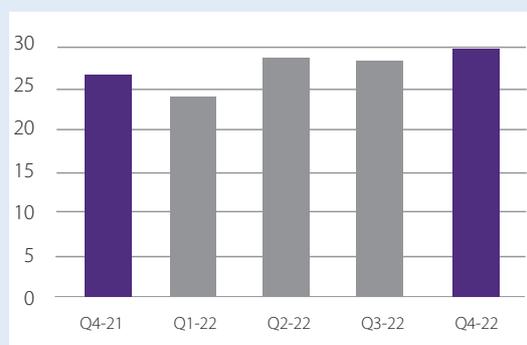
corresponding quarter last year and amounted to SEK 22.1 million (17.1). The increase is partly attributable to filled vacancies, as well as higher bonus costs than in the previous year in the markets that showed a strong recovery after the covid pandemic, and partly to a generally higher level of activity. The selling expenses in the period include a correction for the previous quarter of SEK 2.0 million.

JANUARY - DECEMBER

Net sales amounted to SEK 111.9 million (91.2), an increase of 23 percent compared to the previous year (19 percent in constant exchange rates).

The contribution amounted to SEK 23.1 million (12.6). The improved contribution is explained by the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales	29,8	26,6	111,9	91,2
Gross profit	25,0	22,1	93,7	75,9
Contribution	3,0	5,0	23,1	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 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. These findings have recently been supplemented by a published biomechanical study¹ 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 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.

The September issue 2022 of The Bone and Joint Journal presented outstanding results from a long-term study² of CERAMENT G. 100 patients, treated at Nuffield Orthopaedic Centre, Oxford

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"> • Treatment time • Antibiotic resistance • Side effects • Cost 	<ul style="list-style-type: none"> • ICUR Reinfection • Complications • Amputations
Number of patients	500	220
Follow up time	12 month	24 month
Place	Europe	France, CRIOAc
Expected completion	Q1 2024	2026

1. 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
 2. 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

University 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*³, 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

CERTiFy⁴ 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 Hospitals' 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 CRIOAc⁵ 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.

3. 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.

4. 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.

5. CRIOAc (Reference Center for Osteoarticular Infections) is 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.



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 recently been completed 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 INFECTIONS¹

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*¹ 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 percent¹ 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 al² 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.³ 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

OCTOBER – DECEMBER 2022

Net sales

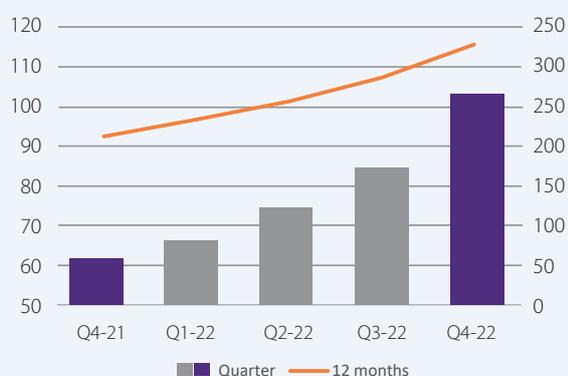
Net sales amounted to SEK 103.2 million (61.4), an increase of 68 percent compared to the previous year (49 percent at constant exchange rates).

In the North America segment, net sales amounted to SEK 73.4 million (34.8), which corresponds to growth of 111 percent (80 percent at constant exchange rate). The strong growth in the quarter comes from an expanded customer base, extended use of CERAMENT among existing customers and sale of CERAMENT G. Sale of CERAMENT G in the quarter amounted to SEK 14.5 million.

Net sales for the EUROW segment amounted to SEK 29.8 million (26.6), which corresponds to an increase of 12 percent (9 percent at constant exchange rates). The number of orthopedic procedures is still below pre-pandemic levels and the gradual recovery seen in Q3 did not appear to continue in Q4.

The currency translation effect in the period amounted to SEK +3.2 million (+1.1).

Net sales per quarter, SEKm



Cost of goods sold

Cost of goods sold amounted to SEK 8.8 million (6.6), giving a gross margin of 91.5 percent (89.3). The higher gross margin is affected by a higher share of sales to North America but also by a higher share of sales of the antibiotic eluting CERAMENT.

Selling expenses

Selling expenses, including sales commissions and fees, amounted to SEK 74.9 million (49.3), an increase of 52 percent. This is explained in the table below:

	Oct - Dec 2022	Oct - Dec 2022 (CER)	Oct - Dec 2021
Sales commissions and fees	28,1	23,7	13,9
Personnel expenses	31,2	28,6	21,1
Other selling expenses	15,6	13,4	14,2
Total selling expenses	74,9	65,8	49,2

As a result of the growth in sales, the NA segment reported a cost increase to SEK 50.3 million (26.5), of which sales commissions and fees increased from SEK 13.9 million to SEK 28.2 million. In EUROW, expenses amounted to SEK 22.1 million (17.1). The increased expenses include a correction of bonus costs for the previous quarter of SEK 2.0 million. Unallocated costs reduced to SEK 2.5 million (5.7).

Research and development expenses

Research and development expenses amounted to SEK 14.8 million (14.4). Personnel costs amounted to SEK 7.1 million (7.8). Other expenses totaled SEK 7.7 million (6.6).

The NA segment reported research and development expenses amounting to SEK 1.7 million (2.5).

Administrative expenses

Administrative expenses amounted to SEK 21.3 million (14.8).

Administrative expenses before effects from the Group's incentive programs amounted to SEK 12.1 million (10.0), of which personnel costs amounted to SEK 5.3 million (4.6). The increased personnel costs are mainly due to a larger provision for variable remunerations, as an effect of the reported sales growth and profit improvement for the full year.

Effects regarding incentive programs amounted to an expense of SEK 9.2 million (4.8). The change compared to the same period previous year is partly a result of higher expenses for the program LTI 2019 that concluded in December 2022, as a lower staff turnover is assumed towards the end of the programs. But also a result of a positive share price development and increased expectations for goal fulfilment which has led to an increased liability for social charges. Of the total cost of SEK 9.2 million, SEK 1.4 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. Reported currency effects were clearly affected by the large exchange rate changes that occurred during the period, and then mainly in USD.

Operating result

Operating result amounted to SEK -19.3 million (-21.8), including effects from the Group's incentive programs. Operating result before effects from the Group's incentive programs amounted to SEK -10.1 million (-17.0), an underlying improvement of SEK 6.9 million. With consideration given to the correction of the previous quarter, the improvement was SEK 8.9 million.

Loss for the year

For the reasons described above, the loss for the quarter amounted to SEK -20.5 million (-24.2), which corresponds to earnings per share before and after dilution of SEK -0.32 (-0.38).

JANUARY – DECEMBER 2022

Net sales

Net sales amounted to SEK 328.8 million (212.9), an increase of 54 percent (38 percent at constant exchange rates). The NA segment increased by 78 percent to SEK 216.9 million (121.7) and the EUROW segment increased by 23 percent to SEK 111.9 million (91.2).

Operating result

Operating result amounted to SEK -64.5 million (-80.7). 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 28.4 million, compared to SEK 5.5 million previous year. The underlying improvement in result before costs for incentive programs amounted to SEK 39.0 million.

Loss for the year

For the reasons described above, the loss for the year amounted to SEK -68.2 million (-85.5), which corresponds to earnings per share before and after dilution of SEK -1.06 (-1.34).

FINANCIAL POSITION AND CASH FLOW

SEKm

Financial position	Dec 31	
	2022	2021
Cash and cash equivalents	201,3	206,5
Interest bearing debt ¹	17,5	21,4
Net debt ¹	-183,8	-185,0
Equity	268,9	265,7

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

SEKm

Cash flow	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Operating activities	-6,5	-16,7	-48,0	-83,4
Investing activities	-1,6	-1,9	-3,6	-3,4
Financing activities	-1,4	-1,2	44,4	-61,6
Total	-9,6	-19,8	-7,1	-148,4

Cash and cash equivalents at the end of the period amounted to SEK 201.3 million (206.5), a decrease of SEK 5.2 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -48.0 million (-83.0) and the positive effect of SEK 50.7 million from the share swap that was terminated during the third quarter 2022. At the annual gener-

al meeting in May 2022, 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 2021.

OTHER DISCLOSURES

PARENT COMPANY

The Parent Company, BONESUPPORT HOLDING AB (publ), is a holding company. The Parent Company generated SEK 13.4 million (10.5) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK 0.9 million (-1.1).

Net financial items for the year amount to a net expense of SEK 4.8 million to be compared with a net income of SEK 4.3 million for the previous year. The change is mainly due to financial expenses of SEK 11.3 million that arose when the share swap was terminated during the third quarter 2022.

EMPLOYEES

On average, the Group had 94 (92) employees (full-time equivalent) during the quarter, of whom 21 (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 December 31, 2022, the total number of ordinary shares amounted to 64,532,197, distributed among 7,946 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 December 31, 2022, the total number of C-shares amounted to 1,642,438. During the quarter, the number of C-shares increased as a result of a share issue to secure delivery of shares for the share saving program LTI 2021. BONESUPPORT HOLDING AB holds all C-shares.

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

Shareholders December 31, 2022

Name	% of shares	% of votes
HealthCap V LP	10.0%	10.2%
Avanza	9.5%	9.7%
Swedbank Robur Fonder	6.3%	6.4%
State Street Bank and Trust	5.9%	6.0%
Fjärde AP-Fonden	4.9%	5.0%
Tredje AP-Fonden	4.3%	4.4%
Lancelot Avalon	3.1%	3.2%
Other shareholders	56.0%	55.1%

FINANCIAL CALENDAR

- April 2023 Annual report 2022
- April 27, 2023 Interim report Q1 2023
- May 17, 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 on May 17, 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

The CEO assures that this year end 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 year end report has not been reviewed by the Company's auditors.

Lund February 16, 2023

Emil Billbäck

CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Oct - Dec		Jan - Dec	
		2022	2021	2022	2021
Net sales	7	103 221	61 402	328 818	212 885
Cost of sales	7	-8 814	-6 582	-31 111	-23 182
Gross profit	7	94 407	54 820	297 707	189 703
Selling expenses		-46 762	-35 389	-158 073	-131 394
Sales commissions and fees	7	-28 140	-13 890	-80 375	-45 174
Research and development expenses		-14 810	-14 395	-53 088	-53 009
Administrative expenses	3,8	-21 251	-14 827	-73 305	-44 122
Other operating income		4 445	5 175	43 206	11 308
Other operating expenses		-7 172	-3 267	-40 607	-7 982
Operating loss	7	-19 283	-21 773	-64 535	-80 669
Net financial items	7	588	-279	-159	-1 168
Loss before income tax	7	-18 695	-22 052	-64 694	-81 837
Income tax	9	-1 841	-2 151	-3 473	-3 694
Loss for the period		-20 536	-24 203	-68 167	-85 531
Earnings per share before dilution, SEK		-0,32	-0,38	-1,06	-1,34
Earnings per share after dilution, SEK		-0,32	-0,38	-1,06	-1,34
Average number of shares, thousands		64 527	64 158	64 447	63 999

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Loss for the period	-20 536	-24 203	-68 167	-85 531
<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	-871	622	1 831	1 023
Total comprehensive income for the period	-21 407	-23 581	-66 336	-84 508

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

CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	Note	Dec 31	
		2022	2021
ASSETS			
Non-current assets			
Intangible assets		8 384	8 365
Tangible assets and right-of-use assets		24 625	27 078
Financial assets		1	0
Total non-current assets		33 010	35 443
Current assets			
Inventories		56 310	51 762
Trade receivables	6	62 624	38 413
Other current assets	6	18 593	11 837
Cash and cash equivalents	6	201 281	206 464
Total current assets		338 808	308 476
TOTAL ASSETS		371 818	343 919
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent	4	268 928	265 704
Non-current liabilities			
Leasing debt	6	12 350	16 152
Provisions		344	363
Total non-current liabilities		12 694	16 515
Current liabilities			
Leasing debt	6	5 101	5 270
Trade payables	6	23 571	18 719
Other operating liabilities	6	61 524	37 711
Total current liabilities		90 196	61 700
TOTAL EQUITY AND LIABILITIES		371 818	343 919

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 including loss for the period	Total equity
As at January 1, 2021	40 625	0	1 557 639	-894	5 352	-1 203 823	398 899
Loss January - December 2021				1 023		-85 531	-84 508
Share swap ¹						-62 333	-62 333
Change in fund for development expenses					138	-138	0
New share issue, employee stock options and warrants	250		6 031				6 281
New share issue and repurchase of own C-shares	34					-34	0
Share-based payment transactions						7 365	7 365
As at January 1, 2022	40 909	0	1 563 670	129	5 490	-1 344 494	265 704
Loss January - December 2022				1 831		-68 167	-66 336
Share swap ¹						51 039	51 039
Change in fund for development expenses					545	-545	0
New share issue, employee stock options	450	14	166				630
Share-based payment transactions						17 891	17 891
As at December 31, 2022	41 359	14	1 563 836	1 960	6 035	-1 344 276	268 928

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 2021 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 2022, 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 2021. The close led to an inflow of cash amounting to SEK 51,039 thousand. The expenses for the termination amounted to SEK 355 thousand. The cash flow was thereby affected positively with SEK 50,684 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Operating loss	-19 283	-21 773	-64 535	-80 669
Non-cash adjustments:				
-Share-based payments	6 518	4 020	17 891	7 365
-Depreciation regarding right of use assets	1 834	1 482	6 905	5 786
-Unrealized exchange rate differences	7 068	-3 072	-14 200	-8 293
-Other	1 289	-194	4 663	1 899
Interests received	805	0	811	0
Interests paid	289	-1 048	-716	-1 168
Income tax paid	-1 556	-3 222	-2 686	-3 761
Net cash flows from operating activities before changes in working capital	-3 036	-23 807	-51 867	-78 841
Changes in working capital	-3 488	7 101	3 911	-4 580
Net cash flows from operating activities	-6 524	-16 706	-47 956	-83 421
Investments in intangible assets	-309	-328	-1 321	-808
Investments in equipment and tools	-1 340	-1 600	-2 232	-2 608
Net cash flows from investing activities	-1 649	-1 928	-3 553	-3 416
Share swap ¹	0	0	50 684	-62 333
New share issue, employee stock options and warrants	420	344	630	6 281
Repayments of leasing debt	-1 815	-1 541	-6 886	-5 509
Net cash flows from financing activities	-1 395	-1 197	44 428	-61 561
Net cash flows	-9 568	-19 831	-7 081	-148 398
Cash and cash equivalents as at beginning of period	212 071	225 497	206 464	353 737
Net exchange difference	-1 222	798	1 898	1 125
Cash and cash equivalents as at end of period	201 281	206 464	201 281	206 464

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 2021 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 2022, 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 2021. The close led to an inflow of cash amounting to SEK 51,039 thousand. The expenses for the termination amounted to SEK 355 thousand. The cash flow was thereby affected positively with SEK 50,684 thousand.

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	103 221	84 623	74 632	66 342	61 402	54 877	51 777	44 829
North America	73 390	56 286	46 012	41 188	34 798	32 670	29 068	25 121
EUROW	29 831	28 337	28 620	25 154	26 604	22 207	22 709	19 708
Cost of sales	-8 814	-7 797	-8 195	-6 305	-6 582	-6 051	-5 448	-5 101
Gross profit	94 407	76 826	66 437	60 037	54 820	48 826	46 329	39 728
Gross margin, %	91,5%	90,8%	89,0%	90,5%	89,3%	89,0%	89,5%	88,6%
Selling expenses	-46 762	-38 751	-37 370	-35 189	-35 389	-33 112	-32 530	-30 363
Sales commissions and fees	-28 140	-21 103	-16 800	-14 332	-13 890	-11 790	-10 547	-8 948
Research and development expenses	-14 810	-12 557	-13 586	-12 135	-14 395	-11 326	-15 031	-12 257
Administrative expenses	-21 251	-20 798	-16 716	-14 540	-14 827	-5 401	-13 991	-9 903
Other operating income	4 445	19 903	11 859	6 999	5 175	1 447	1 187	3 499
Other operating expenses	-7 172	-17 460	-8 679	-7 296	-3 267	-1 925	-1 357	-1 433
Operating loss	-19 283	-13 941	-14 855	-16 456	-21 773	-13 280	-25 940	-19 676
Net financial items	588	-462	-68	-217	-279	-519	-32	-338
Loss before income tax	-18 695	-14 403	-14 923	-16 673	-22 052	-13 799	-25 972	-20 014
Income tax	-1 841	-552	-1 380	300	-2 151	-269	-1 073	-201
Loss for the period	-20 536	-14 955	-16 303	-16 373	-24 203	-14 068	-27 045	-20 215

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

Starting in the fourth quarter of 2022, charges for freight, credit cards and GPO fees are no longer reported on the line Selling expenses, but have been moved to the line Sales commissions and fees (earlier named Sales commissions). A retroactive correction has been made for all comparison periods in the table above.

From the fourth quarter of 2022, no currency translation of our American operations is reported on the line Selling expenses. This has been moved to the line Other operating expenses. A retroactive correction has been made for all comparison periods in the table above.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales	13 364	10 456	47 783	43 646
Administrative expenses	-14 538	-12 052	-61 831	-49 542
Other operating income	95	30	119	121
Other operating expenses	-66	-911	-2 791	-1 659
Operating loss	-1 145	-2 477	-16 720	-7 434
Net financial items	2 067	1 339	-4 756	4 293
Result after financial items	922	-1 138	-21 476	-3 141
Income tax	0	0	0	0
Result for the period	922	-1 138	-21 476	-3 141

Parent Company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Dec 31	
		2022	2021
ASSETS			
Non-current assets			
Non-current financial assets	6	1 160 841	1 128 672
Total non-current assets		1 160 841	1 128 672
Current assets			
Other receivables		75	47
Prepaid expenses	6	1 066	660
Cash	6	143 402	181 275
Total current assets		144 543	181 982
TOTAL ASSETS		1 305 384	1 310 654
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	41 359	40 909
Unrestricted equity		1 205 723	1 227 419
Total equity		1 247 082	1 268 328
Non-current liabilities		43 882	35 043
Current liabilities	6	14 420	7 283
TOTAL EQUITY AND LIABILITIES		1 305 384	1 310 654

NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This year end 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 year end 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.

In the condensed consolidated income statement, the row Sales commissions has been renamed Sales commissions and fees and now includes also charges for freight, credit cards and GPO fees. These variable fees have been moved away from the row Selling expenses. This amended principle is noted here in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors.

In the condensed consolidated income statement, some currency translation of our American operations has previously been disclosed among selling expenses. This has now been moved down from selling expenses to other operating expenses. This has to some extent also affected previous periods. This changed principle is also noted here in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors.

The changes that have been made are as follows, where a minus sign indicates an increased expense and vice versa.

SEKt	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Selling expenses	5 167	4 257	3 422	2 276	3 135	2 395	1 560	790
Sales commissions and fees	-3 842	-3 285	-2 644	-1 390	-2 461	-1 773	-1 291	-1 079
Other operating expenses	-1 325	-971	-778	-886	-674	-623	-269	288
Net	0	0	0	0	0	0	0	0

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	Related party	Service	Oct - Dec		Jan - Dec	
			2022	2021	2022	2021
	Mary I O'Connor (Board member)	Consultancy	267	0	624	0
	Mary I O'Connor (Board member)	Reimbursement of expenses	57	0	57	0
	Route 2 Advisors Ltd (Simon Cartmell, previous Board member)	Consultancy	0	0	0	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	80 391	-80 391
Terminated program	0	-80 250
Conversion of class C-shares to ordinary shares	287 134	0
December 31, 2022	64 532 197	106 044

Series C-shares		
December 31, 2021	1 290 000	0
Conversion of class C-shares to ordinary shares	-287 134	0
Issue of shares	639 572	0
December 31, 2022	1 642 438	0

In addition to the above, 22,000 ordinary shares were in the process of being issued at the year end. Payment was received in December 2022 but registration was done in January 2023.

NOTE 5

PLEGGED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 584 thousand (506) for rented premises. The Parent Company, BONESUPPORT HOLDING AB, guarantees a corresponding amount. During 2022, the Parent Company has also provided a general guarantee of USD 500 thousand (0), corresponding to SEK 5,211 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 fees, 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 3.2 million (2.0) in the quarter. For the year to date, the corresponding amount was SEK 9.7 million (7.9). US and UK were the only markets that delivered more than ten percent of the consolidated net sales.

SEKt	Oct - Dec 2022				Oct - Dec 2021			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	73 390	29 831	0	103 221	34 798	26 604	0	61 402
<i>of which CERAMENT BVF</i>	<i>56 694</i>	<i>3 517</i>	<i>0</i>	<i>60 210</i>	<i>33 952</i>	<i>3 554</i>	<i>0</i>	<i>37 506</i>
<i>of which CERAMENT drug eluting¹</i>	<i>14 510</i>	<i>26 314</i>	<i>0</i>	<i>40 824</i>	<i>0</i>	<i>23 050</i>	<i>0</i>	<i>23 050</i>
<i>of which other</i>	<i>2 186</i>	<i>0</i>	<i>0</i>	<i>2 186</i>	<i>846</i>	<i>0</i>	<i>0</i>	<i>846</i>
Cost of sales	-4 034	-4 800	20	-8 814	-2 062	-4 519	0	-6 581
Gross profit	69 356	25 031	20	94 407	32 736	22 085	0	54 821
Sales commissions and fees	-28 140	0	0	-28 140	-13 876	0	0	-13 876
Other operative costs	-23 888	-22 026	0	-45 914	-15 192	-17 131	0	-32 323
Contribution	17 328	3 005	20	20 353	3 668	4 954	0	8 622
Other operating items	0	0	-39 636	-39 636	0	0	-30 395	-30 395
Operating result	17 328	3 005	-39 616	-19 283	3 668	4 954	-30 395	-21 773
Net financial items	0	0	588	588	0	0	-279	-279
Result before income tax	17 328	3 005	-39 028	-18 695	3 668	4 954	-30 674	-22 052

SEKt	Jan - Dec 2022				Jan - Dec 2021			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	216 876	111 942	0	328 818	121 657	91 228	0	212 885
of which CERAMENT BVF	195 962	14 280	0	210 242	119 427	12 453	0	131 880
of which CERAMENT drug eluting ¹	14 510	97 662	0	112 172	0	78 775	0	78 775
of which other	6 404	0	0	6 404	2 229	0	0	2 229
Cost of sales	-12 873	-18 258	20	-31 111	-7 881	-15 300	0	-23 181
Gross profit	204 003	93 684	20	297 707	113 776	75 928	0	189 704
Sales commissions and fees	-80 375	0	0	-80 375	-45 100	0	0	-45 100
Other operative costs	-81 373	-70 614	0	-151 987	-65 963	-63 328	0	-129 291
Contribution	42 255	23 070	20	65 345	2 713	12 600	0	15 313
Other operating items	0	0	-129 880	-129 880	0	0	-95 982	-95 982
Operating result	42 255	23 070	-129 860	-64 535	2 713	12 600	-95 982	-80 669
Net financial items	0	0	-159	-159	0	0	-1 168	-1 168
Result before income tax	42 255	23 070	-130 019	-64 694	2 713	12 600	-97 150	-81 837

¹ CERAMENT drug eluting includes CERAMENT G and CERAMENT V.

NOTE 8

OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

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

Employee stock option programs

Of the two employee stock option programs, one 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 in the first program of SEK 0.125 per option, equivalent to SEK 0.625 per share, and in the second 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 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 period. Remaining 3.7 million (3.7) options were not allocated.

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 was fulfilled during the quarter. 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 for the issued shares 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

Employee stock option programs	No. of options¹	Equal to no. of shares	WAEP²
Balance January 1, 2022	1 333 416	266 685	9,40
Exercised	-511 958	-102 391	2,25
Terminated program	-401 250	-80 250	0,63
Balance December 31, 2022	420 208	84 044	26,50

Performance share programs	Right to no. of shares
Balance January 1, 2022	1 791 000
Distributed regarding completed program	-425 000
Cancelled during the year	-43 000
Balance December 31, 2022	1 323 000

1 Not allocated options in active programs amounted to 3,699,047 (3,699,047).

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 17,891 thousand (7,365). The social security contributions amounted to an expense of SEK 10,486 thousand, compared to a reduced expense of SEK 1,810 thousand previous year. Liability for social security contributions at the end of the period amounts to SEK 12,968 thousand (6,290).

NOTE 9
TAXES

The Group has tax losses carry-forwards based on historical losses amounting to SEK 1,119 million (1,081). 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 taxable losses 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.

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	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Net sales	103,2	61,4	328,8	212,9
Sales growth, %	68,1	15,5	54,5	17,7
Cost of sales	-8,8	-6,6	-31,1	-23,2
Gross profit	94,4	54,8	297,7	189,7
Gross margin, %	91,5	89,3	90,5	89,1
Directly attributable selling expenses	-72,2	-43,7	-224,5	-159,8
Selling expenses, not directly attributable	-2,7	-5,6	-13,9	-16,8
<i>Selling expenses including commissions and fees</i>	-74,9	-49,3	-238,4	-176,6
Directly attributable research & development expenses	-1,8	-2,5	-7,9	-14,6
Research & development expenses, not directly attributable	-13,0	-11,9	-45,2	-38,4
<i>Research & development expenses</i>	-14,8	-14,4	-53,1	-53,0
Contribution	20,4	8,6	65,3	15,3

SEKm	Dec 31	
	2022	2021
Non-current borrowings	12,4	16,2
Current borrowings	5,1	5,3
Interest bearing debt	17,5	21,4
Cash and cash equivalents	201,3	206,5
Net debt	-183,8	-185,0

SEKm	Oct - Dec		Jan - Dec	
	2022	2021	2022	2021
Operating result	-19 283	-21 773	-64 535	-80 669
Of which incentive costs	-9 186	-4 802	-28 377	-5 555
Operating result before effects from the Group's incentive programs	-10 097	-16 971	-36 158	-75 114

SEKm	Oct - Dec			Jan - Dec		
	CER	Net sales 2022 calculated with average rates for 2021	Net sales 2021	CER	Net sales 2022 calculated with average rates for 2021	Net sales 2021
NA	80%	62,6	34,8	52%	185,0	121,7
EUROW	9%	28,9	26,6	19%	108,2	91,2
Sum	49%	91,5	61,4	38%	293,2	212,9

DEFINITIONS

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 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.

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 2023, BONESUPPORT's products have been used in approximately 90,000 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

To become 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 2023 more than 90,000 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 YEAR END REPORT JANUARY – DECEMBER 2022

The Company invites investors, analysts and media to a web conference (in English) on February 16, 2023 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 available 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 February 16, 2023. For further details regarding participation, see the investor pages at 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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