

BONESUPPORT™

ВОИЕЗНЬЬОВІ

Q3 Conference Call Presentation

2 November 2017

Presenting Team



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CEO



BJÖRN WESTBERG
CFO

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Innovative, rapidly growing orthobiologics company

BONESUPPORT – an innovative company focused on developing and commercializing products for the management of bone voids

- Fast growing business
- Commercializing 3 synthetic bone grafts - clinically proven to remodel to host bone
- CERAMENT G and V clear differentiation - elute antibiotics to protect bone healing
- Industry leading data to support surgeon/patient/payor benefits
- Targeting a significant addressable market of 650k procedures annually (US and EU 5)
- R&D focused on pipeline of products designed to enhance bone growth
- Financed through to end of 2020



Q3 Highlights

- Solid sales growth – 23% increase in Q3 to SEK 32.7 million
 - 28% growth in EU and RoW – driven by antibiotic-eluting products
 - 21% growth North America – slower growth due to Zimmer Biomet hardware supply issues
- Improved gross margins - increasing proportion of sales from higher margin antibiotic-eluting products
- Broad range of compelling clinical data presented at the European Bone and Joint Infection Society conference and British Orthopaedic Association Congress
- Recruited the first patient in Italian revision arthroplasty clinical study with CERAMENT G/V
- Signed new distributor agreement in France – entry into French market
- Jerry Chang appointed EVP Research & Development – drive pipeline activities
- Helena Brandt appointed Head of Human Resources – support our growth plans

Experienced Recent Additions to the Leadership Team



HÅKAN BJÖRKLUND

Chairman

December 2016

Nycomed



RICHARD DAVIES

CEO

Joined January 2016

Hospira



PATRICK O'DONNELL

EVP Commercial US

Joined November 2016
Confluent Surgical



BJÖRN WESTBERG

CFO

Joined January 2017
Recipharm



MICHAEL DIEFENBECK

Chief Medical Officer

Joined April 2017
Orthopedic surgeon



DR JERRY CHANG

EVP R&D

Joined September 2017
Zimmer Biomet Etex



Helena Brandt

Head of Human
Resources

Joined October 2017
TetraPak

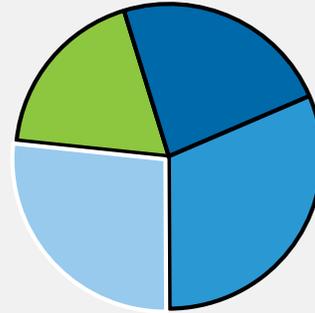
Bone void management – a sizeable growth market

Market Opportunity

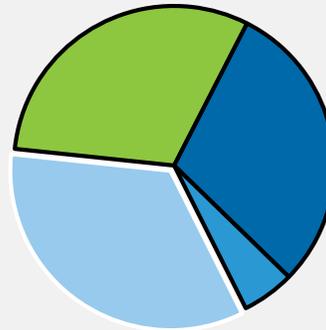
Current
addressable
market

EU-5 + US: ~ 650k
procedures p.a.

% US Procedures (2) 



% EU Procedures (2) 



Further growth for
BONESUPPORT will be
achieved by

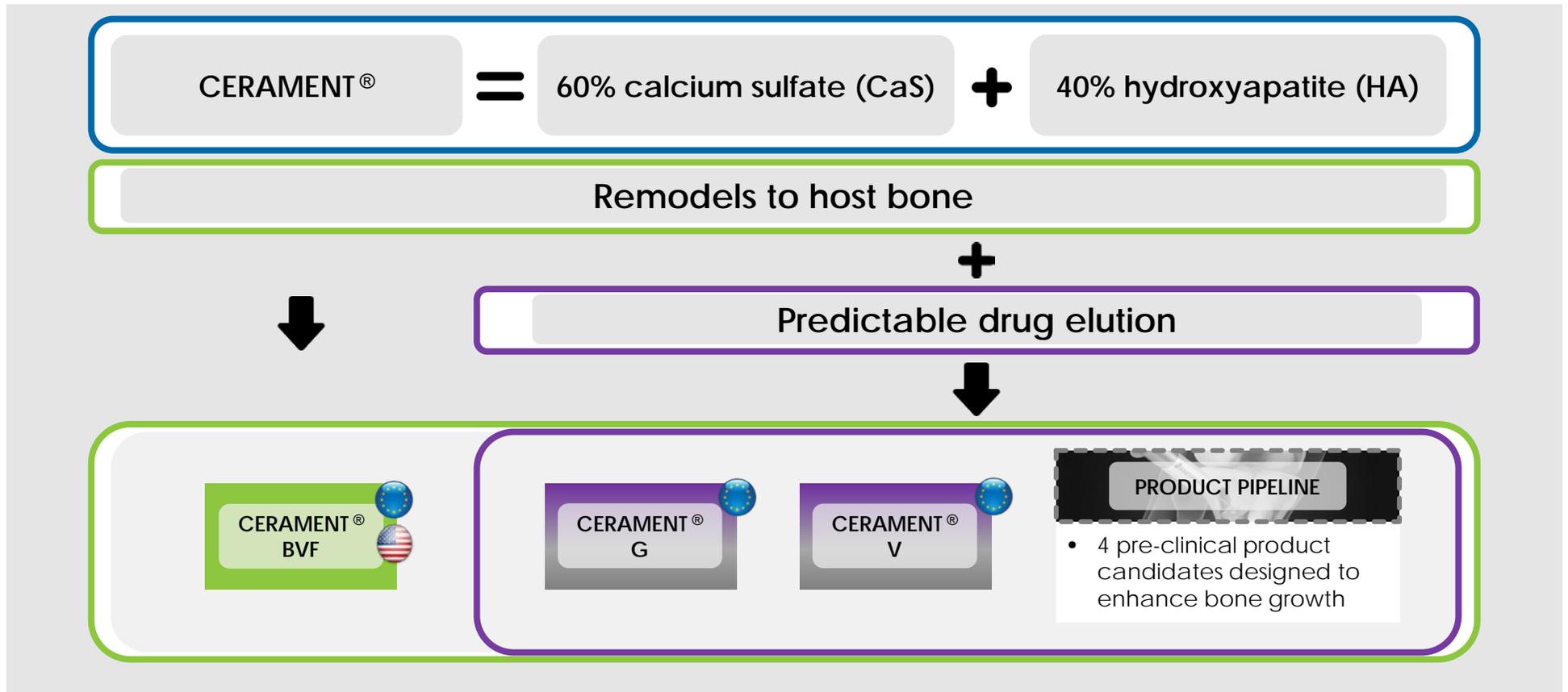
- Gaining share of the synthetic bone graft substitute market driven by our antibiotic eluting products
- Drive penetration into other treatment options including bone grafting

Our CERAMENT products have been designed to address the limitations of current bone graft substitutes plus elute therapeutics into the bone to provide further important clinical benefits

1) Xenografts (tissues from another species) are also used as a bone grafts, although less commonly in the US and Europe where autografts and allografts are the preferred treatment option
2) i-data for market penetration in 2014 (based on procedures)

Our proprietary CERAMENT[®] platform

CERAMENT[®] platform generates products that provide clear benefits to surgeons, patients and payors



BONESUPPORT expects to generate significant value from products that capitalize on CERAMENT[®]'s predictable therapeutic eluting properties

CERAMENT® products well positioned for growth

- Unique composition remodels to bone in 6-12 months – all products
- CERAMENT G and CERAMENT V's ability to elute antibiotics is improving the way many orthopedic indications are managed - allowing them to rapidly gain market share
- Industry-leading clinical and pre-clinical data – highly supportive of key benefits – 105 clinical papers and abstracts published
- Generating further compelling HEOR data
- Increasing KOL support
- All products are easy for surgeons to use

Our CERAMENT products are in a strong position to gain market share from both bone grafts and synthetic bone graft substitutes

Committed to implementing our strategy to deliver targets

- **Driving sales of currently approved products in existing markets**
 - Generating further supportive clinical data to drive the adoption of our CERAMENT products for broader range of indications including trauma and revision arthroplasty
 - Generating compelling HEOR data to increase market access
 - Increasing commercial/sales investment in both the EU and US
- **Gain marketing approval for CERAMENT G in US**
 - Successfully completing the FORTIFY IDE study
 - Clinical data to support a planned PMA filing with FDA for CERAMENT G in 2020
- **Progressing our pipeline of CERAMENT product candidates**
 - Novel product candidates targeting enhanced bone growth
 - Capitalize on CERAMENT's bone remodelling and therapeutic eluting capabilities



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Our Commercial Activities

Growing CERAMENT™ BVF sales in the US

Our commercial footprint

- BONESUPPORT US Team drive sales via Zimmer Biomet
 - 8 regional managers,
 - 3 product technical specialists,
 - 1 marketing support drive
- CERAMENT BVF distributed via Zimmer Biomet's 53 independent distributors
- Rolling agreement with Zimmer Biomet

Our activities

- Sales growth negatively impacted by Zimmer Biomet hardware supply issues
 - CERAMENT BVF used in conjunction with Zimmer hardware
- Appointed Program Manager of Post-Market Clinical Research - initiate U.S. generated clinical data and peer-reviewed publications
- Growing traction with CERAMENT BVF in the orthopedic oncology market segment at several major cancer and oncology centers
- One regional manager and 3 products technical specialists added in the last 6 months



Growing CERAMENT™ G&V sales in Europe

Our commercial footprint

- European commercial organization comprises 20 people including the leadership team
- Present in 5 countries (direct) – UK, Germany, Switzerland, Sweden and Denmark
- Access to a further 8 countries via specialty distributors
- Following new distribution agreement to enter the French market

Our activities

- Continue to focus on driving adoption at the top trauma centers in our key European markets
- Further important data presented at key orthopedic conferences designed to increase the adoption of CERAMENT™ G/V
 - EBJIS – 6 podium presentations
- Develop HEOR models for Europe
 - CHOP application accepted in Switzerland
- Added 2 reps in Germany and 1 rep in Switzerland in 2017



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Clinical update

Ongoing and Planned Clinical Studies

Larger Clinical Studies

REGULATORY STUDY	Feasibility ^{1/}	Initiated study	FPI ^{1/}	LPI ^{1/}	Regulatory Filing
FORTIFY (US, DE, PL, SE, UK)					

POST-MARKETING STUDIES	Feasibility ^{1/}	Initiated study	FPI ^{1/}	LPI ^{1/}	Publication
CERTiFy (DE)					
Revision Arthroplasty (IT)					
Diabetic Foot (IT)					
Osteomyelitis (FR)					

Feasibility: Feasibility assessment; FPI: First Patient In; LPO: Last Patient Out  Milestone achieved

On-going post-marketing clinical studies

Italian-Revision Arthroplasty Study

- First patient recruited in study evaluating CERAMENT G/V in patients undergoing hip and knee arthroplasty revisions
- Professor Carlo Romano – is the study's principle investigator – previously conducted a positive RA study with CERAMENT G
- Targeting to recruit 135 patients at 6 Clinical centers in Italy

CERTiFy study

- Controlled study investigating the use of CERAMENT™ BVF in tibial plateau fractures
- CERTiFy completion of enrollment around the end of 2017
 - Data expected in late 2018

Successful study outcome would show:

- An improved clinical outcome and a lower infection rate (PJIs) for the CERAMENT G or CERAMENT V group - retrospective control group
- Reduction in the rate of PJIs according to the Musculoskeletal Infection Society (MSIS) criteria during the one year follow-up.

Successful study outcome would:

- Mean that CERAMENT™ BVF would be the only synthetic bone graft substitute with level 1 randomized clinical data
- Would allow share capture in all geographies
- Also enable a publication to support reimbursement both in Germany and other geographies

Post-marketing studies designed to build on BONESUPPORT'S industry leading database of supportive clinical data and to provide further HEOR data to enhance market access

FORTIFY to support approval of CERAMENT™ G in US

FORTIFY trial timeline



Proposed "Indication for Use"

- Preferred indication has been discussed at prior FDA meetings and was submitted as part of the approved IDE
- Resorbable, gentamicin-loaded ceramic bone graft for use in bony voids and gaps
- Product supports bone healing and reduces subsequent infection

Final approved label will be dependent upon the strength of clinical effectiveness and safety data at time of PMA approval

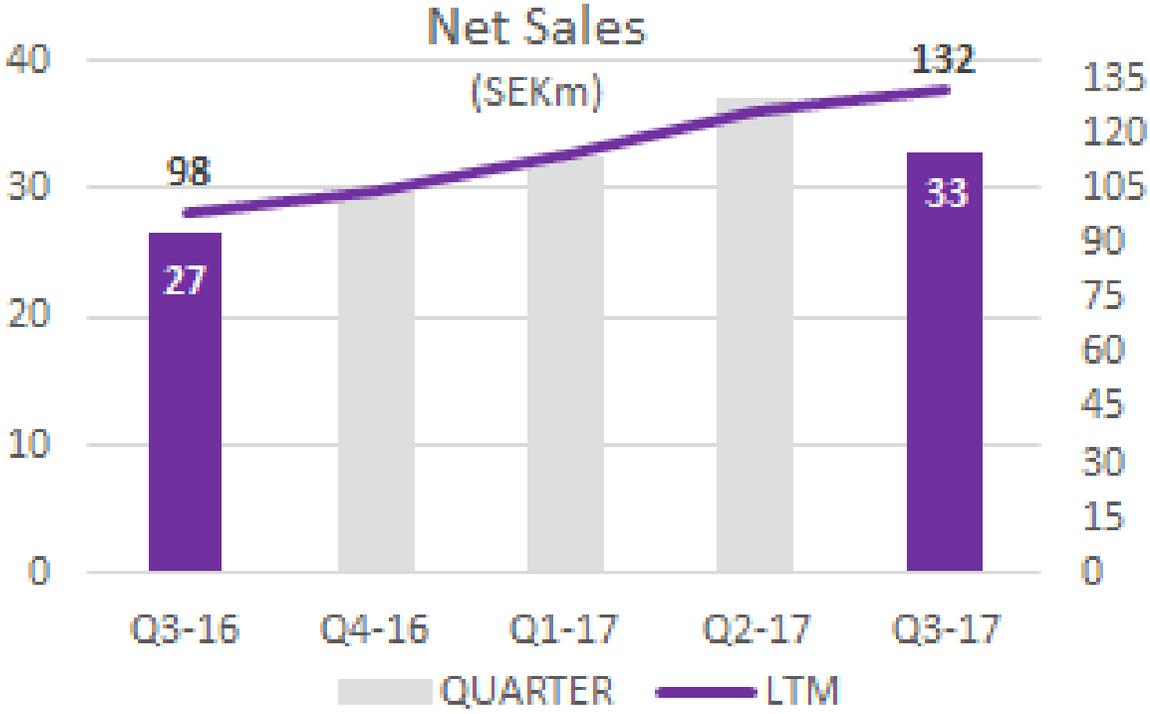


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Financial Review

23% increase in Net sales



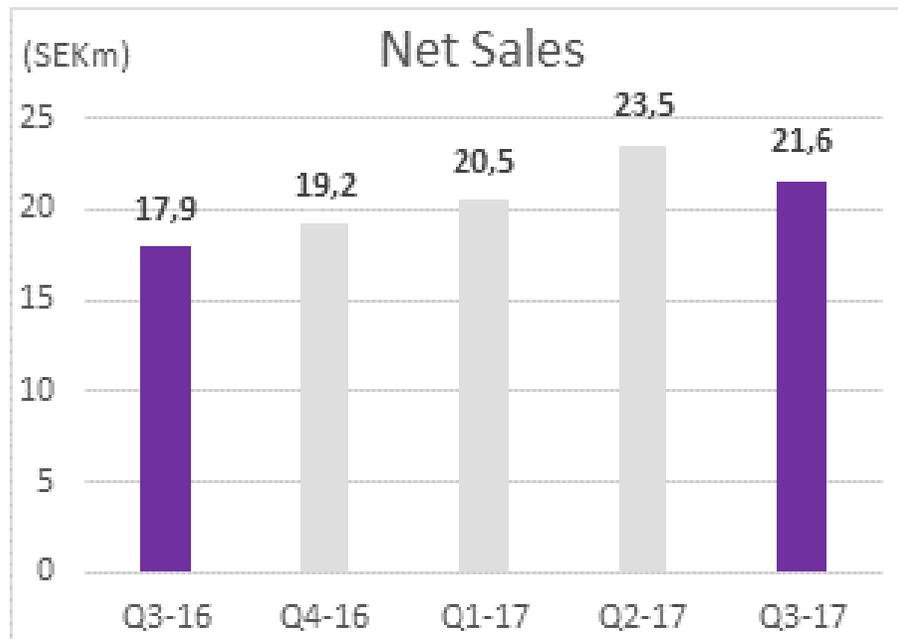
**+23%
Q3 Net
Sales**

**+36%
LTM Net
Sales**

North America Analysis

	Jul-Sep		FY
(SEKm)	2017	2016	2016
Net Sales	21.6	17.9	68.8
Gross profit	19.3	14.6	59.5
Contribution	6.6	2.1	22.5

**+21%
Net Sales
Q3**

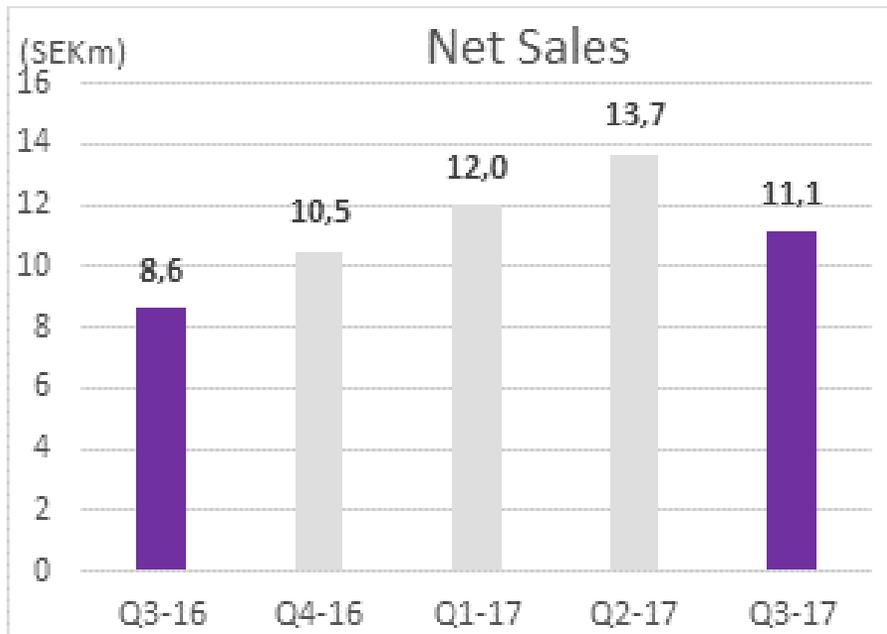


**+32%
Net Sales
YTD**

Europe and RoW Analysis

	Jul-Sep		FY
(SEKm)	2017	2016	2016
Net Sales	11.1	8.6	35.7
Gross profit	9.4	6.4	28.8
Contribution	-3.6	-4.1	-12.2

**+28%
Net Sales
Q3**



✓ Drug eluting products increased by 48% in Q3

**+45%
Net Sales
YTD**

Operating result development

	Jul-Sep		Jan-Sep		FY
(SEKm)	2017	2016	2017	2016	2016
Net Sales	32.7	26.5	102.3	75.0	104.6
Cost of sales	-4.0	-5.5	-12.4	-12.7	-16.3
Gross profit	28.7	21.0	89.9	62.3	88.3
Selling expenses	-24.4	-25.0	-71.4	-65.1	-79.8
R&D expenses	-12.8	-10.9	-40.9	-23.0	-38.2
Admin expenses	-11.2	-11.4	-42.0	-35.7	-60.7
O.Operating items	-0.4	0.4	-1.6	1.1	1.6
Total costs	-48.8	-46.9	-155.8	-122.6	-177.0
Operating loss	-20.1	-25.9	-65.9	-60.3	-88.7

✓ 87.8% GM Q3
(79.2)

✓ Increase YTD
driven by FORTIFY
study

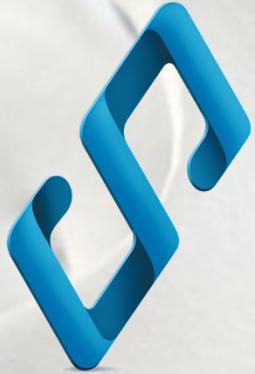
KPIs

	Jul-Sep		Jan-Sep		12M
(SEKm)	2017	2016	2017	2016	LTM
Net Sales	32.7	26.5	102.3	75.0	131.9
Sales Growth (%) ^{1/}	23.1	155.9	36.4	93.4	34.6
Gross profit	28.7	21.0	89.9	62.3	115.9
Gross margin (%) ^{1/}	87.8	79.2	87.9	83.1	87.9
Operating loss	-20.1	-25.9	-65.9	-60.3	-94.3
Loss for the period	-22.9	-34.9	-77.5	-75.5	-112.2
Equity at period end	499.9	-43.2	499.9	-43.2	499.9
Net debt ^{1/}	-476.3	45.2	-476.3	45.2	-476.3
Operating cash flow	-35.8	-29.3	-81.8	-51.4	-112.3
Cash at period end	567.6	72.8	567.6	72.8	567.6
Earnings per share ^{2/}	-0.47	-1.39	-2.13	-3.01	-3.31

Tracking towards our targets

TARGETS 2020		LTM Q3-17
• Net Sales > SEK 500 million (implies 48% CAGR 2016-2020)	→	SEK 132M 35%
• Gross margin > 85.0%	→	87.9% ✓
• Positive operating result	→	SEK -94M





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Wrap up

Well positioned to generate shareholder value

- CERAMENT G and CERAMENT V unrivalled clinical and economic benefits – potential to gain significant market share
- Focused on generating further clinical and HEOR data to enhance competitive positioning and drive sales growth
 - CERTiFy on track to read-out in 2018
- Progressing pivotal study – FORTIFY - a key step in potentially gaining approval for CERAMENT G in the US
- Pipeline of CERAMENT product candidates designed to enhance bone growth
- Experienced management team with the funding needed to deliver significant shareholder value





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Q&A