



BONESUPPORT Q1 (2022) Report

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BONESUPPORT – First quarter report 2022

The background of the slide features a collection of medical supplies, including several clear plastic syringes with blue plunger caps and two small glass vials with white caps. The items are arranged on a light-colored surface, with some overlapping. The overall aesthetic is clean and clinical.

Q1 2022:

- Net sales SEK 66.3 m, growth: 48% versus Q1 2021, +36% in constant exchange rates
- EBIT: SEK -16.5 m (SEK -19.7 m): a SEK 7.3 m profit improvement before incentive provisions

- Gradual ramp up of surgeries, in certain regions, restricted by shortage of healthcare staff, as the healthcare systems are recovering from the Omicron surge Dec 2021 – Jan 2022
- OrthoPediatrics has started selling CERAMENT BVF towards its network of 250 children's hospitals and placed the first order with BONESUPPORT.

COVID-19 impact on market dynamics – Last (hopefully) briefing

- Peak disruption over Christmas holiday, reaching into end of January, from Omicron surge.
- Number of procedures increasing with 2-3% (U.S. and EUROPE) versus Q1 2021.
- Sales of CERAMENT increased gradually over the quarter as rate of infection and restrictions were reduced

United Kingdom, Elective care, National Health System (NHS) Million people in queue

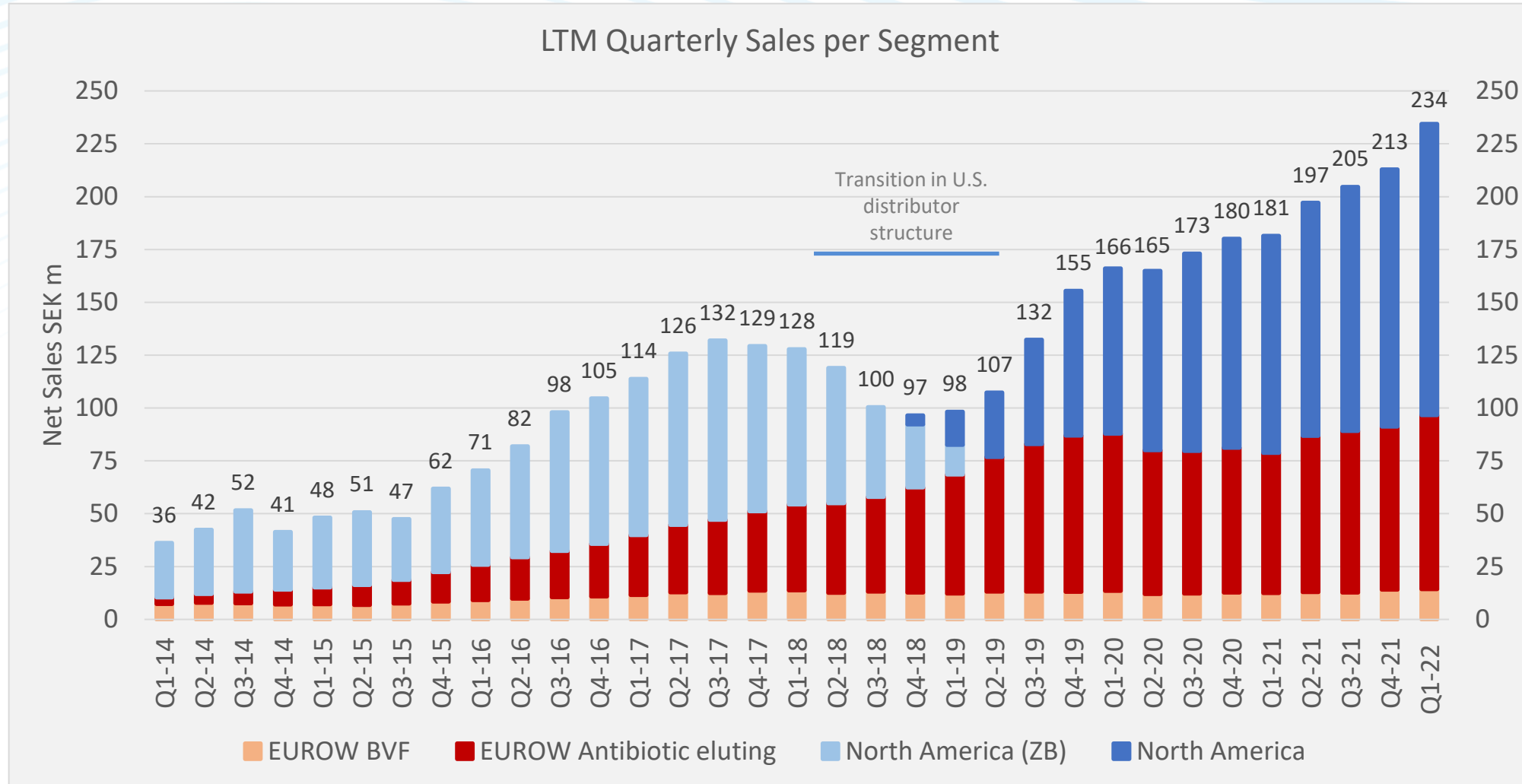
Nov 2020	Jan 2021	Mar 2021	May 2021	July 2021	Sep 2021	Nov 2021	Jan 2022
4.5	4.6	5.0	5.3	5.6	5.8	6.0	6.1

Situational adaptation and extra funding have reduced backlog filling rate

Ref: NHS statistics. Every second month displayed since Nov-20

Headwind turning gradually to tailwind, as gigantic backlog is to be reduced over the coming years with anticipated actions and funding being implemented.

New all-time-high, despite strong Omicron impact throughout January 2022



North America:

Very strong sales growth in Q1, advancing market positions

Q1 2022

- Sales of SEK 41.2 million, reported growth of **64%** over Q1 2021, **+47%** in constant exchange rate
- Sales in Q1 represented a sequential growth of **18%** over Q4 2021
- Negative market sentiment in January (Omicron). Strong recovery in February and March
- OrthoPediatrics started selling and placed first order (2.6 MSEK)

CERAMENT G registration in the U.S.

- **September 2021:** Submission of supplementary data. Treatment group contains 163 patients, Control group data contains more than 200 patients
- **September – December 2021:** “Interactive review” with FDA
- **December 2021 –** : Final report pending

EUROW

Strong sales recovery, except in Germany, where restrictions have remained in place for full quarter

Q1 2022

- Sales of SEK 25.2 million, a growth of 28% vs Q1 2021, +22% in constant exchange rates
- Regionally high levels of COVID hospitalized patients
- Restrictions in Germany only materially reduced at end of quarter
- National mitigation plans and additional funding visible on U.K. performance

Highlights

- No significant cost of goods increases or shortage of material have impacted the business
- Price increase of just above 5%, implemented during March in direct markets

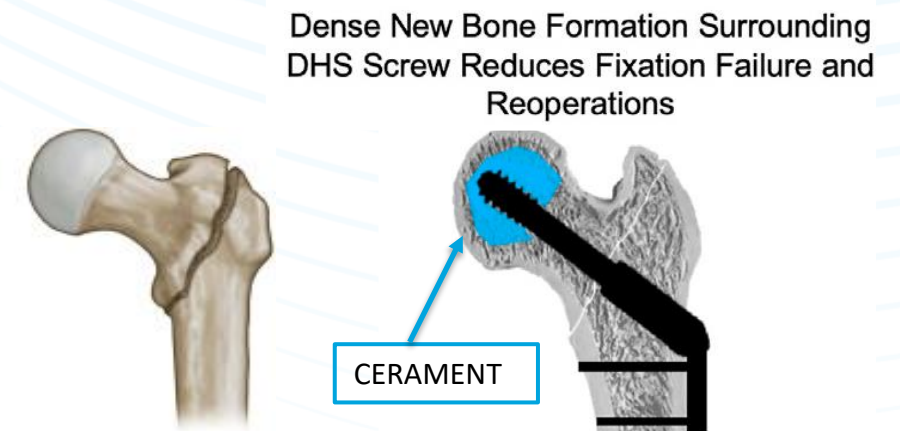
Other notable events (1/2)

- **Conversion of Switzerland to distributor service model:**
 - CERAMENT is well established in university clinics. Need stronger regional sales presence to expand sales to mid-size and smaller hospitals.
 - Switzerland represents 3.5% of EUROW sales
- **Advancing the build up of research data, patent management, clinical data and documentation for the pipeline project of CERAMENT for the indication of Osteoporosis:**

Biomechanical study publication showing an immediate increase of anchor strength of 400 percent when using CERAMENT to augment screw fixation in osteoporotic bone models

Raina DB, et al, 2022 New Augmentation Method for Improved Screw Fixation in Fragile Bone. Front. Bioeng. Biotechnol. 10:816250. doi: 10.3389/fbioe.2022.816250

- 200 million people are suffering from osteoporosis. Expected to double until 2050.
- App 2.5 million proximal femur fracture per year. 50% of these (1.25 million) are due to osteoporosis.
- Proximal Femur fracture is commonly referred to as “broken hip”
- Treatment includes a nail through femur with a screw fixation the femoral head. Challenge is to get the screw to anchor in the porous bone



Other notable events (2/2)

- Centers for Medicare and Medicaid Services (CMS) has ruled (April 18th 2022) **to increase NTAP (new technology add-on payment) for CERAMENT G to 4 920 USD¹ (3 913 USD)** on basis of updated documentation submitted in October 2021

CMS recognizes the status of CERAMENT G as a breakthrough device and awarded the NTAP as an increment to the DRG (Diagnostic Related Group) when used

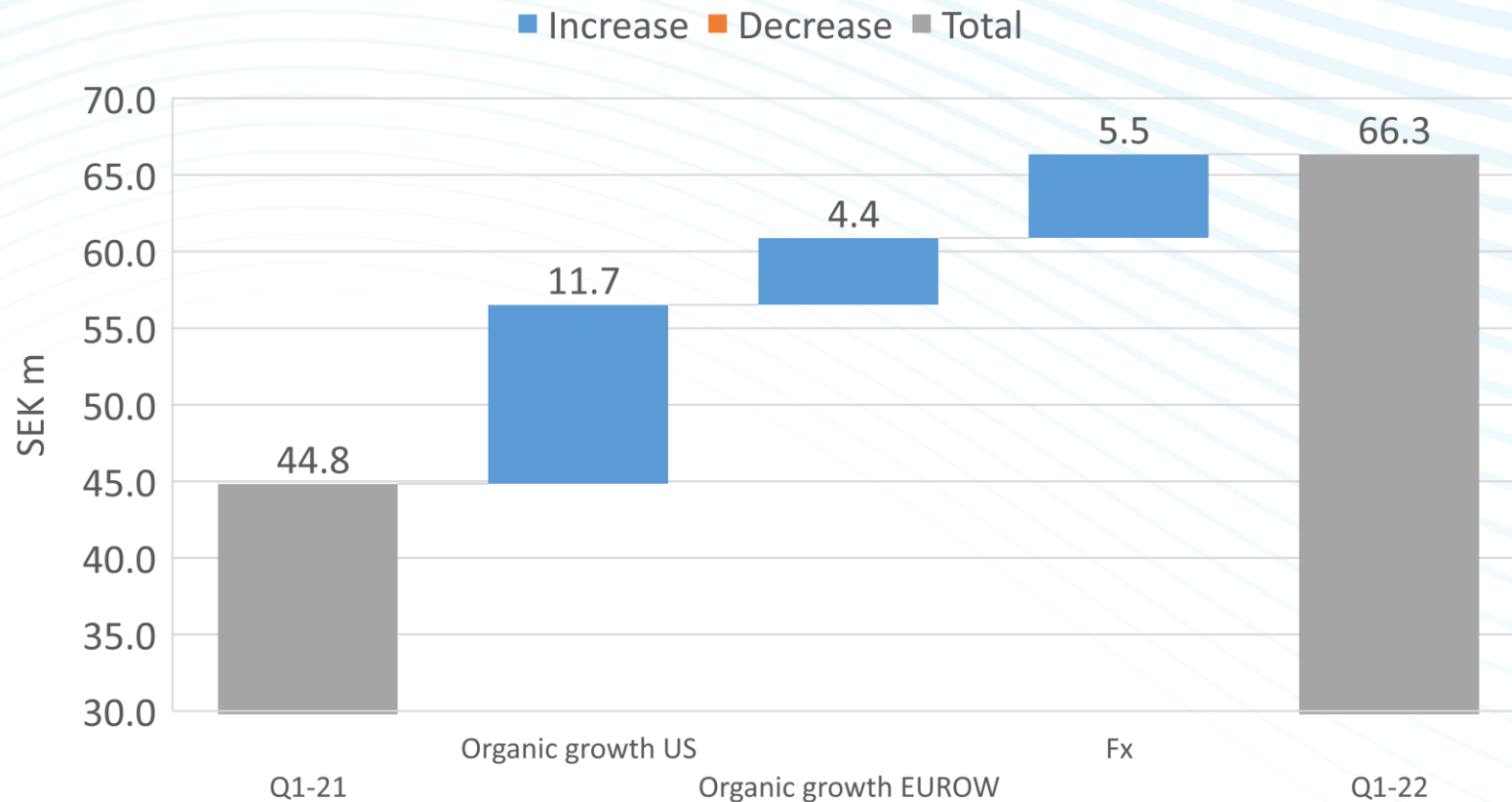
CMS ruling is valid for 2 or 3 years from the effective date

Effective date is October 1, 2022 based on final decision from CMS in August. Only products approved by FDA ahead of July 1 will proceed to final ruling/implementation



Financial Review

Q1 2022 net sales SEK 66.3 m



- 64 percent reported growth in NA despite Omicron influence. 47 percent growth CER
- 28 percent reported growth in EUROW despite Omicron influence. 22 percent growth CER

North America

+64%
(+47% CER)
Net sales
Q1-22

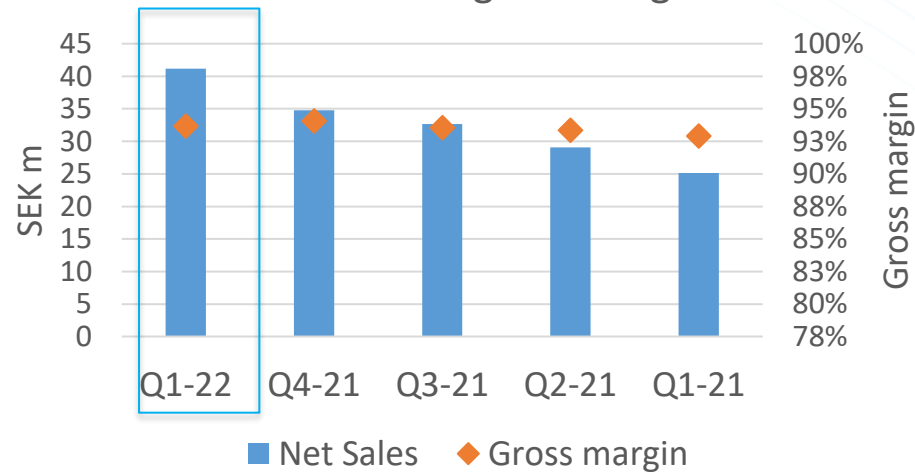
North America	2022	2021			
SEK m	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Net sales	41.2	34.8	32.7	29.1	25.1
Gross profit	38.6	32.7	30.6	27.1	23.3
Gross margin	94%	94%	94%	93%	93%
Contribution	6.6	3.7	1.3	-0.3	-2.0

EUROW

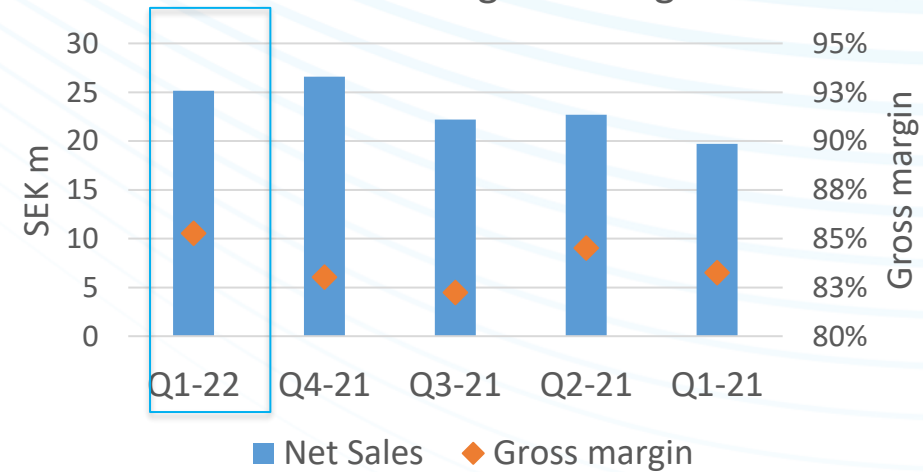
+28%
(+22% CER)
Net sales
Q1-22

EUROW	2022	2021			
SEK m	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Net sales	25.2	26.6	22.2	22.7	19.7
Gross profit	21.5	22.1	18.3	19.2	16.4
Gross margin	85%	83%	82%	85%	83%
Contribution	5.6	5.0	2.4	3.0	2.2

Net sales and gross margin



Net sales and gross margin



A 7.3 MSEK profit improvement before long-term incentive provisions

Key Figures	2022	2021					2020		
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Net sales	66.3	61.4	54.9	51.8	44.8	53.2	48.1	36.2	
Gross margin (%)	90.5	89.3	89.0	89.5	88.6	89.8	91.4	86.7	
Operating loss	-16.5	-21.8	-13.3	-25.9	-19.7	-26.7	-19.2	-23.5	
Cash at period end	195.6	206.5	225.5	309.6	339.0	353.7	377.9	393.9	

Q1 Insights

- Despite Omicron impact early in the period, sales grew by 48 percent (36 percent in CER) compared to the first quarter of 2021.
- Gross margin improving by U.S. sales growth and favorable market mix in EUROW.
- Operating loss included expenses regarding long-term incentive programs amounting to SEK 3.9 million, compared with a positive effect of SEK 0.2 million in Q1 the previous year, following regular provisions and revaluations from an 8% increase in share price from the end of 2021.

Q1 confirming a stable run rate

Key Figures	2022		2021			2020			
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Selling expenses (less commissions)	37.5	38.5	35.5	33.3	31.2	33.9	32.0	23.0	
Sales commissions	12.9	11.4	10.0	9.3	7.9	8.4	9.2	6.9	
Research and Development expenses	12.1	14.4	11.3	15.8	12.3	16.5	11.7	14.0	
Administrative expenses	14.5	14.8	⁽ⁱ⁾ 5.4	14.0	9.9	12.6	11.6	10.3	
Total expenses	77.1	79.2	62.3	72.4	61.2	71.4	64.5	54.2	

Q1 Insights

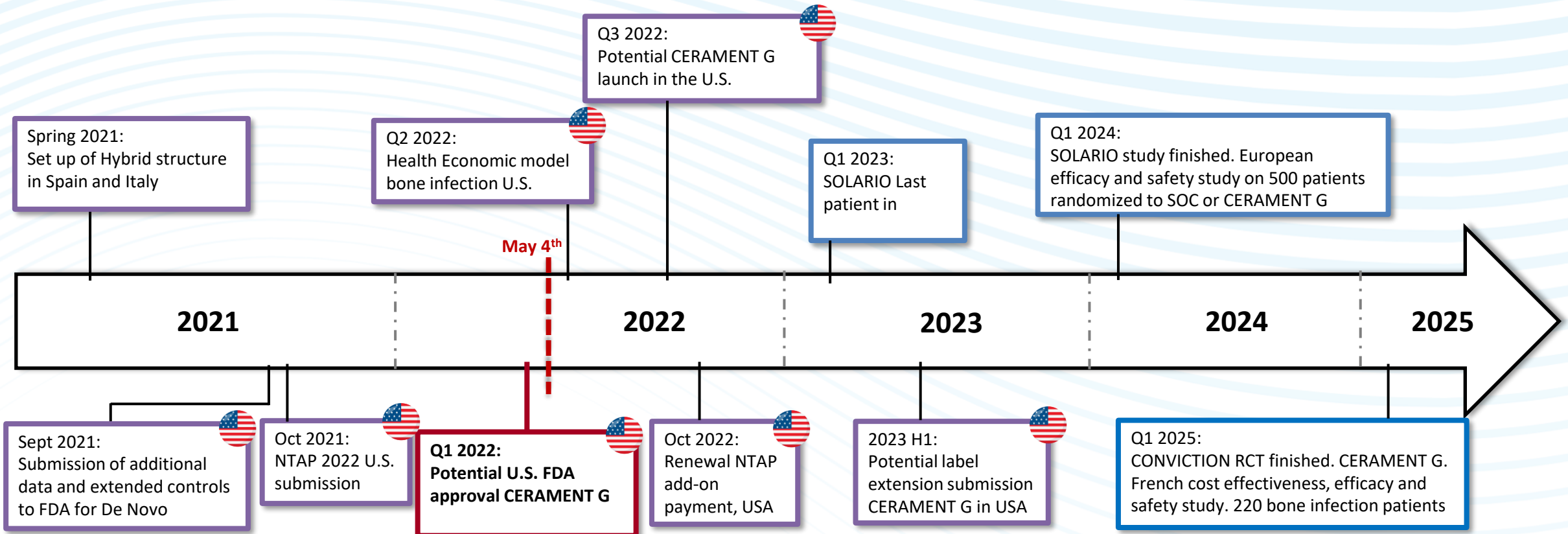
- Strong impact from currency movements
- Selling expenses increased with SEK 6.3 m compared with the same period last year, SEK 3.8 m in CER . The higher cost level partially relates to the investments in hybrid markets, Italy and Spain. The higher cost also relates to a gradual normalization of market activities during the period, albeit with regional differences.
- Administration remaining at a stable level excluding effects from the long-term incentive programs.

⁽ⁱ⁾ Administrative expenses in Q3 2021 included effects regarding incentive programs amounting to a positive effect of SEK 2.4 m.



Clear Corporate Strategy
Driving Value Creation

BONESUPPORT journey ahead - near term milestones



- CERAMENT G De Novo final decision is delayed:
 - During 2020 and 2021, FDA has received more than 3.000 Emergency Use Applications for devices related to COVID
 - If approved, CERAMENT G will be the first of its kind and the only product in a newly established orthopedic category – extensive work will need to go into establishing the new category and the thorough guidelines on special regulations and specific clinical controls

- **Strong leverage from strategic investments in key markets**
 - Proven U.S. distribution model with excellent reach and market access (very strong GPO positions)
 - Leverage from the Netherlands converted to direct market during pandemic
 - Rapidly emerging business in South Africa, Middle East and Australia
 - Hybrid set up in Spain, Italy and Canada
- **CERAMENT G to the U.S. market**
 - De Novo pathway – Final report pending
 - NTAP of USD 4.9 thousand awarded (CMS)
- **Leveraging the value of clinical & health economic evidence**

Corporate target of an annual sales growth of 40%



Q&A