



BONESUPPORT™

YEAR END REPORT JANUARY – DECEMBER 2023

Q4 STRONG UNDERLYING BUSINESS MOMENTUM

OCTOBER - DECEMBER 2023

- Net sales increased by 67 percent (60 percent at constant exchange rates¹) and amounted to SEK 172.7 million (103.2).
- The North America (NA) segment reported a sales growth of 79 percent (71 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 38 percent (32 percent at constant exchange rates).
- The gross margin amounted to 91.8 percent (91.5).
- The operating result before effects from the Group's incentive programs¹ amounted to SEK +11.2 million (-10.1). Reported operating result amounted to SEK -7.7 million (-19.3).
- Earnings per share before and after dilution were SEK +0.16 (-0.32).
- Adjusted for deferred tax income on tax losses carried forward and other temporary differences, the earnings per share before and after dilution were SEK -0.16.

JANUARY – DECEMBER 2023

- Net sales increased by 80 percent (72 percent at constant exchange rates) and amounted to SEK 591.1 million (328.8).
- The North America (NA) segment reported a sales growth of 104 percent (95 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales growth of 33 percent (28 percent at constant exchange rates).
- The gross margin amounted to 91.5 percent (90.5).
- The operating result before effects from the Group's incentive programs amounted to SEK +54.1 million (-36.2). Reported operating result amounted to SEK +13.9 million (-64.5).
- Earnings per share before dilution were SEK +3.77 (-1.06).
- Earnings per share after dilution were SEK +3.74 (-1.06).
- Adjusted for deferred tax income on tax losses carried forward and other temporary differences, which have been reported for the first time this year, the earnings per share before and after dilution were SEK +0.10.

EVENTS DURING THE PERIOD

- In October, CERAMENT V was awarded Breakthrough device designation for the indication bone infection by the US Food and Drug Administration (FDA).
- In November, The US Centers for Medicare & Medicaid Services (CMS) granted the Transitional Pass-Through Payment (TPT) for CERAMENT G.
- In connection with a Capital Markets Day in November, the Company announced an updated outlook for 2024 with sales growth of over 40 percent (in constant currency). Furthermore, the Company's plans were presented, including future extension into spinal fusion and a planned market application for CERAMENT V in the US in the first quarter of 2025.
- In December, the Company received MDR certificates for CERAMENT BVF and CERAMENT V.

EVENTS AFTER THE PERIOD

Decision to submit application, in Q1 2024, to FDA for CERAMENT BVF on Spine Interbody Fusion based on existing available bone remodeling data (previously communicated timing was Q4 2024).

KEY FIGURES	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net sales, SEKm	172.7	103.2	591.1	328.8
Sales growth, % ¹	67.4	68.1	79.8	54.5
Gross profit, SEKm	158.6	94.4	540.9	297.7
Gross margin, % ¹	91.8	91.5	91.5	90.5
Operating result, SEKm	-7.7	-19.3	13.9	-64.5
Result for the period, SEKm	10.7	-20.5	245.0	-68.2
Equity at period end, SEKm	545.2	268.9	545.2	268.9
Net debt, SEKm ¹	-149.9	-183.8	-149.9	-183.8
Operating cash flow, SEKm	12.8	-5.7	-18.3	-47.0
Cash at period end, SEKm	167.4	201.3	167.4	201.3
Earnings per share before dilution, SEK	0.16	-0.32	3.77	-1.06
Earnings per share after dilution, SEK	0.16	-0.32	3.74	-1.06

1. Alternative performance measures, see definitions on page 24.



CEO COMMENTS

Continued success for CERAMENT G in the US

BONESUPPORT's sales continues to develop very positively. Sales for the quarter were SEK 173 million, corresponding to a growth of 67 percent (60 percent in constant exchange rate) compared to the corresponding period last year. The quarter-on-quarter sales increase was SEK 15 million, driven by a continued successful launch of CERAMENT G in the US and increased CERAMENT usage, both with existing customers and new customers in both regions.

Sales in the US for the quarter amounted to SEK 132 million, representing a growth of 79 percent (71 percent in constant exchange rate) compared to the corresponding period last year. Sales of CERAMENT G in the US for the quarter was SEK 76 million, corresponding to a sequential growth of 21 percent compared with the previous quarter. We have started to see some cannibalization between CERAMENT G and CERAMENT BVF (Bone Void Filler), but at the same time we are adding new customers at a high pace for CERAMENT G, who have not previously been users of CERAMENT BVF.

The healthcare backlog that built up during the pandemic, remained after the restrictions were lifted, due to lack of resources and staff in the healthcare systems. In the US, the backlog was addressed through extended surgery times and additional employments. During 2023, this contributed to favorable market dynamics with an increased number of surgical procedures. This was particularly noticeable in the number of knee and hip surgeries, but also in corrective surgery of previous trauma and in an increased number of treatments for foot and ankle injuries.

The administrative approvals in various hospital systems have continued at the same high pace as in previous quarters.

During the quarter, the US CMS (Centers for Medicare & Medicaid Services) announced that CERAMENT G had received approval for Transitional Pass-Through (TPT) payment, within the CMS reimbursement system for surgical procedures in outpatient care.

There are more than 11,000 patient affiliated units with CMS, ASC (Ambulatory Surgical Centers) and HOPD (Hospital Outpatient Department) that offer outpatient surgery. Approximately 200,000 orthopaedic surgeries are performed each year in outpatient care, with a strongly increasing trend since the pandemic. There is an incentive for hospitals with outpatient facilities to increase their efficiency and free up hospital beds by moving treatment of less complicated cases to outpatient care.

In December 2023, we submitted a 510(k) application for an extended indication (trauma/open fracture) for CERAMENT G in the US. The FDA's communicated target is a response time of 90 days. An approval for trauma indication/prophylaxis for CERAMENT G in the US would pave the way for wider use, with the aim of healing skeletal injuries and preventing infection in the injury site. There is currently no equivalent market-approved product in the US.

In Europe, the increase healthcare capacity has been slower, but we are now seeing that the healthcare backlog, that was built up during the pandemic is starting to be addressed. Increased government funding resulted in positive market dynamics during the latter part of 2023. Our sales in EUROW increased by 38 percent (32 percent in constant currency) during the quarter, compared to the previous year. This represents a strong increase in market share at the expense of both autograft and traditional bone cement.

The growth is also driven by successful sales in our hybrid markets, Spain and Italy, where more and more hospitals and users have moved from pilot use to regular use of CERAMENT. Through strong health economic arguments and convincing clinical evidence, we are continuously increasing our market share in these markets.

I am very proud that we now belong to a relatively small group of companies with a fully MDR-certified product portfolio. The new Medical Device Regulatory Framework (MDR) was introduced to further raise the level of quality and safety of medical devices in

Europe. During the quarter, we received CE marking for CERAMENT BVF and CERAMENT V under MDR. Earlier in the year, we received the corresponding certification for CERAMENT G and for our Quality Management System (QMS), which means that we enter 2024 with MDR certification for our entire product portfolio.

The strong sales and the lever of the business model resulted in an operating profit, before the accounting effects of incentive programs, of SEK 11 million for the quarter. The period was impacted by negative currency effects from the translation of working assets and liabilities of SEK 11 million, as the Swedish krona strengthened sharply against the US dollar, the British pound and the euro. The quarter's result was also impacted by a number of one-off costs, including investments to increase in manufacturing capacity, fees for MDR certification and an FDA filing. It is worth noting that the Company showed the second consecutive quarter with a positive cash flow from operating activities.

During the quarter, we held a Capital Markets Day where we presented details of the Company's strategy and development, with a focus on innovation. Among other things, we announced that we intend to submit a marketing application for CERAMENT V in the US in the first quarter of 2025 and that we intend to enter the spinal fusion segment, an indication that would add 750,000 procedures annually to our addressable market in the US. As a first step, we intend to introduce CERAMENT BVF in the spinal market segment, followed by the antibiotic-eluting products. At the Capital Markets Day, we also provided an updated forecast for 2024 of a sales growth of more than 40 percent, in constant exchange rates.

BONESUPPORT's strong sales growth in the quarter is a clear indication that more and more healthcare providers appreciate the patient benefit that CERAMENT provides. We continue our rapid expansion and are proud to contribute to positive change by replacing an outdated standard of care.

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. In December, a 510(k) application was submitted to the FDA for an expanded indication area (trauma/open fracture) for CERAMENT G.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 131.6 million (73.4), which corresponds to a growth of 79 percent (71 percent in constant exchange rate). The strong growth in the quarter comes from strong sales of CERAMENT G, and continued strong recruitment of new customers. Sales of CERAMENT G in the quarter amounted to SEK 75.7 million (14.5).

Contribution¹

The contribution from the segment was SEK 52.0 million (17.3). The increased sales led to an increase in gross profit of SEK 55.7 million compared to 2022. Sales and marketing expenses during the quarter amounted to SEK 72.7 million (50.3), of which sales commissions to distributors and fees amounted to SEK 44.0 million (28.2).

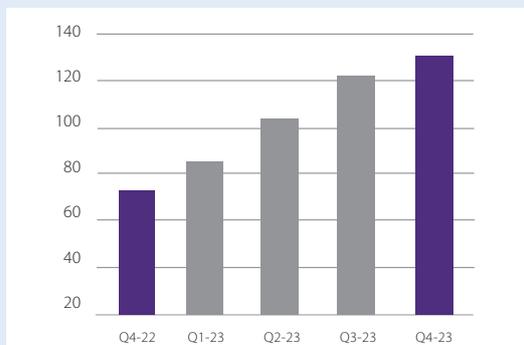
The increase, excluding sales commissions and fees, was driven by positive currency effects of SEK 1.3 million and an increased activity level, including expenses for the earlier communicated US booster program and for the launch of CERAMENT G. The contribution was also influenced by R&D costs related to clinical studies amounting to SEK 0.5 million (1.7).

JANUARY - DECEMBER

Net sales for the period amounted to SEK 442.4 million (216.9), which corresponds to a growth of 104 percent (95 percent in constant exchange rate).

The contribution from the segment was SEK 155.1 million (42.3). The improved contribution is mainly due to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net sales	131.6	73.4	442.4	216.9
Gross profit	125.1	69.4	419.3	204.0
Contribution	52.0	17.3	155.1	42.3

1. Alternative performance measures, see definitions on page 24.



EUROPE & REST OF THE WORLD (EUROW)

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

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 41.1 million (29.8), corresponding to a growth of 38 percent (32 percent in constant exchange rates).

Sales in key direct markets accounted for 85 percent (81) of the segment's sales during the quarter. Sales of the antibiotic-eluting products CERAMENT G and CERAMENT V corresponded to 90 percent (88). The healthcare debt built up in the wake of the pandemic is now starting to be paid off and we see a growing market, driven by increased government funding, among other things.

Contribution¹

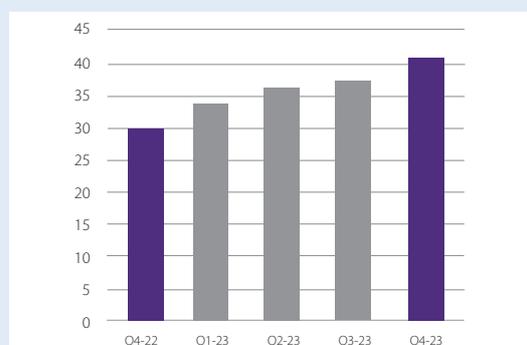
The contribution from the segment amounted to SEK 5.7 million (3.0). Selling and marketing expenses increased compared to the corresponding quarter 2022 and amounted to SEK 28.5 million (22.1), as a result of filled vacancies, increase in sales representatives, as well as a continued high activity level.

JANUARY - DECEMBER

Net sales amounted to SEK 148.6 million (111.9), corresponding to a growth of 33 percent (28 percent in constant exchange rates).

The contribution amounted to SEK 30.0 million (23.1). The improved contribution is explained by the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net sales	41.1	29.8	148.6	111.9
Gross profit	34.2	25.0	122.9	93.7
Contribution	5.7	3.0	30.0	23.1

1. Alternative performance measures, see definitions on page 24.



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 and that CERAMENT immediately improves anchor strength of hip screws¹.

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.

ONGOING RANDOMIZED CONTROLLED TRIALS

	SOLARIO	CONVICTION
Indication	Osteomyelitis	Osteomyelitis
Purpose	Evaluate whether synthetic bone graft substitutes with antibiotics (CERAMENT G / V) can shorten treatment times with systemic antibiotics	Evaluate the cost-effectiveness and treatment effect of CERAMENT G
Effect measure	<ul style="list-style-type: none"> • Treatment time • Antibiotic resistance • Side effects • Cost 	<ul style="list-style-type: none"> • ICUR Reinfection • Complications • Amputations
Number of patients	500	220
Follow up time	12 month	24 month
Place	Europe	France, CRIOAc
Expected completion	During Q3 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.

During 2022 results from a long-term study² with CERAMENT G were presented. One hundred patients with bone infection treated at Nuffield Orthopaedic Centre, Oxford University Hospitals, were followed for an average of six years. At the end of the study, it was concluded that:

- 94 percent of patients remained infection-free
- 3 percent fracture frequency within the first year following the surgical intervention, thereafter no fractures

During 2023, further long-term data was presented where CERAMENT G had been used in severe open fractures³. 81 patients with severe open fractures and significant tissue loss who were managed in a one-step procedure with CERAMENT G at Manchester University Hospital, was followed up after surgery for an average of 55.8 months. 96.3 percent of patients avoided amputation, achieved bone healing within 12 months and 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 people with diabetes. 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.

STEPS FOR THE FUTURE

During the Capital Markets Day in November 2023, the Company announced that in 2024, the Company will focus on developing evidence and compiling data within the strategically prioritized areas spinal fusion and the management of bone infection using CERAMENT V, for future launches in the USA.

RESULTS FROM CERTIFY DRIVE CHANGED STANDARD OF CARE

CERTIFY⁵, a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients with tibial plateau fractures, shows that CERAMENT BVF can replace autograft as the standard of care. The study confirmed that CERAMENT has the ability to be converted to bone. In addition, treatment with CERAMENT BVF resulted in significantly lower patient-experienced post-operative pain and a significantly lower blood loss. BONESUPPORT expects the results of the study published in *The Journal of Bone and Joint Surgery* in December 2019 to represent a milestone in driving change in the standard of care and that more clinics in consultation with the patient will choose CERAMENT over autograft.

THE SOLARIO STUDY

BONESUPPORT supports the SOLARIO study (Short or Long Antibiotic Regimes in Orthopaedics), with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment time compared to systemic antibiotics and thereby reduce risk of antibiotic resistance, side effects and additional costs. The study is led by the Oxford University Hospitals' NHS Foundation Trust in collaboration with EBJIS (European Bone and Joint Infection Society). SOLARIO is a randomized unblinded European multicenter study that is expected to include 500 patients. The first patient was recruited in February 2019 and the study is expected to be closed during Q3 2024. During August, the last patient was enrolled to the study, with a follow up time of twelve months. 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.

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.
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 positive 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 from treatment with CERAMENT G and CERAMENT V in a one-step procedure, naturally leads to fewer return visits and fewer surgeries. This, in turn, leads to reduced hospital stays. The significance of health benefits and the calculation models for evaluating the cost-effectiveness of health benefits differ between different healthcare systems.

In connection with the launch of CERAMENT G in the USA, BONESUPPORT has been granted New Technology Add-on Payment (NTAP), providing enhanced reimbursement for new innovative surgical procedures in inpatient care. As of January 1, 2024, Transitional Pass-Through (TPT) payment has also been granted, offering increased reimbursement in outpatient care within the American Centers for Medicare & Medicaid Services (CMS). These programs are established to promote innovation and enhance access to groundbreaking treatments.

HEALTH ECONOMIC MODEL OSTEOMYELITIS USA

In 2022, a cost-benefit analysis was conducted to assess the potential implications for the American healthcare system of transitioning to a single-stage procedure with CERAMENT G. 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 / 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 can 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 Henry et. al.⁴ on 81 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, with a mean follow up time of 55.5 months, three patient (3.7 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. Henry, Joshua A et al. "Long-Term Follow-Up of Open Gustilo-Anderson IIB Fractures Treated With an Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite." *Cureus* vol. 15,5 e39103. 16 May. 2023, doi:10.7759/cureus.39103

FINANCIAL OVERVIEW

PROFIT AND LOSS

OCTOBER – DECEMBER 2023

Net sales

Net sales amounted to SEK 172.7 million (103.2), an increase of 67 percent compared to the previous year (60 percent at constant exchange rates).

In the North America segment, net sales amounted to SEK 131.6 million (73.4), which corresponds to growth of 79 percent (71 percent at constant exchange rate). The continued strong growth in the quarter comes from an expanded customer base, and continued strong recruitment of new customers. Sales of CERAMENT G in the quarter amounted to SEK 75.7 million (14.5).

Net sales for the EUROW segment amounted to SEK 41.1 million (29.8), which corresponds to an increase of 38 percent (32 percent at constant exchange rates). The healthcare debt built up in the wake of the pandemic is now starting to be paid off and we see a growing market, driven by increased government funding, among other things.

The currency translation effect in the period amounted to SEK +0.8 million (+3,2).

Net sales per quarter, SEKm



Cost of sales

Cost of sales amounted to SEK 14.1 million (8.8), giving a gross margin of 91.8 percent (91.5). The improved gross margin is due to the strong growth for CERAMENT G in North America.

Selling expenses

Selling expenses, including sales commissions and fees, amounted to SEK 104.0 million (74.9), an increase of 39 percent. This is explained in the table below:

	Oct - Dec 2023	Oct - Dec 2023 (CER ¹)	Oct - Dec 2022
SEKm			
Sales commissions and fees	44.4	42.4	28.1
Personnel expenses	39.2	37.3	31.2
Other selling expenses	20.5	19.6	15.6
Total selling expenses	104.0	99.3	74.9

As a result of the growth in sales, the NA segment reported a cost increase to SEK 72.7 million (50.3) of which sales commissions and fees increased from SEK 28.2 million to SEK 44.0 million. In EUROW, expenses amounted to SEK 28.5 million (22.1). Non-allocated costs increased to SEK 2.9 million (2.5).

Research and development expenses

Research and development expenses amounted to SEK 17.5 million (14.8). The period includes costs for MDR certification of SEK 1.3 million, costs which also led to the fact that we now have all CERAMENT products certified according to MDR. During the period, a program for expanded production capacity has also been carried out, which burdens the period with approx. SEK 1.2 million. This program will continue during the first half of 2024, and we are already seeing positive effects from completed activities.

The strategic projects that were presented at a Capital Markets Day in November 2023 burden the period with a total cost of approx. SEK 1.7 million.

Administrative expenses

Administrative expenses amounted to SEK 33.3 million (21.3).

Administrative expenses before effects from the Group's incentive programs amounted to SEK 14.4 million (12.1), of which personnel costs amounted to SEK 6.8 million (5.3), an increase which is mainly due to performance related compensations.

Effects regarding incentive programs amounted to an expense of SEK 18.9 million (9.2). Of the total cost, only SEK 1.0 million is cash flow related. The remainder regards technical accounting measures. The period's cost was affected by the favorable rise in the share price, from SEK 127.3 at the end of the third quarter to SEK 188.2 at the end of this quarter, an increase of 48 percent. The period's cost must also be seen in the light of the fact that it refers to the revaluation of three performance share programs that all ended at the end of 2023, which is why the revaluation refers to the entire term.

1. Alternative performance measures, see definitions on page 24.

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, where the SEK was strongly strengthened against USD as well as GBP and EUR.

Operating result

The operating result amounted to SEK -7.7 million (-19.3), including effects from the Group's incentive programs. The operating result before effects from the Group's incentive programs amounted to SEK +11.2 million (-10.1), an underlying improvement of SEK 20.9 million, despite currency effects of SEK -8.6 million.

Net financial items

The favorable interest rate situation has meant that a positive net of SEK 4.3 million is reported.

Income tax

Income tax consists mainly of deferred taxes on tax losses carried forward and other temporary differences. The period includes a reduction of the deferred tax on tax losses carried forward that was reported in the third quarter by SEK 10.0 million. The deferred tax income amounts to SEK 20.1 million (0.0).

Result for the period

For the reasons described above, the result for the quarter amounted to SEK +10.7 million (-20.5). This corresponds to earnings per share before and after dilution of SEK +0.16 (-0.32). Adjusted for the deferred tax income, the earnings per share before and after dilution were SEK -0.16.

JANUARY – DECEMBER 2023

Net sales

Net sales amounted to SEK 591.1 million (328.8), an increase of 80 percent (72 percent at constant exchange rates). The NA segment increased by 104 percent to SEK 442.4 million (216.9) and the EUROW segment increased by 33 percent to SEK 148.6 million (111.9).

Operating result

The operating result amounted to SEK +13.5 million (-64.5). 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 40.1 million, compared to SEK 28.4 million previous year. The underlying improvement in result before costs for incentive programs amounted to SEK 90.2 million.

Net financial items

During the year, a self-correction of EC VAT was reported. The self-correction led to an interest expense of SEK 1.9 million.

Income tax

During the year, the Company assigned a value to the tax losses carried forward in the balance sheet for the first time. The deferred tax income amounts to SEK 237.2 million (0.0).

Result for the year

For the reasons described above, the result for the year amounted to SEK +245.0 million (-68.2). This corresponds to earnings per share before dilution of SEK +3.77 (-1.06) and after dilution of SEK +3.74 (-1.06). Adjusted for the deferred tax receivables, which have been reported for the first time this year, the earnings per share before and after dilution were SEK +0.10.

FINANCIAL POSITION AND CASH FLOW

SEKm	Dec 31			
Financial position	2023		2022	
Cash and cash equivalents	167.4		201.3	
Interest bearing debt ¹	17.5		17.5	
Net debt ¹	-149.9		-183.8	
Equity	545.2		268.9	

SEKm	Oct - Dec		Jan - Dec	
Cash flow	2023	2022	2023	2022
Operating activities	12.8	-5.7	-18.3	-47.0
Investing activities	-4.0	-1.4	-6.1	-3.3
Financing activities	-1.4	-3.4	-6.7	42.8
Total	7.4	-10.5	-31.0	-7.5

1. Alternative performance measures, see definitions on page 24.

Cash and cash equivalents at the end of the period amounted to SEK 167.4 million (201.3), a decrease of SEK 33.9 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -18.3 million. While the strong growth during the year has positively affected cash flow with the operating profit before effects from the Group's incentive programs (SEK +54.1 million), it has also resulted in negative flows through an increase in working capital (SEK -77.8 million). To strengthen our ability to maintain stable product availability in the

market despite our strong growth, our inventories of semi-finished and finished products were increased during the period, which affected cash flow in the quarter.

The cash flow has also been affected by the self-correction of EC VAT, with an amount of SEK -7.1 million.

Net debt has decreased with SEK 34.0 million since the beginning of the year. The comments on cash flow also explain the change in net debt.

OTHER DISCLOSURES

PARENT COMPANY

The Parent Company, BONESUPPORT HOLDING AB (publ), is a holding company. The Parent Company generated SEK 10.8 million (13.4) in sales of internal services to subsidiaries during the quarter.

The favorable interest rate situation has meant that a positive financial net of SEK 4.8 million is reported.

During the year, the Company recognized deferred tax receivables on its tax losses carried forward. The reported deferred tax income amounted to SEK -0.5 million during the quarter, and SEK 17.4 million during the year.

The result for the quarter was SEK +2.3 million (+0.9).

No investments were made during the quarter.

EMPLOYEES

On average, the Group had 110 (94) employees (full-time equivalent) during the quarter, of whom 28 (21) 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 December 31, 2023, the total number of ordinary shares amounted to 65,055,575, distributed among 9,418 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 December 31, 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 four performance share programs. These are described in Note 8.

Shareholders December 31, 2023

Name	% of shares	% of votes
HealthCap V LP	10.0%	10.1%
Swedbank Robur Fonder	9.1%	9.3%
Capital Group	7.9%	8.0%
Avanza Pension	6.9%	7.0%
Fjärde AP-Fonden	3.2%	3.2%
Handelsbanken Fonder	2.7%	2.8%
Tredje AP-Fonden	2.2%	2.3%
Other shareholders	58.0%	57.3%

FINANCIAL CALENDAR

- April 2024 Annual report 2023
- April 25, 2024 Interim report Q1 2024
- May 16, 2024 Annual general meeting
- July 11, 2024 Interim report Q2 2024
- October 24, 2024 Interim report Q3 2024

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 16, 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

In addition, the chairman of the Board of BONESUPPORT, Lennart Johansson, is co-opted to the nomination committee except when the nomination committee shall address the matter of chair of the Board and remuneration to the chair of the Board. The nomination committee will appoint one if its members as committee chair.

THIS REPORT

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

DECLARATION OF THE CEO

The CEO assures that this year end report gives a true and fair view of the development and the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties faced by the companies that form part of the Group. This year end report has not been reviewed by the Company's auditors.

Lund February 15, 2024

Emil Billbäck
CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Oct - Dec		Jan - Dec	
		2023	2022	2023	2022
Net sales	7	172,743	103,221	591,077	328,818
Cost of sales	7	-14,146	-8,814	-50,160	-31,111
Gross profit	7	158,597	94,407	540,917	297,707
Selling expenses		-59,633	-46,762	-217,166	-158,073
Sales commissions and fees	7	-44,398	-28,140	-154,140	-80,375
Research and development expenses		-17,547	-14,810	-57,105	-53,088
Administrative expenses	3, 8	-33,303	-21,251	-90,314	-73,305
Other operating income		2,949	4,445	32,700	43,206
Other operating expenses		-14,323	-7,172	-40,962	-40,607
Operating result	7	-7,658	-19,283	13,930	-64,535
Net financial items	7	4,299	588	1,818	-159
Result before income tax	7	-3,359	-18,695	15,748	-64,694
Income tax	9	14,093	-1,841	229,273	-3,473
Result for the period		10,734	-20,536	245,021	-68,167
Earnings per share before dilution, SEK		0.16	-0.32	3.77	-1.06
Earnings per share after dilution, SEK		0.16	-0.32	3.74	-1.06
Average number of shares, thousands		65,056	64,527	64,951	64,447
Average number of shares after dilution, thousands		66,246	-	65,592	-

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	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Result for the period	10,734	-20,536	245,021	-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	-2,727	-871	-1,225	1,831
Total comprehensive income for the period	8,007	-21,407	243,796	-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	Dec 31	
		2023	2022
ASSETS			
Non-current assets			
Intangible assets		12,206	8,384
Tangible assets and right-of-use assets	9	23,996	24,625
Deferred tax asset	9	249,677	0
Financial assets		1	1
Total non-current assets		285,880	33,010
Current assets			
Inventories		83,304	56,310
Trade receivables	6	116,563	62,624
Other current assets	6	35,718	18,593
Cash and cash equivalents	6	167,351	201,281
Total current assets		402,936	338,808
TOTAL ASSETS		688,816	371,818
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent	4, 9	545,177	268,928
Non-current liabilities			
Leasing debt	6, 9	13,222	12,350
Provisions		357	344
Total non-current liabilities		13,579	12,694
Current liabilities			
Leasing debt	6, 9	4,262	5,101
Trade payables	6	19,660	23,571
Other operating liabilities	6	106,138	61,524
Total current liabilities		130,060	90,196
TOTAL EQUITY AND LIABILITIES		688,816	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 - December 2022				2,231		-68,167	-65,936
Share swap ¹						51,039	51,039
Change in fund for development expenses					545	-545	0
New share issue, employee stock options	50	14	166				230
New share issue and repurchase of own C-shares	400					-400	0
Share-based payment transactions						17,891	17,891
As at January 1, 2023	41,359	14	1,563,836	2,360	6,035	-1,344,676	268,928
Result January - December 2023				-1,225		245,021	243,796
Change in fund for development expenses					2,018	-2,018	0
New share issue, employee stock options	15	-14	26				27
Transaction costs, share issue						-163	-163
Deferred tax on earlier transaction costs						12,521	12,521
Share-based payment transactions						20,069	20,069
As at December 31, 2023	41,374	0	1,563,862	1,135	8,053	-1,069,247	545,177

¹ During 2021, in accordance with a decision from the AGM in May 2021, BONESUPPORT entered into a share swap agreement to secure the commitments in the Group's performance share program LTI 2021. During 2022, 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 AGM in May 2022, the Company received the mandate to issue C-shares to cover this commitment, including to cover 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 was done at a value of SEK 51,039 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Operating result	-7,658	-19,283	13,930	-64,535
Non-cash adjustments:				
-Share-based payments	7,605	6,518	20,069	17,891
-Depreciation regarding right of use assets	1,934	2,038	7,426	7,109
-Unrealized exchange rate differences	22,608	6,794	16,021	-14,474
-Other	735	1,185	4,546	4,459
Interests received	4,938	805	4,938	811
Interests paid	-640	34	-3,121	-716
Income tax paid	-2,988	-1,556	-4,218	-2,686
Net cash flows from operating activities before changes in working capital	26,534	-3,465	59,591	-52,141
Changes in working capital	-13,722	-2,243	-77,848	5,156
Net cash flows from operating activities	12,812	-5,708	-18,257	-46,985
Investments in intangible assets	-3,920	-309	-5,240	-1,321
Investments in equipment and tools	-107	-1,066	-820	-1,958
Net cash flows from investing activities	-4,027	-1,375	-6,060	-3,279
Share swap ¹	0	-355	0	50,684
New share issue, employee stock options	0	20	27	230
Transaction costs, share issue	-105	0	-163	0
Repayments of leasing debt	-1,253	-3,061	-6,567	-8,132
Net cash flows from financing activities	-1,358	-3,396	-6,703	42,782
Net cash flows	7,427	-10,479	-31,020	-7,482
Cash and cash equivalents as at beginning of period	164,051	212,581	201,281	206,464
Net exchange difference	-4,127	-821	-2,910	2,299
Cash and cash equivalents as at end of period	167,351	201,281	167,351	201,281

¹ During 2021, in accordance with a decision from the AGM in May 2021, BONESUPPORT entered into a share swap agreement to secure the commitments in the Group's performance share program LTI 2021. During 2022, 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 AGM in May 2022, the Company received the mandate to issue C-shares to cover this commitment, including to cover 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 was done at a value of SEK 51,039 thousand.

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	172,743	158,204	140,388	119,742	103,221	84,623	74,632	66,342
<i>North America</i>	131,631	121,008	103,863	85,947	73,390	56,286	46,012	41,188
<i>EUROW</i>	41,112	37,196	36,525	33,795	29,831	28,337	28,620	25,154
Cost of sales	-14,146	-12,423	-12,185	-11,406	-8,814	-7,797	-8,195	-6,305
Gross profit	158,597	145,781	128,203	108,336	94,407	76,826	66,437	60,037
Gross margin, %	91.8%	92.1%	91.3%	90.5%	91.5%	90.8%	89.0%	90.5%
Selling expenses	-59,633	-53,470	-55,033	-49,030	-46,762	-38,751	-37,370	-35,189
Sales commissions and fees	-44,398	-42,663	-37,183	-29,896	-28,140	-21,103	-16,800	-14,332
Research and development expenses	-17,547	-12,490	-14,613	-12,455	-14,810	-12,557	-13,586	-12,135
Administrative expenses	-33,303	-21,626	-19,849	-15,536	-21,251	-20,798	-16,716	-14,540
Other operating income	2,949	9,414	17,263	3,074	4,445	19,903	11,859	6,999
Other operating expenses	-14,323	-10,078	-12,836	-3,725	-7,172	-17,460	-8,679	-7,296
Operating result	-7,658	14,868	5,952	768	-19,283	-13,941	-14,855	-16,456
Net financial items	4,299	-2,126	-180	-175	588	-462	-68	-217
Result before income tax	-3,359	12,742	5,772	593	-18,695	-14,403	-14,923	-16,673
Income tax	14,093	216,029	-564	-285	-1,841	-552	-1,380	300
Result for the period	10,734	228,771	5,208	308	-20,536	-14,955	-16,303	-16,373

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

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net sales	10,775	13,364	53,688	47,783
Administrative expenses	-14,416	-14,538	-70,725	-61,831
Other operating income	38	95	185	119
Other operating expenses	1,575	-66	-894	-2,791
Operating loss	-2,028	-1,145	-17,746	-16,720
Net financial items	4,756	2,067	10,683	-4,756
Result after financial items	2,728	922	-7,063	-21,476
Income tax	9	-468	0	17,391
Result for the period	2,260	922	10,328	-21,476

Parent Company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Dec 31	
		2023	2022
ASSETS			
Non-current assets			
Deferred tax asset	9	29,912	0
Non-current financial assets	6	1,262,539	1,160,841
Total non-current assets		1,292,451	1,160,841
Current assets			
Other receivables		75	75
Prepaid expenses	6	1,962	1,066
Cash	6	43,315	143,402
Total current assets		45,352	144,543
TOTAL ASSETS		1,337,803	1,305,384
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	41,374	41,359
Unrestricted equity	9	1,228,420	1,205,723
Total equity		1,269,794	1,247,082
Non-current liabilities		50,524	43,882
Current liabilities	6	17,485	14,420
TOTAL EQUITY AND LIABILITIES		1,337,803	1,305,384

NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This year end report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles mentioned in the Annual Report for 2022 have also been applied in this year end 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.

Regarding deferred tax assets, see Note 9.

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

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

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

SEKt	Related party	Service	Oct - Dec		Jan - Dec	
			2023	2022	2023	2022
	Mary I O'Connor (Board member)	Consultancy	282	267	1,121	624
	Mary I O'Connor (Board member)	Reimbursement of expenses	0	57	27	57
	Christine Rankin (Board member)	Reimbursement of expenses	4	0	4	0

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 paid 2022	22,000	-22,000
Other exercised employee stock options	1,000	-1,000
Conversion of class C-shares to ordinary shares	500,378	0
December 31, 2023	65,055,575	83,044

Series C-shares	Number of shares	Potential shares
December 31, 2022	1,642,438	0
Conversion of class C-shares to ordinary shares	-500,378	0
December 31, 2023	1,142,060	0

NOTE 5 PLEGDED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 42 thousand (56), corresponding to SEK 422 thousand (584) for rented premises. The Parent Company, BONESUPPORT HOLDING AB, guarantees a corresponding amount. During 2022, the Parent Company also provided a general guarantee, which at the end of 2023 amounted to USD 1,000 thousand (500), corresponding to SEK 10,038 thousand (5,211).

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 2.9 million (3.2) in the quarter. For the year to date, the corresponding amount was SEK 11.6 million (9.7). The US and UK were the only markets that delivered more than ten percent of the consolidated net sales. In the US, net sales amounted to SEK 131.1 million in the quarter and SEK 442.4 for the full year, and in the UK, net sales amounted to SEK 20.5 million in the quarter and SEK 73.4 million for the full year. There is no individual customer to whom sales are larger than ten percent of total net sales.

SEKt	Oct - Dec 2023				Oct - Dec 2022			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	131,631	41,112	0	172,743	73,390	29,831	0	103,221
<i>of which CERAMENT BVF</i>	52,996	4,090	0	57,086	56,694	3,517	0	60,210
<i>of which CERAMENT drug eluting¹</i>	75,669	36,946	0	112,615	14,510	26,314	0	40,824
<i>of which other</i>	2,966	76	0	3,042	2,186	0	0	2,186
Cost of sales	-6,510	-6,930	-706	-14,146	-4,034	-4,800	20	-8,814
Gross profit	125,121	34,182	-706	158,597	69,356	25,031	20	94,407
Sales commissions and fees	-44,009	-389	0	-44,398	-28,140	0	0	-28,140
Other operative costs	-29,136	-28,074	0	-57,210	-23,888	-22,026	0	-45,914
Contribution	51,976	5,719	-706	56,989	17,328	3,005	20	20,353
Other operating items	0	0	-64,647	-64,647	0	0	-39,636	-39,636
Operating result	51,976	5,719	-65,353	-7,658	17,328	3,005	-39,616	-19,283
Net financial items	0	0	4,299	4,299	0	0	588	588
Result before income tax	51,976	5,719	-61,054	-3,359	17,328	3,005	-39,028	-18,695

SEKt	Jan - Dec 2023				Jan - Dec 2022			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	442,449	148,628	0	591,077	216,876	111,942	0	328,818
<i>of which CERAMENT BVF</i>	208,357	14,737	0	223,094	195,962	14,280	0	210,242
<i>of which CERAMENT drug eluting¹</i>	224,466	133,774	0	358,239	14,510	97,662	0	112,172
<i>of which other</i>	9,626	117	0	9,743	6,404	0	0	6,404
Cost of sales	-23,124	-25,768	-1,268	-50,160	-12,873	-18,258	20	-31,111
Gross profit	419,325	122,860	-1,268	540,917	204,003	93,684	20	297,707
Sales commissions and fees	-152,453	-1,687	0	-154,140	-80,375	0	0	-80,375
Other operative costs	-111,763	-91,148	0	-202,911	-81,373	-70,614	0	-151,987
Contribution	155,109	30,025	-1,268	183,866	42,255	23,070	20	65,345
Other operating items	0	0	-169,936	-169,936	0	0	-129,880	-129,880
Operating result	155,109	30,025	-171,204	13,930	42,255	23,070	-129,860	-64,535
Net financial items	0	0	1,818	1,818	0	0	-159	-159
Result before income tax	155,109	30,025	-169,386	15,748	42,255	23,070	-130,019	-64,694

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

The amounts in the tables above are eliminated for Group transactions. Intercompany sales from EUROW to NA amounted to SEK 116.0 million (46.8) during the quarter and SEK 370.7 million (172.1) for the year.

NOTE 8

OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

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

Employee stock option programs

Of the two employee stock option programs, one runs over ten years and expires 2025 and one program runs over eight years and expires 2024. Each stock option gives the holder the right to acquire 0.2 ordinary shares in BONESUPPORT when exercising the option. This at a price in the first program of SEK 0.125 per option, equivalent to SEK 0.625 per share, and in the second program of SEK 5.30 per option, equivalent to SEK 26.50 per share. The employee stock options are vested according to a schedule in each program. A condition for allotment of options is employment or a contractual relationship with the Company at each vesting date. Of the previously allocated 25.7 million options, 8.9 million options regard active programs. Of these 8.9 million options, 5.2 million (5.2) options were fully vested before the end of the period. Remaining 3.7 million (3.7) options were not allocated.

Performance share programs

There are three programs for employees and one program for one Board member.

The programs run as follows with the below end dates:

- The program for employees decided at the Annual General Meeting in 2020 runs until December 31, 2023;
- The program for employees decided at the Annual General Meeting in 2021 runs until December 31, 2023;
- 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; and
- The program for employees decided at the Annual General Meeting in 2023 runs until December 31, 2026. The investment period for the participants ended on December 31, 2023 and the vesting period started on January 1, 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 or three 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 two programs that were decided in 2021. 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.

In the program for employees decided at the Annual General Meeting in 2023, each savings share gives the opportunity to be allotted a maximum of 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.

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 options ¹	Equal to no. of shares	WAEP ²
Balance January 1, 2023	420,208	84,044	26.50
Exercised	-5,000	-1,000	26.50
Balance December 31, 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
Granted in this year's program	600,000
Balance December 31, 2023	1,292,000

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 20,069 thousand (17,891). The social security contributions amounted to an expense of SEK 20,051 thousand (10,486). The liability for social security contributions at the end of the period amounts to SEK 23,510 thousand (12,968).

NOTE 9 TAXES

The Group has tax losses carried forward based on historical losses. The Company makes ongoing assumptions about its future earnings. Based on a prudent but realistic assessment of the future utilization of these losses carried forward, the Company has during the year for the first time assigned a value in the balance sheet attributable to the tax losses carried forward, and also to other temporary differences.

The tax losses carried forward are attributable to the research-focused period of the business, where the foundation and conditions for current and future sales and results were created. All tax losses carried forward are attributable to BONESUPPORT AB and BONESUPPORT HOLDING AB and the Swedish tax system, with full group contribution rights. The strong development in 2023 in terms of sales growth and with four consecutive quarters of gradually increasing positive operating profit, together with a communicated sales target for 2024, constitute a strong indication of the possibility to utilize these tax losses carried forward.

In the Group and in the Parent Company, the part of the deferred taxes on tax losses carried forward that relate to transaction costs on share issue, has been posted directly over equity, as that is where the transaction costs were posted. The remaining part of the deferred taxes has been posted in the income statement.

GROUP	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
SEKt				
Deferred tax income	20,070	0	237,170	0
Current tax expense	-5,977	-1,841	-7,897	-3,473
Total income tax	14,093	-1,841	229,273	-3,473

	Dec 31	
	2023	2022
Deferred tax asset on tax losses carried forward, recognized in the income statement	194,614	0
Deferred tax asset on tax losses carried forward, recognized directly over equity	12,521	0
Deferred tax asset on leasing debt	4,017	0
Deferred tax liability on right-of-use assets	-3,903	0
Deferred tax asset on other temporary differences	42,428	0
Total deferred tax asset	249,677	0

SEKt	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Deferred tax income	-468	0	17,391	0
Current tax expense	0	0	0	0
Total income tax	-468	0	17,391	0

	Dec 31	
	2023	2022
Deferred tax asset on tax losses carried forward, recognized in the income statement	17,391	0
Deferred tax asset on tax losses carried forward, recognized directly over equity	12,521	0
Total deferred tax asset	29,912	0

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 2024 is to grow sales with over 40 percent (constant exchange rates).

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	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net sales	172.7	103.2	591.1	328.8
Sales growth, %	67.4	68.1	79.8	54.5
Cost of sales	-14.1	-8.8	-50.2	-31.1
Gross profit	158.6	94.4	540.9	297.7
Gross margin, %	91.8	91.5	91.5	90.5
Directly attributable selling expenses	-101.0	-72.2	-354.0	-224.5
Selling expenses, not directly attributable	-3.0	-2.7	-17.3	-13.9
<i>Selling expenses including commissions and fees</i>	<i>-104.0</i>	<i>-74.9</i>	<i>-371.3</i>	<i>-238.4</i>
Directly attributable research and development expenses	-0.5	-1.8	-3.0	-7.9
Research and development expenses, not directly attributable	-17.0	-13.0	-54.1	-45.2
<i>Research and development expenses</i>	<i>-17.5</i>	<i>-14.8</i>	<i>-57.1</i>	<i>-53.1</i>
Contribution	57.0	20.4	183.9	65.3

Interest bearing debt and net debt	Dec 31	
	2023	2022
SEKm		
Non-current borrowings	13.2	12.4
Current borrowings	4.3	5.1
Interest bearing debt	17.5	17.5
Cash and cash equivalents	167.4	201.3
Net debt	-149.9	-183.8

Operating result before effects from the Group's incentive programs	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
SEKm				
Operating result	-7.7	-19.3	13.9	-64.5
Of which incentive costs	-18.9	-9.2	-40.1	-28.4
Operating result before effects from the Group's incentive programs	11.2	-10.1	54.1	-36.2

Net sales growth in constant exchange rates	Oct - Dec			Jan - Dec		
	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	71%	125.6	73.4	95%	422.4	216.9
EUROW	32%	39.4	29.8	28%	142.7	111.9
Total	60%	165.0	103.2	72%	565.1	328.8

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.

MDR. The Medical Device Regulation is an EU regulation designed to ensure the safety and performance of medical devices.

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. 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. For patients, surgical treatment including CERAMENT means that they can return to a more normal life more quickly.



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 is sales growth above 40 percent (in constant currency) during 2024.



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 evidence for the CERAMENT platform continues to grow and now amounts to more than 240 publications and abstracts.

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

ABOUT BONESUPPORT

BONESUPPORT HOLDING AB (publ), org.nr. 556802-2171, based in Lund, Sweden, 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 up until December 2023 more than 110,000 treatments have been performed with its products worldwide. There is great market potential in trauma, chronic osteomyelitis, revision arthroplasty, oncology and 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. Strategy

PRESENTATION OF YEAR END REPORT JANUARY – DECEMBER 2023

The Company invites investors, analysts and media to a web conference (in English) on February 15, 2024 at 15.00 CET, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will be avail-

able on BONESUPPORT's website from 14.00 CET on the same day and the presentation from the webcast will be uploaded during the day on February 15, 2024. 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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