



BONESUPPORT™

INTERIM REPORT APRIL – JUNE 2023

Q2 STRONG MOMENTUM FOR CERAMENT G IN THE US

APRIL - JUNE 2023

- Net sales increased by 88 percent (75 percent at constant exchange rates¹) and amounted to SEK 140.4 million (74.6).
- The North America (NA) segment reported a sales growth of 126 percent (107 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 28 percent (24 percent at constant exchange rates).
- The gross margin amounted to 91.3 percent (89.0).
- Operating result before effects from the Group's incentive programs¹ amounted to SEK +13.6 million (-9.1). Reported operating result amounted to SEK +6.0 million (-14.9).
- Earnings per share before dilution were SEK +0.08 (-0.25).
- Earnings per share after dilution were SEK +0.08 (-0.25).

EVENTS DURING THE PERIOD

- In May, a study was published of 53 patients, with an average follow-up time of 30 months, in which 100 percent of patients were able to avoid amputation when using CERAMENT G/V in the treatment of complex diabetic foot osteomyelitis cases.
- Strong long-term data with CERAMENT G for severe open fractures were presented in a study from Manchester University Hospital in May. The study was conducted with 81 patients with a mean follow-up time of 55.8 months.

JANUARY - JUNE 2023

- Net sales increased by 85 percent (72 percent at constant exchange rates) and amounted to SEK 260.1 million (141.0).
- The North America (NA) segment reported a sales growth of 118 percent (100 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 31 percent (27 percent at constant exchange rates).
- The gross margin amounted to 90.9 percent (89.7).
- Operating result before effects from the Group's incentive programs amounted to SEK +18.2 million (-21.6). Reported operating result amounted to SEK +6.7 million (-31.3).
- Earnings per share before dilution were SEK +0.09 (-0.51).
- Earnings per share after dilution were SEK +0.08 (-0.51).

EVENTS AFTER THE PERIOD

- Nothing to report.

KEY FIGURES	Apr - Jun		Jan - Jun		12 months	
	2023	2022	2023	2022	LTM	2022
Net sales, SEKm	140.4	74.6	260.1	141.0	448.0	328.8
Sales growth, % ¹	88.1	44.1	84.5	45.9	74.1	54.5
Gross profit, SEKm	128.2	66.4	236.5	126.5	407.8	297.7
Gross margin, % ¹	91.3	89.0	90.9	89.7	91.0	90.5
Operating result, SEKm	6.0	-14.9	6.7	-31.3	-26.5	-64.5
Result for the period, SEKm	5.2	-16.3	5.5	-32.7	-30.0	-68.2
Equity at period end, SEKm	282.3	240.3	282.3	240.3	282.3	268.9
Net debt, SEKm ¹	-134.6	-152.0	-134.6	-152.0	-134.6	-183.8
Operating cash flow, SEKm	-38.8	-23.5	-47.4	-31.5	-62.3	-47.0
Cash at period end, SEKm	149.8	171.8	149.8	171.8	149.8	201.3
Earnings per share before dilution, SEK	0.08	-0.25	0.09	-0.51	-0.46	-1.06
Earnings per share after dilution, SEK	0.08	-0.25	0.08	-0.51	-0.46	-1.06

1. Alternative performance measures, see definitions on page 23.



CEO COMMENTS

Strong quarter, with increased market penetration for CERAMENT G

CERAMENT G progressing strong in the US market

Sales of CERAMENT G in the US is very strong at the same time as we see a continued recovery of orthopedic procedures in all markets. The number of orthopedic surgeons using CERAMENT is steadily increasing, and we see a broader use by existing customers. Total sales in the quarter reached SEK 140 M (75), an increase of 88 percent compared to last year (75 percent at constant exchange rates).

We are very satisfied with the market penetration of CERAMENT G in the US. Sales in the quarter amounted to SEK 51 million, an increase with SEK 16 million compared to the previous quarter. The high number of hospital approvals, in Q4-22 and Q1-23, has resulted in an increasing use in a wide range of orthopedic procedures treating bone infection. Pilot use, which precedes approvals and continuous use, was high during the quarter. The focus is now on establishing CERAMENT, with training and clinical validation, within the hospital systems where approval had been given. As I've mentioned before, market penetration will occur in waves, as contracts, hospital approvals and regular use increase. During the quarter, we received a first CERAMENT G-order from OrthoPediatrics for CERAMENT G. They have since the beginning of last year successfully sold CERAMENT BVF in their customer segment.

The feedback from orthopedic surgeons and healthcare professionals continues to be positive. In patients, where follow up has taken place, treatment with CERAMENT G has generated results and benefits in line with what has been demonstrated previously in clinical studies. To systematically build a database of experiences from the use of CERAMENT G and consolidated patient data, BONESUPPORT will start a structured collection of data, a so-called registry study.

In EUROW, sales increased by 28 percent (24 percent at constant exchange rates) compared to the second quarter last year. The recovery in the number of orthopedic procedures continues to improve, but at a slow pace. CERAMENT G and V reported a growth of 32 percent, with increasing market share gains on both autograft and bone cement. The pandemic has had a major impact on

healthcare resources and for the third quarter we expect an accentuation of the normal seasonal variation, impacted by vacation times for an already strained healthcare workforce.

During the quarter, we launched the third generation of CERAMENT G in Europe. The product provides increased user-friendliness and a better workflow during surgery, which increases efficiency. The volume of packaging material is reduced by 35 percent, which is an important step towards achieving our sustainability goals. The product will be launched first in Europe and then in other markets over the coming months.

The work on the 510(k) application for extended indication (trauma/open fracture) is progressing, but due to staff shortages within the clinics where the studies were conducted, not all data has been received. We are working to access the outstanding data, after which it will be analyzed. We anticipate to submit the application to the FDA in the fourth quarter of 2023, instead of in the third quarter as previously communicated.

Positive data from two studies with CERAMENT G and CERAMENT G/V were published during the quarter. One showed outstanding long-term data (4.5 years) for CERAMENT G in one of the most challenging indication categories, open fractures. The second study showed very good results for diabetic patients with bone infection; by using CERAMENT G/V, amputation could be avoided in all patients included in the study.

Bone defects and bone infection in patients with diabetes are increasing rapidly. BONESUPPORT has recently decided to support two investigator-initiated clinical studies in this area, with results expected by the end of 2025.

We summarize another record quarter with accelerated sales growth supported by a high penetration rate for 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.

APRIL - JUNE

Sales

Sales for the period amounted to SEK 103.9 million (46.0), which corresponds to a growth of 126 percent (107 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 sales of CERAMENT G. Sales of CERAMENT G in the quarter amounted to SEK 51.2 million (0.0).

Contribution¹

The contribution from the segment was SEK 31.7 million (7.1). The increased sales led to an increase in gross profit of SEK 55.3 million compared to previous year. Sales and marketing expenses during the quarter amounted to SEK 65.4 million (34.8), of which sales commissions to distributors and fees amounted to SEK 36.7 million (16.7). The increase, excluding sales commissions and fees, was driven by positive currency effects of SEK 2.3 million and an increased activity level, including expenses for the earlier communicated US booster program and for the launch of CERAMENT G.

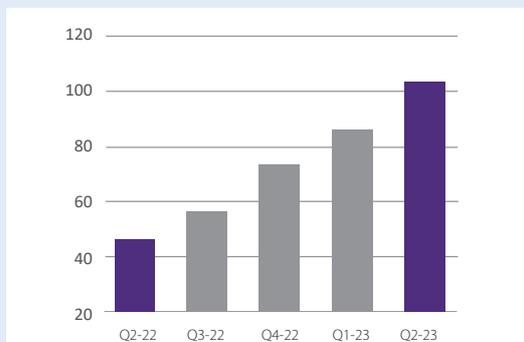
The contribution included SEK 1.8 million in one off expenses. The contribution was also influenced by R&D costs related to clinical studies amounting to SEK 1.1 million (1.1).

JANUARY - JUNE

Net sales for the period amounted to SEK 189.8 million (87.2), which corresponds to a growth of 118 percent (100 percent in constant exchange rate).

The contribution from the segment was SEK 56.6 million (13.7). The improved contribution is mainly due to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Net sales	103.9	46.0	189.8	87.2	216.9
Gross profit	98.2	42.9	179.8	81.5	204.0
Contribution	31.7	7.1	56.6	13.7	42.3

1. Alternative performance measures, see definitions on page 23.



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.

APRIL - JUNE

Sales

Sales for the period amounted to SEK 36.5 million (28.6), corresponding to a growth of 28 percent (24 percent in constant exchange rates). Although there has been a continued recovery in the number of orthopedic procedures during the period, they are still below the pre-pandemic levels.

Sales in key direct markets accounted for 82 percent (75) of the segment's sales during the quarter. Sales of the antibiotic-eluting products CERAMENT G and CERAMENT V corresponded to 89 percent (87).

Contribution¹

The contribution from the segment amounted to SEK 7.6 million (7.1). Selling and marketing expenses increased compared to the

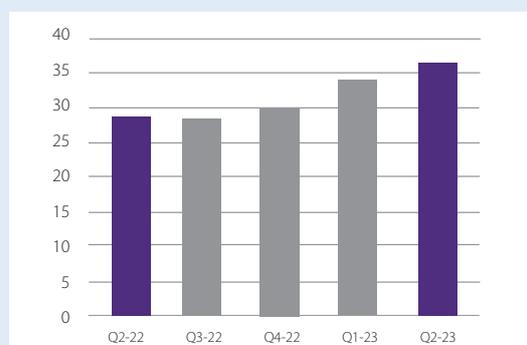
corresponding quarter last year and amounted to SEK 22.4 million (16.4). The increase is partly attributable to currency gains of SEK 1.0 million but also due to filled vacancies, and a generally higher level of activity. The contribution also included SEK 1.1 million in one off expenses.

JANUARY - JUNE

Net sales amounted to SEK 70.3 million (53.8), corresponding to a growth of 31 percent (27 percent in constant exchange rates).

The contribution amounted to SEK 15.0 million (12.7). The improved contribution is explained by the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Net sales	36.5	28.6	70.3	53.8	111.9
Gross profit	30.0	23.5	57.3	44.9	93.7
Contribution	7.6	7.1	15.0	12.7	23.1

1. Alternative performance measures, see definitions on page 23.



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 & Joint Journal presented outstanding results from a long-term study² of CERAMENT G. One hundred 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, CRIQAc
Expected completion	Mid 2024	Q4 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.

During the period, we also provided long-term data with CERAMENT G in severe open fractures in a study³ from Manchester University Hospital. The study was conducted in 81 patients who were managed in a one-step procedure with CERAMENT G. Patients were admitted to the hospital with significant tissue loss and exposed bone tissue. After an average follow-up of 55.8 months, after surgery, it was found that 96.3 percent of patients avoided amputation, 96 percent achieved bone healing within 12 months and 96.3 percent avoided deep infection.

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

For several years, diabetes has been one of the fastest growing public diseases and more than every eleventh adult in the world has diabetes. The annual incidence of infected foot ulcers is 3.2 percent among diabetics. A condition that many times leads to severe complications. A clinical study published by Vasukutty et. al. means a powerful validation of our groundbreaking technology for the management of diabetic bone infection, a particularly challenging category of patients. The study, recently published in *The Diabetic Foot Journal*⁴, shows that the use of CERAMENT G, along with a surgical debridement, resulted in avoidance of amputation in 94 percent of cases. In a recently published study in the *Lancet*, it is estimated that 1.3 billion people will have diabetes by 2050. With strong treatment results, BONESUPPORT has decided to support two recently started physician-initiated studies, one in the Netherlands and one in Spain, with the aim of further validating the benefits of CERAMENT G in various surgical techniques, for the treatment of diabetes-related bone infection.

RESULTS FROM CERTIFY DRIVE CHANGED STANDARD OF CARE

CERTiFy⁵ 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 addi-

tion, 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 in spring time 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 CRIOAc⁶ Network has initiated CONVICTION, a randomized controlled trial to evaluate the efficacy of CERAMENT G in the treatment of osteomyelitis. The French Ministry of Health has decided to fund the study. A research grant from BONESUPPORT to partially finance the products used in the study, has been awarded.

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

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

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

3. Henry et. al., 'Long-Term Follow-Up of Open Gustilo-Anderson IIIB Fractures Treated With an Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite', *Cureus* 15(5): e39103

4. 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.

5. 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.

6. 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 recently carried out is a cost-benefit analysis of what a change of treatment regime to a one-step procedure with CERAMENT G could mean for the US healthcare system. The modelling, which is based on available clinical data as well as cost data from CMS, Centers for Medicare & Medicaid Services, was done in collaboration with national expertise in health economics and clinical orthopedics. The results were presented at the end of 2022, partly at the leading health economic conference ISPOR and partly at the SOMOS conference aimed at orthopedic surgeons. The analysis shows that a one-step procedure with CERAMENT G is a cost-effective strategy for treating bone infection compared to current US healthcare standards. When using CERAMENT G, instead of PMMA beads with antibiotics, the cost reduction is estimated on average to be about SEK 300 thousand (USD 27,943) per patient, over a period of two years, due to fewer surgeries and fewer surgical complications during and after procedures¹. The analysis also shows improved quality of life for patients. It will be an important tool for communicating the value of CERAMENT G to, among others, private insurance companies.

1. Carter, M., et al. "EE240 Does Single Stage Surgery of Long Bone Infection Using Gentamicin-Eluting Bone-Graft Substitutes Result in Decreased Cost and Improved Quality of Life Compared to Traditional Approaches?." Value in Health 25.12 (2022): S100.

CERAMENT G OR CERAMENT V LEADS TO REDUCED DAYS OF CARE IN PATIENTS WITH BONE INFECTIONS²

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*² 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 percent² 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.³ 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.⁴ 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.

2. 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.
3. Hoekstra et. al. Economics of open tibial fractures: the pivotal role of length-of-stay and infection. *Health Econ Rev* 2017; 7:32.
4. 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

APRIL – JUNE 2023

Net sales

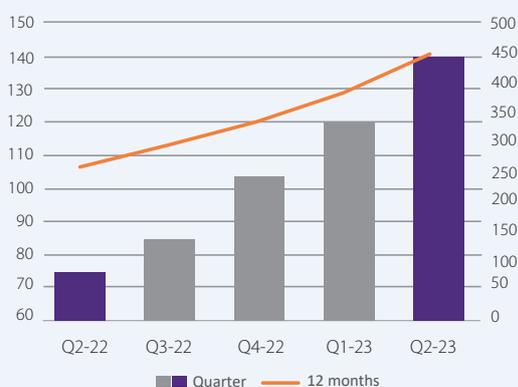
Net sales amounted to SEK 140.4 million (74.6), an increase of 88 percent compared to the previous year (75 percent at constant exchange rates).

In the North America segment, net sales amounted to SEK 103.9 million (46.0), which corresponds to growth of 126 percent (107 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 sales of CERAMENT G. Sales of CERAMENT G in the quarter amounted to SEK 51.2 million (0.0).

Net sales for the EUROW segment amounted to SEK 36.5 million (28.6), which corresponds to an increase of 28 percent (24 percent at constant exchange rates). Although there has been a continued recovery in the number of orthopedic procedures during the period, they are still below the pre-pandemic levels.

The currency translation effect in the period amounted to SEK +0.7 million (+1,1).

Net sales per quarter, SEKm



Cost of sales

Cost of sales amounted to SEK 12.1 million (8.2), giving a gross margin of 91.3 percent (89.0).

Selling expenses

Selling expenses, including sales commissions and fees, amounted to SEK 92.2 million (42.4), an increase of 70 percent. This is explained in the table below:

	Apr - Jun 2023	Apr - Jun 2023 (CER)	Apr - Jun 2022
SEKm			
Sales commissions and fees	37.2	33.9	16.8
Personnel expenses	38.4	36.0	25.5
Other selling expenses	16.6	15.6	11.9
Total selling expenses	92.2	85.5	54.2

The period's other selling expenses included SEK 2.9 million in one off expenses.

As a result of the growth in sales, the NA segment reported a cost increase to SEK 65.4 million (34.7), of which sales commissions and fees increased from SEK 16.7 million to SEK 36.7 million. In EUROW, expenses amounted to SEK 22.4 million (16.4). Non-allocated costs increased to SEK 4.5 million (3.7).

Research and development expenses

Research and development expenses amounted to SEK 14.6 million (13.6). Personnel costs amounted to SEK 8.3 million (7.4). Other expenses totaled SEK 6.3 million (6.2).

The NA segment reported research and development expenses amounting to SEK 1.1 million (1.1).

Administrative expenses

Administrative expenses amounted to SEK 19.8 million (16.7).

Administrative expenses before effects from the Group's incentive programs amounted to SEK 12.2 million (11.0), of which personnel costs amounted to SEK 6.4 million (4.9).

Effects regarding incentive programs amounted to an expense of SEK 7.7 million (5.8). Of the total cost, SEK 0.2 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, mainly in USD.

Operating result

Operating result amounted to SEK +5.9 million (-14.9), including effects from the Group's incentive programs. Operating result before effects from the Group's incentive programs amounted to SEK +13.6 million (-9.1), an underlying improvement of SEK 21.0 million.

Result for the period

For the reasons described above, the result for the quarter amounted to SEK +5.2 million (-16.3). This corresponds to earnings per share before dilution of SEK +0.08 (-0.25) and after dilution of SEK +0.08 (-0.25).

JANUARY – JUNE 2023

Net sales

Net sales amounted to SEK 260.1 million (141.0), an increase of 85 percent (72 percent at constant exchange rates). The NA segment increased by 118 percent to SEK 189.8 million (87.2) and the EUROW segment increased by 31 percent to SEK 70.3 million (53.8).

Operating result

Operating result amounted to SEK +6.7 million (-31.3). The sales increase contributed to improved gross profit at the same time as operating expenses increased compared with previous year, as a result of high activity level and the launch of CERAMENT G in the US. The operating result also included costs for incentive programs amounting to SEK 11.5 million, compared to SEK 9.7 million previous year. The underlying improvement in result before costs for incentive programs amounted to SEK 38.1 million.

Result for the period

For the reasons described above, the result for the period amounted to SEK +5.5 million (-32.7). This corresponds to earnings per share before dilution of SEK +0.09 (-0.51) and after dilution of SEK +0.08 (-0.51).

FINANCIAL POSITION AND CASH FLOW

SEKm

	Jun 30		Dec 31
Financial position	2023	2022	2022
Cash and cash equivalents	149.8	171.8	201.3
Interest bearing debt ¹	15.2	19.9	17.5
Net debt ¹	-134.6	-152.0	-183.8
Equity	282.3	240.3	268.9

SEKm

	Apr - Jun		Jan - Jun		Full year
Cash flow	2023	2022	2023	2022	2022
Operating activities	-38.8	-23.5	-47.4	-31.5	-47.0
Investing activities	-1.0	-0.6	-1.5	-1.2	-3.3
Financing activities	-1.6	-1.5	-3.3	-3.7	42.8
Total	-41.4	-25.6	-52.2	-36.4	-7.5

Cash and cash equivalents at the end of the period amounted to SEK 149.8 million (171.8), a decrease of SEK 51.5 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -47.4 million (-31.5). The cash flow was affected during the year by the strong growth which has led to an increase in trade receivables.

This also explains the change in net debt since the beginning of the year.

1. Alternative performance measures, see definitions on page 23.

OTHER DISCLOSURES

PARENT COMPANY

The Parent Company, BONESUPPORT HOLDING AB (publ), is a holding company. The Parent Company generated SEK 14.3 million (11.5) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK -5.9 million (-3.2).

EMPLOYEES

On average, the Group had 104 (87) employees (full-time equivalent) during the quarter, of whom 24 (24) 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, for more information about this 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 June 30, 2023, the total number of ordinary shares amounted to 65,055,575, distributed among 8,058 shareholders. The major shareholders are shown in the table on this page. No changes have been made to the number of shares during the quarter.

As of June 30, 2023, the total number of C-shares amounted to 1,142,060. No changes have been made during the quarter. BONESUPPORT HOLDING AB holds all C-shares.

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

Shareholders June 30, 2023

<i>Name</i>	<i>% of shares</i>	<i>% of votes</i>
HealthCap V LP	10.0%	10.1%
Swedbank Robur Fonder	9.1%	9.3%
Avanza Pension	6.9%	7.0%
Capital Group	5.3%	5.4%
Fjärde AP-Fonden	4.5%	4.6%
Tredje AP-Fonden	3.8%	3.8%
Lancelot Asset Management AB	2.9%	2.9%
Other shareholders	57.5%	47.0%

FINANCIAL CALENDAR

- October 26, 2023 Interim report Q3 2023

NOMINATION COMMITTEE

The nomination committee is elected based on the principles decided at the AGM May 17, 2023. 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 2024 in Lund, Sweden. The members of the committee are:

- Staffan Lindstrand, Chair 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 BOARD OF DIRECTORS AND THE CEO

The Board of Directors and 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 not been reviewed by the Company's auditors.

Lund July 13, 2023

Lennart Johansson
Chair of the Board

Håkan Björklund
Board member

Mary I O'Connor
Board member

Christine Rankin
Board member

Björn Odlander
Board member

Emil Billbäck
CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Apr - Jun		Jan - Jun		Full year
		2023	2022	2023	2022	2022
Net sales	7	140,388	74,632	260,130	140,974	328,818
Cost of sales	7	-12,185	-8,195	-23,591	-14,500	-31,111
Gross profit	7	128,203	66,437	236,539	126,474	297,707
Selling expenses		-55,033	-37,370	-104,063	-72,559	-158,073
Sales commissions and fees	7	-37,183	-16,800	-67,079	-31,132	-80,375
Research and development expenses		-14,613	-13,586	-27,068	-25,721	-53,088
Administrative expenses	3, 8	-19,849	-16,716	-35,385	-31,256	-73,305
Other operating income		17,263	11,859	20,337	18,858	43,206
Other operating expenses		-12,836	-8,679	-16,561	-15,975	-40,607
Operating result	7	5,952	-14,855	6,720	-31,311	-64,535
Net financial items	7	-180	-68	-355	-285	-159
Result before income tax	7	5,772	-14,923	6,365	-31,596	-64,694
Income tax	9	-564	-1,380	-849	-1,080	-3,473
Result for the period		5,208	-16,303	5,516	-32,676	-68,167
Earnings per share before dilution, SEK		0.08	-0.25	0.09	-0.51	-1.07
Earnings per share after dilution, SEK		0.08	-0.25	0.08	-0.51	-1.07
Average number of shares, thousands		65,056	64,507	64,881	64,393	63,999
Average number of shares after dilution, thousands		65,880	-	65,705	-	-

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

Number of shares after dilution not calculated for the periods with a negative result, as the dilution does not affect earnings per share.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Result for the period	5,208	-16,303	5,516	-32,676	-68,167
<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	2,148	1,116	2,265	1,118	1,831
Total comprehensive income for the period	7,356	-15,187	7,781	-31,558	-66,336

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

CONDENSED CONSOLIDATED BALANCE SHEET

SEkt	Note	Jun 30		Dec 31
		2023	2022	2022
ASSETS				
Non-current assets				
Intangible assets		8,623	8,406	8,384
Tangible assets and right-of-use assets		22,222	25,629	24,625
Financial assets		1	0	1
Total non-current assets		30,846	34,035	33,010
Current assets				
Inventories		62,425	53,006	56,310
Trade receivables	6	113,669	46,435	62,624
Other current assets	6	19,486	11,759	18,593
Cash and cash equivalents	6	149,756	171,828	201,281
Total current assets		345,336	283,028	338,808
TOTAL ASSETS		376,182	317,063	371,818
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent	4	282,335	240,316	268,928
Non-current liabilities				
Leasing debt	6	9,290	14,721	12,350
Provisions		344	363	344
Total non-current liabilities		9,634	15,084	12,694
Current liabilities				
Leasing debt	6	5,904	5,131	5,101
Trade payables	6	12,562	13,729	23,571
Other operating liabilities	6	65,747	42,803	61,524
Total current liabilities		84,213	61,663	90,196
TOTAL EQUITY AND LIABILITIES		376,182	317,063	371,818

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Paid but not registered share issue	Other paid in capital	Translation reserve	Fund for development expenses	Balanced result including result for the period	Total equity
As at January 1, 2022	40,909	0	1,563,670	129	5,490	-1,344,494	265,704
Loss January - June 2022				1,118		-32,676	-31,558
Change in fund for development expenses					317	-317	0
New share issue, employee stock options	40	13					53
Share-based payment transactions						6,117	6,117
As at June 30, 2022	40,949	13	1,563,670	1,247	5,807	-1,371,370	240,316
Loss July - December 2022				713		-35,491	-34,778
Share swap ¹						51,039	51,039
Change in fund for development expenses					228	-228	0
New share issue, employee stock options	410	1	166				577
Share-based payment transactions						11,774	11,774
As at January 1, 2023	41,359	14	1,563,836	1,960	6,035	-1,344,276	268,928
Result January - June 2023				2,265		5,516	7,781
Change in fund for development expenses					486	-486	0
New share issue, employee stock options	15	-14	26				27
Transaction costs, share issue						-58	-58
Share-based payment transactions						5,657	5,657
As at June 30, 2023	41,374	0	1,563,862	4,225	6,521	-1,333,647	282,335

¹ During 2021, BONESUPPORT entered into a share swap agreement to secure the commitments in the Group's performance share program LTI 2021. A total of 786,000 shares were hedged 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 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. 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 for 2022 was thereby affected positively with SEK 50,684 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Operating result	5,952	-14,855	6,720	-31,311	-64,535
Non-cash adjustments:					
-Share-based payments	2,733	2,943	5,657	6,117	17,891
-Depreciation regarding right of use assets	1,877	1,870	3,580	3,429	7,109
-Unrealized exchange rate differences	-5,768	-7,258	-4,766	-10,004	-14,474
-Other	-375	1,588	1,387	2,410	4,459
Interests received	28	0	44	0	811
Interests paid	-205	-67	-398	-284	-716
Income tax paid	-347	-1,226	-445	-1,227	-2,686
Net cash flows from operating activities before changes in working capital	3,895	-17,005	11,779	-30,870	-52,141
Changes in working capital	-42,706	-6,532	-59,216	-643	5,156
Net cash flows from operating activities	-38,811	-23,537	-47,437	-31,513	-46,985
Investments in intangible assets	-567	-378	-924	-687	-1,321
Investments in equipment and tools	-458	-179	-537	-504	-1,958
Net cash flows from investing activities	-1,025	-557	-1,461	-1,191	-3,279
Share swap ¹	0	0	0	0	50,684
New share issue, employee stock options	-13	23	27	53	230
Transaction costs, share issue	0	0	-58	0	0
Repayments of leasing debt	-1,537	-1,552	-3,317	-3,797	-8,132
Net cash flows from financing activities	-1,550	-1,529	-3,348	-3,744	42,782
Net cash flows	-41,386	-25,623	-52,246	-36,448	-7,482
Cash and cash equivalents as at beginning of period	190,399	195,610	201,281	206,464	206,464
Net exchange difference	743	1,841	721	1,812	2,299
Cash and cash equivalents as at end of period	149,756	171,828	149,756	171,828	201,281

1 During 2021, BONESUPPORT entered into a share swap agreement to secure the commitments in the Group's performance share program LTI 2021. A total of 786,000 shares were hedged 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 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. 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 for 2022 was thereby affected positively with SEK 50,684 thousand.

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	140,388	119,742	103,221	84,623	74,632	66,342	61,402	54,877
<i>North America</i>	103,863	85,947	73,390	56,286	46,012	41,188	34,798	32,670
<i>EUROW</i>	36,525	33,795	29,831	28,337	28,620	25,154	26,604	22,207
Cost of sales	-12,185	-11,406	-8,814	-7,797	-8,195	-6,305	-6,582	-6,051
Gross profit	128,203	108,336	94,407	76,826	66,437	60,037	54,820	48,826
Gross margin, %	91.3%	90.5%	91.5%	90.8%	89.0%	90.5%	89.3%	89.0%
Selling expenses	-55,033	-49,030	-46,762	-38,751	-37,370	-35,189	-35,389	-33,112
Sales commissions and fees	-37,183	-29,896	-28,140	-21,103	-16,800	-14,332	-13,890	-11,790
Research and development expenses	-14,613	-12,455	-14,810	-12,557	-13,586	-12,135	-14,395	-11,326
Administrative expenses	-19,849	-15,536	-21,251	-20,798	-16,716	-14,540	-14,827	-5,401
Other operating income	17,263	3,074	4,445	19,903	11,859	6,999	5,175	1,447
Other operating expenses	-12,836	-3,725	-7,172	-17,460	-8,679	-7,296	-3,267	-1,925
Operating result	5,952	768	-19,283	-13,941	-14,855	-16,456	-21,773	-13,280
Net financial items	-180	-175	588	-462	-68	-217	-279	-519
Result before income tax	5,772	593	-18,695	-14,403	-14,923	-16,673	-22,052	-13,799
Income tax	-564	-285	-1,841	-552	-1,380	300	-2,151	-269
Result for the period	5,208	308	-20,536	-14,955	-16,303	-16,373	-24,203	-14,068

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

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Net sales	14,305	11,473	28,609	22,946	47,783
Administrative expenses	-20,170	-15,087	-37,594	-29,848	-61,831
Other operating income	68	-43	135	24	119
Other operating expenses	-2,368	-1,200	-3,184	-1,456	-2,791
Operating loss	-8,165	-4,857	-12,034	-8,334	-16,720
Net financial items	2,221	1,695	4,002	3,175	-4,756
Result after financial items	-5,944	-3,162	-8,032	-5,159	-21,476
Income tax	0	0	0	0	0
Result for the period	-5,944	-3,162	-8,032	-5,159	-21,476

Parent Company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Jun 30		Dec 31
		2023	2022	2022
ASSETS				
Non-current assets				
Non-current financial assets	6	1,232,169	1,177,860	1,160,841
Total non-current assets		1,232,169	1,177,860	1,160,841
Current assets				
Other receivables		0	0	75
Prepaid expenses	6	1,418	1,535	1,066
Cash	6	67,113	131,824	143,402
Total current assets		68,531	133,359	144,543
TOTAL ASSETS		1,300,700	1,311,219	1,305,384
EQUITY AND LIABILITIES				
Equity				
Restricted equity	4	41,374	40,949	41,359
Unrestricted equity		1,197,540	1,222,246	1,205,723
Total equity		1,238,914	1,263,195	1,247,082
Non-current liabilities		51,723	39,673	43,882
Current liabilities	6	10,063	8,351	14,420
TOTAL EQUITY AND LIABILITIES		1,300,700	1,311,219	1,305,384

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 2022 have also been applied in this interim report. New or amended standards or interpretations of standards effective as of January 1, 2023 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 2022.

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.

SEK		Apr - Jun		Jan - Jun		Full year
Related party	Service	2023	2022	2023	2022	2022
Mary I O'Connor (Board member)	Consultancy	278	90	553	90	624
Mary I O'Connor (Board member)	Reimbursement of expenses	26	0	26	0	57

NOTE 4

NUMBER OF SHARES AND POTENTIAL SHARES

Ordinary shares	Number of shares	Potential shares
December 31, 2022	64,532,197	106,044
Exercised employee stock options	23,000	-23,000
Conversion of class C-shares to ordinary shares	500,378	0
June 30, 2023	65,055,575	83,044
Series C-shares		
December 31, 2022	1,642,438	0
Conversion of class C-shares to ordinary shares	-500,378	0
June 30, 2023	1,142,060	0

NOTE 5

PLEGDED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 607 thousand (520) for rented premises. The Parent Company, BONESUPPORT HOLDING AB, guarantees a corresponding amount. During 2022, the Parent Company also provided a general guarantee of USD 500 thousand (0), corresponding to SEK 5,423 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 3.1 million (2.5) in the quarter. For the year to date, the corresponding amount was SEK 6.1 million (4.7). US and UK were the only markets that delivered more than ten percent of the consolidated net sales.

SEKt	Apr - Jun 2023				Apr - Jun 2022			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	103,863	36,525	0	140,388	46,012	28,620	0	74,632
<i>of which CERAMENT BVF</i>	50,727	3,897	0	54,624	44,442	3,836	0	48,278
<i>of which CERAMENT drug eluting¹</i>	51,166	32,628	0	83,794	0	24,784	0	24,784
<i>of which other</i>	1,969	0	0	1,969	1,570	0	0	1,570
Cost of sales	-5,681	-6,504	0	-12,185	-3,066	-5,129	0	-8,195
Gross profit	98,182	30,021	0	128,203	42,946	23,491	0	66,437
Sales commissions and fees	-36,747	-436	0	-37,183	-16,727	-73	0	-16,800
Other operative costs	-29,750	-21,958	0	-51,708	-19,107	-16,311	0	-35,418
Contribution	31,685	7,627	0	39,312	7,112	7,107	0	14,219
Other operating items	0	0	-33,360	-33,360	0	0	-29,074	-29,074
Operating result	31,685	7,627	-33,360	5,952	7,112	7,107	-29,074	-14,855
Net financial items	0	0	-180	-180	0	0	-68	-68
Result before income tax	31,685	7,627	-33,540	5,772	7,112	7,107	-29,142	-14,923

SEKt	Jan - Jun 2023				Jan - Jun 2022			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	189,810	70,320	0	260,130	87,200	53,774	0	140,974
<i>of which CERAMENT BVF</i>	99,791	7,966	0	107,757	84,439	7,437	0	91,876
<i>of which CERAMENT drug eluting¹</i>	85,957	62,354	0	148,311	0	46,336	0	46,336
<i>of which other</i>	4,062	0	0	4,062	2,761	0	0	2,761
Cost of sales	-10,052	-12,977	-562	-23,591	-5,667	-8,833	0	-14,500
Gross profit	179,758	57,343	-562	236,539	81,533	44,941	0	126,474
Sales commissions and fees	-66,293	-786	0	-67,079	-31,025	-107	0	-27,098
Other operative costs	-56,858	-41,591	0	-98,449	-36,809	-32,109	0	-72,952
Contribution	56,607	14,966	-562	71,011	13,699	12,725	0	26,424
Other operating items	0	0	-64,291	-64,291	0	0	-57,735	-57,735
Operating result	56,607	14,966	-64,853	6,720	13,699	12,725	-57,735	-31,311
Net financial items	0	0	-355	-355	0	0	-285	-285
Result before income tax	56,607	14,966	-65,208	6,365	13,699	12,725	-58,020	-31,596

1. CERAMENT drug eluting includes CERAMENT G and CERAMENT V. CERAMENT G was launched in segment NA during Q4 2022.

NOTE 8

OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

At the period end, there are two employee stock option programs and three 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 two programs for employees and one program for one Board member.

The programs run as follows with the below end dates:

- The program for employees decided at the Annual General Meeting in 2020 runs until December 31, 2023;
- The program for employees decided at the Annual General Meeting in 2021 runs until December 31, 2023; 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 the program for employees decided at the Annual General Meeting in 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 2022. The mandate to issue C-shares enabled the close of the share swap that was entered into during 2021.

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 2022.

NOTE 8 CONT'D

Employee stock option programs	No. of options¹	Equal to no. of shares	WAEP²
Balance January 1, 2023	420,208	84,044	26.50
Exercised	-5,000	-1,000	26.50
Balance June 30, 2023	415,208	83,044	26.50

Performance share programs	Right to no. of shares
Balance January 1, 2023	1,323,000
Distributed regarding completed program	-500,378
Cancelled during the year	-130,622
Balance June 30, 2023	692,000

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 performance share programs, excluding social security contributions, have been recognized as operating expenses amounting to SEK 5,657 thousand (6,117). The social security contributions amounted to an expense of SEK 5,847 thousand (3,568). Liability for social security contributions at the end of the period amounts to SEK 9,307 thousand (6,550).

NOTE 9 TAXES

The Group has tax losses carry-forwards based on historical losses amounting to SEK 1,062 million (1,108). The Company makes ongoing assumptions about its 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.

ALTERNATIVE PERFORMANCE MEASURES AND FINANCIAL DEFINITIONS

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 2023-2025 is to grow sales with 40 percent per year, measured as an average and normalized sales growth CAGR.

Net sales growth in constant exchange rates (CER)

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 expenses and profit margin.

Gross margin

Net sales minus cost of sales, divided by net sales. Shows the gross profit in relation to net sales and the margin 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

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	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
Net sales	140.4	74.6	260.1	141.0	328.8
Sales growth, %	88.1	44.1	84.5	45.9	54.5
Cost of sales	-12.2	-8.2	-23.6	-14.5	-31.1
Gross profit	128.2	66.4	236.5	126.5	297.7
Gross margin, %	91.3	89.0	90.9	89.7	90.5
Directly attributable selling expenses	-87.8	-51.2	-163.4	-97.1	-159.8
Selling expenses, not directly attributable	-4.4	-3.0	-7.7	-6.6	-18.1
<i>Selling expenses including commissions and fees</i>	-92.2	-54.2	-171.1	-103.7	-238.4
Directly attributable research and development expenses	-1.1	-1.1	-2.1	-3.0	-14.6
Research and development expenses, not directly attributable	-13.5	-12.5	-24.9	-22.7	-38.4
<i>Research and development expenses</i>	-14.6	-13.6	-27.1	-25.7	-53.1
Contribution	39.3	14.2	71.0	26.4	123.3

Interest bearing debt and net debt	Jun 30		Dec 31
	2023	2022	2022
SEKm			
Non-current borrowings	9.3	14.7	12.4
Current borrowings	5.9	5.1	5.1
Interest bearing debt	15.2	19.9	17.5
Cash and cash equivalents	149.8	171.8	201.3
Net debt	-134.6	-152.0	-183.8

Operating result before effects from the Group's incentive programs	Apr - Jun		Jan - Jun		Full year
	2023	2022	2023	2022	2022
SEKm					
Operating result	6.0	-14.9	6.7	-31.3	-64.5
Of which incentive costs	-7.7	-5.8	-11.5	-9.7	-28.4
Operating result before effects from the Group's incentive programs	13.6	-9.1	18.2	-21.6	-36.2

Net sales growth in constant exchange rates	Apr - Jun			Jan - Jun		
	Net sales growth	Net sales 2023 calculated with CER	Net sales 2022	Net sales growth	Net sales 2023 calculated with CER	Net sales 2022
SEKm						
NA	107%	95.3	46.0	100%	174.0	87.2
EUROW	24%	35.4	28.6	27%	68.3	53.8
Total	75%	130.7	74.6	72%	242.3	141.0

GLOSSARY

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

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

Bisphosphonate. A group of medicines that inhibit bone breakdown.

BMA. Bone Marrow Aspirate.

BMP. Bone Morphogenic Protein.

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

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

CERAMENT BVF. CERAMENT BONE VOID FILLER.

CERAMENT G. CERAMENT with gentamicin.

CERAMENT V. CERAMENT with vancomycin.

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

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

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

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

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

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

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

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

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

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

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

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

LTM. Latest twelve months.

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

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

Osteomyelitis. A bacterial infection affecting bones.

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

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

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

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

Toxicity. The degree to which 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 June 2023, BONESUPPORT's products have been used in approximately 100,000 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.

BONESUPPORT's objective during 2023-2025 is to grow sales with 40 percent per year.



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 June 2023 more than 100,000 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 APRIL – JUNE 2023

The Company invites investors, analysts and media to a web conference (in English) on July 13, 2023 at 10.00 CEST, 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 CEST on the same day and the presentation from the webcast will be uploaded during the day on July 13, 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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