



BONESUPPORT™

INTERIM REPORT JANUARY – JUNE 2021

Q2 58% SALES GROWTH IN CONSTANT CURRENCY

APRIL - JUNE 2021

- Net sales increased by 43 percent (58 percent at constant exchange rates) and amounted to SEK 51.8 million (36.2).
- The North America (NA) segment reported a sales increase of 35 percent (56 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 55 percent (61 percent at constant exchange rates).
- The gross margin amounted to 89.5 percent (86.7).
- Operating result amounted to SEK -25.9 million (-23.5).
- Earnings per share, before and after dilution, were SEK -0.42 (-0.41).

JANUARY - JUNE 2021

- Net sales increased by 21 percent (33 percent at constant exchange rates) and amounted to SEK 96.6 million (79.6).
- The North America (NA) segment reported a sales increase of 27 percent (45 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 15 percent (19 percent at constant exchange rates).
- The gross margin amounted to 89.1 percent (87.8).
- Operating result amounted to SEK -45.6 million (-52.7).
- Earnings per share, before and after dilution, were SEK -0.74 (-0.95).

EVENTS DURING THE PERIOD

- In April, the company announced that it had been awarded a Synthetic Implantable Products agreement with Premier. Premier, with approximately 4,100 hospitals in its network, is one of the leading purchasing networks in the US.
- In June, the company received "breakthrough device designation" for CERAMENT G for the indication trauma, from the US Food and Drug Administration (FDA).
- The last patient follow-up in the FORTIFY study was conducted at the end of June.

EVENTS AFTER THE PERIOD

- Nothing to report.

KEY FIGURES	Apr - Jun		Jan - Jun		12 months	
	2021	2020	2021	2020	LTM	2020
Net sales, SEKm	51.8	36.2	96.6	79.6	197.9	180.9
Sales growth, % ¹	43.1	-3.1	21.4	13.5	20.0	16.3
Gross profit, SEKm	46.3	31.4	86.1	69.9	177.8	161.6
Gross margin, % ¹	89.5	86.7	89.1	87.8	89.8	89.4
Operating loss, SEKm	-25.9	-23.5	-45.6	-52.7	-91.5	-98.6
Loss for the period, SEKm	-27.0	-23.6	-47.3	-53.0	-95.7	-101.4
Equity at period end, SEKm	359.7	442.1	359.7	442.1	359.7	398.9
Net debt, SEKm ¹	-300.3	-383.3	-300.3	-383.3	-300.3	-343.3
Operating cash flow, SEKm	-32.5	-31.7	-46.5	-59.7	-87.1	-100.3
Cash at period end, SEKm	309.6	393.9	309.6	393.9	309.6	353.7
Earnings per share, SEK	-0.42	-0.41	-0.74	-0.95	-1.64	-1.72

This information is such information as BONESUPPORT AB (publ) is obliged to make public pursuant to EU's regulation on market abuse (MAR) and the Swedish Securities Markets Act.

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



CEO COMMENTS

Early signs of recovery. The pandemic continued to be a limiting factor.

As in the first quarter, we saw a direct regional correlation in the second quarter between the number of orthopedic surgeries and restrictions as well as the infection incidence of COVID-19. With an increasing proportion of the population being vaccinated and somewhat eased restrictions, the number of surgical procedures increased in the second quarter, compared to the first quarter. Despite this, the healthcare backlog for surgical procedures has further increased, from already being at record levels in the first quarter.

Resources in healthcare are stretched and extra resources will be required to work their way back to a normal state over time and sequentially addressing the healthcare backlog. Physical meetings, access to decision-makers and training meetings remain affected by pandemic-related limitations and restrictions. Our sales representatives have adapted their sales efforts day by day based on the pandemic situation in each country, state and region. Above all, the situation has affected our sales representatives' ability to reach new customers. As before, new customer interaction during the quarter has mainly been done through digital meetings and webinars.

Despite the restrictions, sales for the quarter rose by 15 percent to SEK 52 million compared to the previous quarter and by 43 percent (58 percent in constant exchange rate) compared to the corresponding quarter in 2020. In those countries where sales representatives have had limited opportunities to meet customers, we continued during the quarter to apply reduced working hours – which has contributed to a lower cost base. The reduction of sales representatives' working hours ended on July 1.

The most positive news of the quarter was the agreement signed with Premier, which is one of the largest purchasing networks in the US, Group Purchasing Organization (GPO). The agreement means that we significantly expand our potential network of customers in the US.

In Italy, we have now established our hybrid model, with qualified BONESUPPORT staff working side by side with the local distributor's sales force. The corresponding arrangement will be introduced in Spain in the third quarter.

The work to submit our De Novo application to the US Food and Drug Administration (FDA) for CERAMENT G for osteomyelitis (bone infection) continues as planned and we expect to submit additional data in October, with the possibility of a De Novo approval for the indication bone infection in the first quarter of 2022.

CERAMENT G has been classified by the FDA as a breakthrough device for the indication of bone infection since March 2020. During the quarter, we were able to announce that the breakthrough device classification was also assigned for the indication of trauma. Such categorization can be assigned to products that are expected to provide a more effective treatment of severe medical conditions where no comparable equivalent is available on the market. The categorization has been added to provide a prioritized regulatory pathway so that patients can access new treatment options more quickly. Such categorization is also important in future discussions and decisions on reimbursement.

We look forward with anticipation to the upcoming results of the FORTIFY study. The last patient follow-up was carried out at the end of June and the first preliminary results are expected to be available in September. The study was initiated in 2017 with the aim of evaluating the safety and efficacy of CERAMENT G compared to the current standard of care, for open tibia fracture. Based on the study results, we will submit a regulatory application for the indication trauma, among other things, at the end of 2021 and a potential approval may be achieved by the end of 2022.

We summarize another quarter dominated by the effects of the pandemic. We continue to develop our commercial platform as well as our regulatory delivery for broader geographical approval. We are convinced that the unique benefits offered by CERAMENT G and CERAMENT V in terms of the possibility of a one-step procedure contribute cost-effectively to reducing the healthcare backlog that has been built up and enabling the change in the treatment standard for bone healing.

I look forward to being able to seriously accelerate our journey as the pandemic comes under control. Eventually, our goal is to grow sales by 40 percent per year.

Emil Billbäck, CEO

COVID-19 PANDEMIC'S IMPACT ON BONESUPPORT

Despite the increasing ratio of inoculated in the population, the pandemic has continued to have a major impact on the business. Regional outbreaks have imposed regional limitations and restrictions on access to healthcare professionals. Below is a perspective of how BONESUPPORT was affected during the quarter and the assessments that can currently be made for 2021, as well as how BONESUPPORT acts to address this situation.

EFFECTS IN THE SECOND QUARTER

- The pandemic continues to impose local restrictions, to varying degrees and with regional differences. During the second quarter, we have seen signs that vaccination programs have had an initial positive impact on healthcare resources, but that the pandemic has continued to have impact on non-critical orthopedic surgeries.

EXPECTED DEVELOPMENT

- Pending the continued and sustainable stabilization and reduced spread of infection, with released restrictions and normalized healthcare priorities, short-term development remains difficult to assess.
- In the longer term, the pandemic is expected to have a limited impact on the needs of BONESUPPORT's products, whether it concerns trauma or elective surgeries.

SELECTION OF MEASURES TO PROTECT STAFF AND ACTIVITIES

- Recommended hygiene routines and enabling employees to work from home.
- During the quarter, there was a limited amount of reduction in working hours.
- A well-functioning manufacturing process combined with maintaining high safety stock guarantees continued good delivery capacity over the coming quarters.

CLINICAL STUDIES

- In consultation with the FDA, the recruitment of patients to FORTIFY was terminated prematurely. The last patient follow-up took place at the end of June.
- As previously communicated, the recruitment rate in the SOLARIO study has been affected by the COVID-19 pandemic and the study is expected to end in the first quarter of 2023.
- The recruitment rate in other clinical studies is somewhat affected by the pandemic, but this has not, at present, meant that the communicated milestones for the studies have been revised.



NORTH AMERICA (NA)

The US market is the world's largest for synthetic bone graft products and thus the company's most important market. The focus of the North America segment is increased penetration of the market through continued development of the distribution structure established in 2018. Work is underway to prepare for a market introduction of the company's antibiotic-releasing product CERAMENT G and includes a De Novo application which could involve market approval at the beginning of 2022.

APRIL - JUNE

Sales

Sales for the period amounted to SEK 29.1 million (21.6), corresponding to a growth of 35 percent (an increase of 56 percent in constant exchange rates). Our investment in an independent distribution network with over 40 distributors means improved geographical coverage and enables a broader market penetration of different indications. During the quarter, an agreement was signed with Premier, which is one of the largest purchasing networks in the United States, Group Purchasing organization (GPO). The strengthened customer base together with the larger GPO contracts signed are contributing factors to the increase in sales.

Contribution¹

The contribution from the segment was SEK -0,3 million (-4,2). The improved contribution relates to increased sales. Sales and market

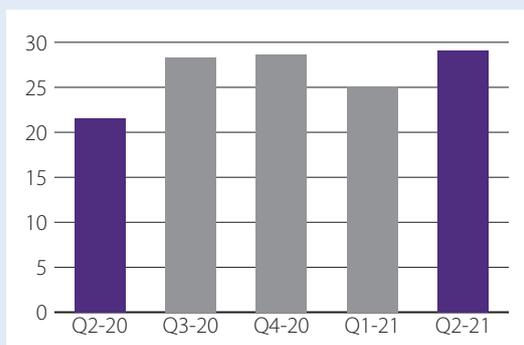
costs during the quarter amounted to SEK 22,8 million (18,6) of which sales commissions to distributors were included with SEK 9,3 million (6,9). Increase in sales and market costs depends on the cost reductions as reported previous year because of COVID-19. The contribution was also charged by R&D costs related to ongoing studies amounting to SEK 4,6 million (5,2).

JANUARY - JUNE

Net sales amounted to SEK 54.2 million (42.8), which corresponds to an increase of 27 percent (an increase of 45 percent in constant exchange rates).

The contribution amounted to SEK -2.3 million (-16.4). The improved contribution is mainly due to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Apr - Jun		Jan - Jun		Full year
	2021	2020	2021	2020	2020
Net sales	29.1	21.6	54.2	42.8	99.7
Gross profit	27.1	19.6	50.5	39.3	93.7
Contribution	-0.3	-4.2	-2.3	-16.4	-16.8

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



EUROPE & REST OF THE WORLD (EUROW)

In Europe, CERAMENT is sold by both the company's own sales organization and by distributors. Germany, the UK, Switzerland, Sweden, Denmark and the BENELUX countries are key markets where BONESUPPORT has its own sales staff. In other European markets and in other parts of the world (ROW), the company cooperates with specialist distributors. In Italy, we have now established our hybrid model, with qualified BONESUPPORT staff working side by side with the local distributor's sales force. The focus is on accelerating the sales and use of CERAMENT in established and new markets through market access, above all, the provision of published clinical and health economic evidence. During the quarter, we saw signs that vaccination programs had an initial positive impact on healthcare resources, but that the pandemic continued to have impact on non-critical orthopedic surgeries.

APRIL - JUNE

Sales

Sales for the period amounted to SEK 22.7 million (14.6), corresponding to a growth of 55 percent (61 percent in constant exchange rate). The pandemic has continued to have a major impact on healthcare systems and our ability to meet physically with existing and new customers.

Sales in key markets accounted for 80 percent (84) of the segment's sales during the quarter. Sales of the antibiotic-releasing products CERAMENT G and CERAMENT V accounted for 88 percent (85).

Contribution¹

The contribution from the segment amounted to SEK 3.0 million (2.3). The increased contribution is explained by the increased sales after effect from increased costs. Sales and market costs increased by SEK 6.8 million compared to the corresponding quarter last

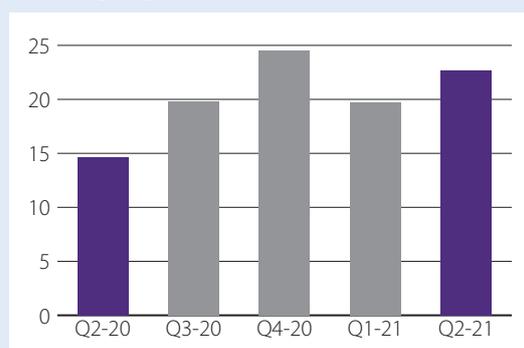
year and amounted to SEK 16.2 million (9.4). The increase is mainly due to the large cost reductions reported last year because of the impact of the COVID-19 pandemic.

JANUARY - JUNE

Net sales amounted to SEK 42.4 million (36.8), an increase of 15 percent compared to the previous year (19 percent in constant exchange rate). The increased sales in the period are a direct effect of a gradual recovery from the pandemic.

The contribution amounted to SEK 5.2 million (6.2). Higher costs have led to the reduced contribution versus previous year.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Apr - Jun		Jan - Jun		Full year 2020
	2021	2020	2021	2020	
Net sales	22.7	14.6	42.4	36.8	81.1
Gross profit	19.2	11.7	35.6	30.6	67.9
Contribution	3.0	2.3	5.2	6.2	13.2

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



RESEARCH AND DEVELOPMENT

BONESUPPORT’s clinical development program focuses on further developing CERAMENT’s properties, expanding clinical application areas and utilizing CERAMENT’s unique drug-releasing properties through the development of combination products that promote bone healing.

Several different combinations with CERAMENT have been investigated to add osteoinductive properties, meaning the ability to actively stimulate bone healing. Among others, the company has conducted research in the form of preclinical candidates that have combined CERAMENT with bisphosphonates, bone morphogenetic proteins (BMP), bone marrow aspirate (BMA) and demineralized bone matrix (DBM). Prioritized product candidates for own development are CERAMENT with bisphosphonate and CERAMENT with DBM, while CERAMENT with BMP is a candidate for potential partner development.

Bisphosphonate is a well-established substance in the treatment of osteoporosis and is used to limit the activity of osteoclasts, resulting in improved bone remodeling and bone density. Demineralized bone matrix (DBM) is based on allograft reduced on minerals. The material has been shown to have a wide use in conditions and situations where there is weak natural bone remodeling.

Preclinical research has shown that the addition of zoledronic acid to CERAMENT can increase bone volume and improve the anchoring of screw implants. Further preclinical research has shown that the combination CERAMENT, zoledronic acid and bone morphogenetic 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 the 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.

RESULTS FROM CERTIFY DRIVES CHANGED STANDARD OF CARE

CERTIFY is a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients. The study, which

ONGOING RANDOMIZED CONTROLLED TRIALS

	FORTIFY	SOLARIO	CONVICTION
Indication	Open Tibial Plateau Fractures	Osteomyelitis	Osteomyelitis
Purpose	Evaluate the ability of CERAMENT G to improve treatment outcomes in open tibial fractures	Evaluate whether synthetic bone graft substitutes with antibiotics (CERAMENT G / V) can shorten treatment times	Evaluate the cost-effectiveness and treatment effect of CERAMENT G
Effect measure	<ul style="list-style-type: none"> Prevalence of deep infection Prevalence of secondary surgery Patient-reported improvement 	<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	200	500	220
Follow up time	12 months	12 months	24 months
Place	Clinics in the U.S. and Europe	Europe	France, CRIOAc
Expected completion	Q3 2021	Q1 2023	2025

was done on tibia 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 & 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 FORTIFY STUDY

The FORTIFY study evaluates the ability of CERAMENT G to improve the treatment outcome of patients with open tibia fractures. That the fracture is “open” means that the skin has been penetrated in conjunction with the trauma. These fractures run a high risk of infection, with inadequate bone healing as a result. The primary effects to be measured in the study include the absence of deep infection at the fracture site, the absence of additional surgical procedures to promote healing and patient-reported improvement. The patient enrollment to FORTIFY ended in June 2020 and information of the first preliminary results can be expected in September.

The study, which includes patients from both US and European clinics, will form the basis for supporting a planned application to the FDA, for a wide range of indications for CERAMENT G, including trauma. CERAMENT G for the indication trauma has, just as CERAMENT G for the indication bone infection, received FDA’s breakthrough designation and the application for market approval is expected to be submitted by the end of 2021.

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 Hospital’s NHS Foundation Trust in collaboration with EBJS (European Bone and Joint Infection Society). SOLARIO is a randomized unblinded European multicenter study that is expected to include 500 patients. The first patient was recruited in February 2019 and the study is expected to be closed during Q1 2023. A positive result of the study may mean a paradigm shift in the protocol for treating bone infections.

THE CONVICTION STUDY

The French CRIOAc¹ 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 with a research grant from BONESUPPORT to partially finance the products used in the study.

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

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

¹ 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. The value of a treatment is determined in various ways in different countries and BONESUPPORT undertakes a variety of activities to ensure that the company's products are included in the remuneration systems where our products are marketed.

Some of the obvious health benefits that come from the clinical benefits CERAMENT offers are a reduced utilization of healthcare resources. A reduced number of re-infections as a result of treatment with CERAMENT G and CERAMENT V in a one-step procedure naturally leads to fewer return visits and fewer surgeries and, as a consequence, fewer hospital stays. Another way of looking at health economic benefits is from the patient and relative perspective - patients with good treatment results receive an improved quality of life and the opportunity for an active life. Improved clinical outcomes also have a positive impact on society as a whole - such as fewer sick leaves, reduced need for rehabilitation and care. The significance of health benefits and the calculation models for evaluating the cost-effectiveness of health benefits differ between different healthcare systems. Our teams therefore work closely with local expertise to increase our ability to include the CERAMENT platform more quickly in replacement systems in new markets.

REDUCED NUMBER OF RE-INFECTIONS REDUCES THE LENGTH OF STAY

The Nuffield Orthopedic Center (NOC) has shown that they have been able to reduce the degree of re-infection in osteomyelitis patients by 56 percent compared to their previous standard of treatment. In an analysis involving approximately 25,000 patients who underwent surgical treatment for osteomyelitis in 2013-2017, the patient group treated at NOC after the introduction of CERAMENT G or CERAMENT V in a one-step procedure was compared with patients cared for at other hospitals in England. The results presented in *The Journal of Bone and Joint Infection*¹ showed that CERAMENT G or CERAMENT V in a one-step procedure contributed to significantly improved patient outcomes. The hospital stay in connection with osteomyelitis surgery was reduced by a third - an average of five days per patient for the group that received CERAMENT G and CERAMENT V at NOC. During the following two years after surgery, the patients treated for NOC had an average of eleven days shorter hospital stay. In addition, patients at NOC had

two times less risk of amputation and five times less risk of death compared with the rest of England. Recurrence of infection was suggested as a contributing factor to a higher mortality rate. The average cost of care per day per patient at a hospital in the UK in 2019 was GBP 437. Only the total savings in the number of care days in connection with surgery and subsequent care could, with the addition of CERAMENT G or CERAMENT V in the treatment of osteomyelitis, amount to approximately 44 MGBP annually, calculated on 6,250 treated patients per year.

REDUCED RISK OF DEEP INFECTIONS WITH CERAMENT G AND CERAMENT V

Another area where CERAMENT G and CERAMENT V could help reduce healthcare costs is in the treatment of open tibial fractures. Open tibial fractures represent about 15 percent¹ of all tibial fractures and have a high incidence of infection, with no bone healing as a result. Bone infections often lead to great suffering for the patient and very high healthcare costs.

In a Belgian study by Hoekstra et al² of 358 patients, the cost of tibial fractures was studied. The study showed that the healthcare costs for the patients who suffered from a deep infection were on average five times higher than for those who did not get an infection, which resulted in the costs increasing from EUR 9,500 to EUR 48,700. FORTIFY is designed to create the highest possible level of evidence regarding CERAMENT G and effective management of open tibial fractures, but already today 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 Jahangir et al³ on 51 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, no patient suffered from a deep infection. This shows that one-step treatment with antibiotic-eluting CERAMENT for open tibial fractures can effectively reduce the incidence of cost-driving infections.

1. Ferguson, J et al. A retrospective cohort study comparing clinical outcomes and healthcare resource utilisation in patients undergoing surgery for osteomyelitis in England: a case for reorganising orthopaedic infection services, *J. Bone Joint Infect.*, 6, 151-163
2. Hoekstra et al. Economics of open tibial fractures: the pivotal role of length-of-stay and infection. *Health Econ Rev* 2017; 7:32
3. Jahangir et al. "The use of adjuvant local antibiotic hydroxyapatite bio-composite in the management of open Gustilo Anderson type IIIB fractures. A prospective review." *Journal of Orthopaedics* vol. 16.3 278-282.

FINANCIAL OVERVIEW

PROFIT AND LOSS

APRIL – JUNE 2021

Net sales

Net sales amounted to SEK 51.8 million (36.2), an increase of 43 percent (58 percent at constant exchange rates) compared to the previous year. In the North America segment, sales amounted to SEK 29.1 million (21.6), which corresponds to growth of 35 percent (56 percent at constant exchange rate). The strengthened customer base together with the major GPO contracts that have been signed are contributing factors to the increase in sales.

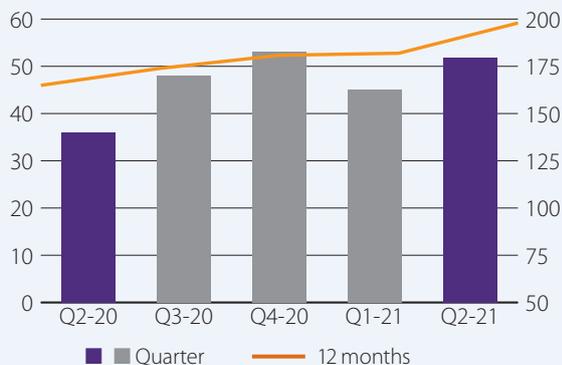
Sales for the EUROW segment amounted to SEK 22.7 million (14.6), which corresponds to an increase of 55 percent (61 percent at constant exchange rates). The pandemic has continued to have a major impact on healthcare systems and our ability to meet physically with existing and new customers.

The currency translation effect amounted to SEK +0.1 million (-0.0).

Cost of goods sold

Cost of goods sold amounted to SEK 5.4 million (4.8), giving a gross margin of 89.5 percent (86.7).

Net sales per quarter, SEKm



Selling expenses

Selling expenses including sales commissions amounted to SEK 43.3 million (29.9), an increase of 45 percent. Personnel costs increased to SEK 21.2 million (17.7). Costs for sales commissions in NA increased to SEK 9.3 million (6.9). Other selling expenses increased

to SEK 12.8 million (5.3). The increase is mainly due to the large cost reductions made last year as a result of the impact of the COVID-19 pandemic and the low level of activity that followed.

The NA segment reported a cost increase to SEK 22.8 million (18.6). In EUROW, expenses amounted to SEK 16.2 million (9.4). Unallocated costs increased to SEK 4.3 million (1.9).

Research and development expenses

Research and development expenses amounted to SEK 15.0 million (14.0). Personnel costs amounted to SEK 7.0 million (5.6). Other expenses totaled SEK 8.0 million (8.4). The decrease is due to the fact that the FORTIFY study has recruited the last patient and thus entered a new phase and that the progression in other studies was affected by the pandemic.

The NA segment reported Research and development expenses amounting to SEK 4.6 million (5.2).

Administrative expenses

Administrative expenses amounted to SEK 14.0 million (10.3). Personnel costs amounted to SEK 8.8 million (7.0), of which provisions within the framework of active incentive programs amounted to SEK 3.0 million (3.9). Personnel costs in the previous year included effects from general reductions in working hours and voluntary wage waivers. Other expenses amounted to SEK 5.2 million (3.3), an increase compared with a very low cost base last year due to the pandemic.

Other operating income and expenses

Other operating income and expenses consisted primarily of exchange rate gains and losses on operating assets and liabilities.

Operating result

Operating result amounted to SEK -25.9 million (-23.5), where the increased loss is mainly explained by increased operating costs.

Loss for the period

For the reasons described above, the loss for the quarter amounted to SEK -27.0 million (-23.6), which corresponds to earnings per share of SEK -0.42 (-0.41).

JANUARY – JUNE 2021

Net sales

Net sales amounted to SEK 96.6 million (79.6), an increase of 21 percent (33 percent at constant exchange rates). The NA segment increased by 27 percent to SEK 54.2 million (42.8) and the EUROW segment increased by 15 percent to SEK 42.4 million (36.8).

Operating result

Operating result amounted to SEK -45.6 million (-52.7). The increase in sales contributed positively to improved gross profit at the same

time as operating costs increased compared with the previous year as a result of the cost reductions that then took place as a result of the pandemic.

Loss for the period

For the reasons described above, the loss for the period amounted to SEK -47.3 million (-53.0), which corresponds to earnings per share of SEK -0.74 (-0.95).

FINANCIAL POSITION AND CASH FLOW

SEKm	Jun 30		Dec 31
Financial position	2021	2020	2020
Cash and cash equivalents	309.6	393.9	353.7
Interest bearing debt ¹	9.2	10.6	10.5
Net debt ¹	-300.3	-383.3	-343.3
Equity	359.7	442.1	398.9

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

SEKm	Apr - Jun		Jan - Jun		Full year
Cash flow	2021	2020	2021	2020	2020
Operating activities	-32.5	-31.7	-46.5	-59.7	-100.3
Investing activities	-0.8	-0.8	-1.1	-1.8	-2.7
Financing activities	4.2	359.3	3.3	363.6	365.3
Total	-29.1	326.8	-44.3	302.1	262.4

Cash and cash equivalents at the end of the period amounted to SEK 309.6 million (393.9), a decrease of SEK 44.2 million since the beginning of the year. The change is mainly explained by cash flow

from operating activities amounting to SEK -46.5 million (-59.7), mainly attributable to operating result of SEK -45.6 million (-52.7). This also explains 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 11.0 million (11.1) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK -2.5 million (+0.4). No investments were made during the quarter.

EMPLOYEES

On average, the Group had 85 (83) employees (full-time equivalent) during the quarter, of whom 24 (22) worked within Research and development.

SIGNIFICANT EVENTS DURING THE QUARTER

For significant events, see page 1.

SIGNIFICANT EVENTS AFTER PERIOD END

For significant events after the period, see page 1.

SHARES AND RELATED PROGRAMS

The company has ordinary shares and C-shares, see Note 4. The quotient value of the shares is SEK 0.625 per share. The ordinary shares entitle to one vote each and the C-shares entitle to one tenth of a vote each. According to the Articles of Association, the number of shares shall be at least 29,000,000 and at most 116,000,000.

As of June 30, 2021, the total number of ordinary shares amounted to 64,140,318, distributed among 7,227 shareholders. The major shareholders are shown in the table below. During the quarter, the number of shares increased as a result of converted employee stock options and warrants.

As of June 30, 2021, the total number of C-shares amounted to 1,290,000. BONESUPPORT Holding AB holds all C-shares.

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

Shareholders June 30, 2021

Name	% of shares	% of votes
HealthCap V LP	10.1%	10.3%
Avanza Bank	8.0%	8.2%
State Street Bank and Trust	7.5%	7.6%
Swedbank Robur Fonder	6.3%	6.4%
Stiftelsen Industrifonden	5.8%	5.9%
Tredje AP-Fonden	5.6%	5.7%
Fjärde AP-Fonden	4.8%	4.9%
Other shareholders	51.9%	51.0%

FINANCIAL CALENDAR

- November 4, 2021 Interim report Q3 2021

NOMINATION COMMITTEE

The nomination committee is elected based on the principles decided at the AGM May 20, 2021. 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 during May, 2022. The members of the committee are:

- Jacob Gunterberg, Chairman of the Committee, representing HealthCap VLP
- Lennart Johansson, Chairman of the Board
- Caroline Sjösten, representing Swedbank Robur fonder
- Jonas Jendi, representing Stiftelsen Industrifonden

THIS REPORT

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

DECLARATION OF THE BOARD OF DIRECTORS AND THE CEO

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

Lund, July 15, 2021

Lennart Johansson
Chairman

Lars Lidgren
Board member

Håkan Björklund
Board member

Björn Odlander
Board member

Tone Kvåle
Board member

Emil Billbäck
CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Apr - Jun		Jan - Jun		Full year
		2021	2020	2021	2020	2020
Net sales	7	51,777	36,175	96,606	79,607	180,860
Cost of sales	7	-5,448	-4,813	-10,549	-9,713	-19,256
Gross profit	7	46,329	31,362	86,057	69,894	161,604
Selling expenses		-34,090	-22,957	-65,243	-57,952	-123,818
Sales commissions	7	-9,256	-6,916	-17,125	-13,997	-31,598
Research and development expenses		-15,031	-13,994	-27,288	-29,777	-57,898
Administrative expenses	3, 8	-13,991	-10,341	-23,894	-21,204	-45,492
Other operating income		1,187	1,971	4,686	6,421	12,188
Other operating expenses		-1,088	-2,598	-2,809	-6,064	-13,547
Operating loss	7	-25,940	-23,473	-45,616	-52,679	-98,561
Net financial items	7	-32	-195	-370	-223	-440
Loss before income tax	7	-25,972	-23,668	-45,986	-52,902	-99,001
Income tax		-1,073	34	-1,274	-116	-2,411
Loss for the period		-27,045	-23,634	-47,260	-53,018	-101,412
Earnings per share before dilution, SEK		-0.42	-0.41	-0.74	-0.95	-1.72
Earnings per share after dilution, SEK		-0.42	-0.41	-0.74	-0.95	-1.72
Average number of shares, thousands		63,957	57,950	63,893	55,972	59,081

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Apr - Jun		Jan - Jun		Full year
	2021	2020	2021	2020	2020
Loss for the period	-27,045	-23,634	-47,260	-53,018	-101,412
<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	-179	-640	220	-83	-833
Total comprehensive income for the period	-27,224	-24,274	-47,040	-53,101	-102,245

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

CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	Note	Jun 30		Dec 31
		2021	2020	2020
ASSETS				
Non-current assets				
Intangible assets		8,523	8,471	8,840
Tangible assets		13,627	14,255	15,003
Other non-current assets	6	0	883	0
Total non-current assets		22,150	23,609	23,843
Current assets				
Inventories		45,367	47,218	45,555
Trade receivables	6	32,089	21,877	32,108
Other operating receivables	6	9,826	9,584	9,975
Cash and cash equivalents	6	309,559	393,871	353,737
Total current assets		396,841	472,550	441,375
TOTAL ASSETS		418,991	496,159	465,218
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent	4	359,667	442,082	398,899
Non-current liabilities				
Leasing debt	6	3,920	5,599	5,622
Provisions		329	305	329
Total non-current liabilities		4,249	5,904	5,951
Current liabilities				
Leasing debt	6	5,297	5,011	4,858
Trade payables	6	11,574	11,583	12,680
Other operating liabilities	6	38,204	31,579	42,830
Total current liabilities		55,075	48,173	60,368
TOTAL EQUITY AND LIABILITIES		418,991	496,159	465,218

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Paid but not registered share issue	Other paid in capital	Translation reserve	Fund for development expenses	Accumulated losses including loss for the period	Total equity
As at January 1, 2020	32,826	100	1,191,775	-60	3,552	-1,103,884	124,309
Loss January - June 2020				-83		-53,018	-53,101
Change in fund for development expenses					1,153	-1,153	0
New share issue, employee stock options	457	-96	6,508				6,869
Directed share issue	6,563		371,437				377,999
Transaction costs, directed share issue			-16,142				-16,142
New share issue and repurchase of own C-shares	456					-456	0
Share-based payment transactions						2,147	2,147
As at June 30, 2020	40,302	4	1,553,578	-143	4,705	-1,156,364	442,081
Loss July - December 2020				-751		-48,394	-49,145
Change in fund for development expenses					647	-647	0
New share issue, employee stock options	323	-4	4,061				4,380
Share-based payment transactions						1,582	1,582
As at January 1, 2021	40,625	0	1,557,639	-894	5,352	-1,203,823	398,899
Loss January - June 2021				220		-47,260	-47,040
Change in fund for development expenses					1	-1	0
New share issue, employee stock options and warrants	235		5,660				5,895
New share issue and repurchase of own C-shares	34					-34	0
Share-based payment transactions						1,914	1,914
As at June 30, 2021	40,894	0	1,563,299	-674	5,353	-1,249,204	359,667

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Apr - Jun		Jan - Jun		Full year
	2021	2020	2021	2020	2020
Operating loss	-25,940	-23,473	-45,616	-52,679	-98,561
Non-cash adjustments:					
-Share-based payments	977	1,303	1,914	2,147	3,729
-Depreciation regarding right of use assets	1,032	1,242	3,117	3,620	8,497
-Unrealized exchange rate differences	795	2,399	-3,045	-180	8,531
-Other	1,429	2,375	1,465	2,832	24
Interests received	0	4	0	4	5
Interests paid	-60	-32	-63	-1	-6
Income tax paid	-363	-2,956	-672	-2,390	-4,970
Net cash flows from operating activities before changes in working capital	-22,130	-19,138	-42,900	-46,647	-82,751
Changes in working capital	-10,375	-12,571	-3,624	-13,064	-17,524
Net cash flows from operating activities	-32,505	-31,709	-46,524	-59,711	-100,275
Investments in intangible assets	-107	-459	-329	-1,340	-2,312
Investments in equipment and tools	-734	-375	-761	-449	-346
Net cash flows from investing activities	-841	-834	-1,090	-1,789	-2,658
New share issue, employee stock options and warrants	5,889	102	5,895	6,869	11,248
Directed share issue	0	378,000	0	378,000	378,000
Transaction costs, directed share issue	0	-16,142	0	-16,142	-16,142
Repayments of leasing debt	-1,657	-2,628	-2,618	-5,098	-7,768
Net cash flows from financing activities	4,232	359,332	3,277	363,629	365,338
Net cash flows	-29,114	326,789	-44,337	302,129	262,405
Cash and cash equivalents as at beginning of period	338,956	67,951	353,737	92,065	92,065
Net exchange difference	-243	-869	159	-323	-733
Cash and cash equivalents as at end of period	309,599	393,871	309,559	393,871	353,737

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	51,777	44,829	53,175	48,078	36,175	43,432	46,199	39,115
North America	29,068	25,121	28,633	28,281	21,565	21,248	23,256	18,462
EUROW	22,709	19,708	24,542	19,797	14,610	22,184	22,942	20,653
Cost of sales	-5,448	-5,101	-5,418	-4,125	-4,813	-4,900	-5,114	-4,795
Gross profit	46,329	39,728	47,757	43,953	31,362	38,532	41,085	34,320
Gross margin, %	89.5%	88.6%	89.8%	91.4%	86.7%	88.7%	88.9%	87.7%
Selling expenses	-34,090	-31,153	-33,884	-31,982	-22,957	-34,995	-41,322	-33,508
Sales commissions	-9,256	-7,869	-8,371	-9,230	-6,916	-7,081	-7,970	-6,001
Research and development expenses	-15,031	-12,257	-16,467	-11,654	-13,994	-15,783	-18,527	-17,449
Administrative expenses	-13,991	-9,903	-12,647	-11,641	-10,341	-10,863	-11,566	-10,874
Other operating income	1,187	3,499	1,594	4,173	1,971	4,450	3,080	2,977
Other operating expenses	-1,088	-1,721	-4,638	-2,845	-2,598	-3,466	-3,379	-2,153
Operating loss	-25,940	-19,676	-26,656	-19,226	-23,473	-29,206	-38,599	-32,688
Net financial items	-32	-338	615	-832	-195	-28	-64	-16
Loss before income tax	-25,972	-20,014	-26,041	-20,058	-23,668	-29,234	-38,663	-32,704
Income tax	-1,073	-201	-1,124	-1,171	34	-150	-2,186	-486
Loss for the period	-27,045	-20,215	-27,165	-21,229	-23,634	-29,384	-40,849	-33,190

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

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Apr - Jun		Jan - Jun		Full year
	2021	2020	2021	2020	2020
Net sales	10,955	11,138	22,234	22,276	39,371
Administrative expenses	-14,575	-13,086	-27,293	-29,218	-47,463
Other operating income	38	1,493	124	1,710	1,642
Other operating expenses	259	-75	-577	-1,486	-331
Operating loss	-3,323	-530	-5,512	-6,718	-6,781
Net financial items	799	909	1,915	2,067	3,658
Result after financial items	-2,524	379	-3,597	-4,651	-3,123
Income tax	0	0	0	0	0
Result for the period	-2,524	379	-3,597	-4,651	-3,123

Parent company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Jun 30		Dec 31
		2021	2020	2020
ASSETS				
Non-current assets				
Non-current financial assets	6	1,005,476	967,339	964,079
Total non-current assets		1,005,476	967,339	964,079
Current assets				
Prepaid expenses	6	1,209	1,419	633
Cash	6	300,595	375,004	338,114
Total current assets		301,804	376,423	338,747
TOTAL ASSETS		1,307,280	1,343,762	1,302,826
EQUITY AND LIABILITIES				
Equity				
Restricted equity	4	40,894	40,301	40,625
Unrestricted equity		1,226,598	1,220,668	1,224,563
Total equity		1,267,492	1,260,969	1,265,188
Non-current liabilities		30,468	76,319	27,411
Current liabilities	6	9,320	6,474	10,227
TOTAL EQUITY AND LIABILITIES		1,307,280	1,343,762	1,302,826

NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles mentioned in the Annual Report for 2020 have also been applied in this interim report. New or amended standards or interpretations of standards effective as of January 1, 2021 have not had any significant impact on BONESUPPORT's financial statements.

Estimates, assumptions and assessments

When preparing the company's financial statements, a number of assessments and estimates are made, as well as assumptions which affect the application of the accounting principles and the reported amounts in the income statement and balance sheet. The actual outcome may deviate from these estimates and assessments. Estimates and assessments are evaluated on the basis of historical experience and other factors, including expectations of future events.

NOTE 2 SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various financial risks. The business is impacted by many factors that could affect the Group's result and financial position. It is BONESUPPORT's strategy to continuously identify and manage risks. Financial risk management is described in Note 2, Annual Report 2020.

See page 3 regarding risks relating to COVID-19.

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

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

SEKt		Apr - Jun		Jan - Jun		Full year
Related party	Service	2021	2020	2021	2020	2020
Route 2 Advisors Ltd (Simon Cartmell, previous Board member)	Consultancy	0	110	61	221	407
Odlander, Fredrikson & Co AB (Björn Odlander, Board Member)	Travelling expenses	0	9	0	9	9

NOTE 4 NUMBER OF SHARES AND POTENTIAL SHARES

Ordinary shares	Number of shares	Potential shares
December 31, 2020	63,764,222	657,135
Converted employee stock options	15,000	-15,000
Converted warrants	361,096	-361,096
June 30, 2021	64,140,318	281,039

Series C-shares	Number of shares	Potential shares
December 31, 2020	1,235,000	55,000
Issued shares	55,000	-55,000
June 30, 2021	1,290,000	0

NOTE 5 PLEGGED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 478 thousand (521) for rented premises. The parent company, BONESUPPORT Holding AB, guarantees a corresponding amount.

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 research & 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 1.7 million (1.6) in the quarter. For the year to date, the corresponding amount was SEK 4.1 million (3.8). US and UK were the only markets that delivered more than ten percent of the consolidated net sales.

SEKt	Apr - Jun 2021				Apr - Jun 2020			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	29,068	22,709	0	51,777	21,565	14,610	0	36,175
of which CERAMENT BVF	28,636	2,656	0	31,291	21,161	2,148	0	23,309
of which CERAMENT drug eluting ¹	0	20,054	0	20,054	0	12,462	0	12,462
of which other	432	0	0	432	404	0	0	404
Cost of sales	-1,931	-3,517	0	-5,448	-1,925	-2,888	0	-4,813
Gross profit	27,137	19,192	0	46,329	19,640	11,722	0	31,362
Sales commissions	-9,256	0	0	-9,256	-6,916	0	0	-6,916
Other operative costs	-18,177	-16,194	0	-34,371	-16,904	-9,422	0	-26,326
Contribution	-296	2,998	0	2,702	-4,180	2,300	0	-1,880
Other operating items	0	0	-28,642	-28,642	0	0	-21,593	-21,593
Operating result	-296	2,998	-28,642	-25,940	-4,180	2,300	-21,593	-23,473
Net financial items	0	0	-32	-32	0	0	-195	-195
Result before income tax	-296	2,998	-28,674	-25,972	-4,180	2,300	-21,788	-23,668

SEKt	Jan - Jun 2021				Jan - Jun 2020			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	54,189	42,417	0	96,606	42,813	36,794	0	79,607
of which CERAMENT BVF	53,347	6,089	0	59,436	41,613	5,862	0	47,475
of which CERAMENT drug eluting ¹	0	36,329	0	36,329	0	30,932	0	30,932
of which other	841	0	0	841	1,200	0	0	1,200
Cost of sales	-3,712	-6,837	0	-10,549	-3,473	-6,240	0	-9,713
Gross profit	50,477	35,580	0	86,057	39,340	30,554	0	69,894
Sales commissions	-17,125	0	0	-17,125	-13,997	0	0	-13,997
Other operative costs	-35,626	-30,363	0	-65,989	-41,723	-24,354	0	-66,077
Contribution	-2,274	5,217	0	2,943	-16,380	6,200	0	-10,180
Other operating items	0	0	-48,559	-48,559	0	0	-42,499	-42,499
Operating result	-2,274	5,217	-48,559	-45,616	-16,380	6,200	-42,499	-52,679
Net financial items	0	0	-370	-370	0	0	-223	-223
Result before income tax	-2,274	5,217	-48,929	-45,986	-16,380	6,200	-42,722	-52,902

¹ CERAMENT drug eluting includes CERAMENT G and CERAMENT V.

NOTE 8

OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

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

Employee stock option programs

Of the three employee stock option programs, two run over ten years and expire 2022 and 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 two programs of SEK 0.125 per option, equivalent to SEK 0.625 per share, and in the third 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 allocated 25.7 million options, 21.6 million (21.4) options were fully vested before the end of the period.

Performance share programs

There are four programs for employees and two programs for two board members.

The programs run as follows with the below end dates:

- The program for employees decided at the annual general meeting in 2018 runs until 31 December 2021;
- The program for two board members decided at the annual general meeting in 2018 runs until 31 December 2021;
- The program for employees decided at the annual general meeting in 2019 runs until 31 December 2022;
- The program for employees decided at the annual general meeting in 2020 runs until 31 December 2023;
- The program for employees decided at the annual general meeting in 2021 runs until 31 December 2023; and
- The program for two board members decided at the annual general meeting in 2021 runs until the date of the annual general meeting in 2024.

In each program for employees decided at the annual general meetings in 2018, 2019 and 2020, each savings share gives the opportunity to be allotted to the employees a maximum of two, three or four performance shares without payment depending on share price development and the company's development in terms of sales and EBITDA during the duration of the program. In the program for two board members decided at the annual general meeting in 2018, each savings share gives the opportunity to be allotted a maximum of two performance shares without payment depending on share price development. 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 two board members 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.

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. 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 on behalf of the shares issued are credited to equity.

Warrant program

All of the warrants within the warrant program that was executed in 2018 and that gave the holder the right to acquire one share per warrant, have been exercised during the period.

Further information on these programs is presented in Notes 12 and 23 in the Annual Report 2020.

Employee stock option programs	No. of options ¹	Equal to no. of shares	WAEP ²
Balance January 1, 2021	1,480,187	296,039	9.35
Exercised	-75,000	-15,000	1.85
Balance June 30, 2021	1,405,187	281,039	9.35

Performance share programs	Right to no. of shares
Balance January 1, 2021	1,195,000
Balance June 30, 2021	1,195,000

NOTE 8
CONT'D

Warrant program	No. of warrants	Equal to no. of shares	WAEP²
Balance January 1, 2021	361,096	361,096	15.94
Exercised	-361,096	-361,096	15.94
Balance June 30, 2021	0	0	0.00

1 Not allocated options amounted to 4,119,547 (3,950,380).

2 Weighted Average Exercise Price per share (SEK).

During the year, the cost of employee stock option and performance share programs, excluding social security contributions, was recognized as operating expenses amounting to SEK 1,914 thousand (2,147). The social security contributions amounted to SEK 1,267 thousand (67). Accrued social security contributions at the end of the period amounts to SEK 9,367 thousand (3,581).

DEFINITIONS - ALTERNATIVE PERFORMANCE MEASURES

BONESUPPORT uses Alternative Performance Measures (APM) to enhance understandability of the information in the financial reports, both for external analysis, 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:

Sales growth

The difference in net sales between two periods in relation to net sales for the earlier period. Shows the operations sales performance.

Gross profit

Net sales minus cost of sales. Shows the profit to cover other costs and profit margin.

Gross margin

Net sales minus cost of sales, in relation to net sales. Shows the margin to cover costs and profit.

Contribution

Net sales minus cost of sales, minus directly attributable selling expenses and research & development expenses. A measure of result showing the performance of segments and their contribution to cover other Group costs.

Interest bearing debt

Borrowings from banks, financial institutions and lease liabilities, short and long term. Shows the debt level of the Group and forms the base for interest expenses.

Net debt

Interest bearing debt minus cash and cash equivalents. Shows the Group's net debt and is used to measure the leverage level of the Group and future funding needs.

	Apr - Jun		Jan - Jun		Full year
	2021	2020	2021	2020	2020
SEKm					
Net sales	51.8	36.2	96.6	79.6	180.9
Sales growth, %	43.1	-3.1	21.4	13.5	16.3
Cost of sales	-5.4	-4.8	-10.5	-9.7	-19.3
Gross profit	46.3	31.4	86.1	69.9	161.6
Gross margin, %	89.5	86.7	89.1	87.8	89.4
Directly attributable selling expenses	-39.0	-27.7	-74.8	-67.1	-142.0
Selling expenses, not directly attributable	-4.4	-2.2	-7.6	-4.9	-13.4
<i>Selling expenses including commissions</i>	<i>-43.3</i>	<i>-29.9</i>	<i>-82.4</i>	<i>-71.9</i>	<i>-155.4</i>
Directly attributable research & development expenses	-4.6	-5.6	-8.3	-13.0	-23.3
Research & development expenses, not directly attributable	-10.4	-8.4	-19.0	-16.8	-34.6
<i>Research & development expenses</i>	<i>-15.0</i>	<i>-14.0</i>	<i>-27.3</i>	<i>-29.8</i>	<i>-57.9</i>
Contribution	2.7	-1.9	2.9	-10.2	-3.7

	Jun 30		Dec 31
	2021	2020	2020
SEKm			
Non-current borrowings	3.9	5.6	5.6
Current borrowings	5.3	5.0	4.9
Interest bearing debt	9.2	10.6	10.5
Cash and cash equivalents	309.6	393.9	353.7
Net debt	-300.3	-383.3	-343.3

DEFINITIONS

Allograft. The transplant of an organ or tissue from one individual to another of the same species, with a different genotype.

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

Bisphosphonate. A type of drugs that inhibits resorption of bone tissue

BMA. Bone Marrow Aspirate

BMP. Bone Morphogenic Protein

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

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

CERAMENT BVF. CERAMENT BONE VOID FILLER

CERAMENT G. CERAMENT with gentamicin

CERAMENT V. CERAMENT with vancomycin

CERTiFy. A prospective, randomized, controlled clinical trial with 137 patients in 20 leading trauma centers in Germany, aimed to compare treatment of CERAMENT BVF with autologous bone graft (autograft) transplantation

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

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

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

DBM. Demineralized Bone Matrix. A bone substitute biomaterial.

FDA. US Food and Drug Administration

FORTIFY. A prospective, randomized, multicentercontrolled test of CERAMENT G that evaluates the ability of CERAMENT G to improve treatment outcome of patients with open shin fractures

Hematoma. A localized collection of blood outside the blood vessels

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

ICUR. Incremental Cost-Utility Ratio

LTM. Latest twelve months

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

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

Osteomyelitis. A bacterial infection affecting bones

PMA. Premarketing Approval is the FDA process to review Class III medical devices

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 skeletal injuries, by enabling faster rehabilitation, limiting the number of surgical procedures and reducing the risk of severe infections. For patients, this means that they can return to a normal life more quickly. Since its foundation, BONESUPPORT's products have been used in approximately 55,000 surgical procedures in more than 20 countries. The most common procedures are tibia, foot and ankle surgery and single-stage surgery in connection with bone infection.



VISION

To become a global orthobiologics leader

BONESUPPORT's unique technology means that over time, the company's injectable bio-ceramic bone graft substitutes remodel to natural bones and have the ability to release drugs. This enables new treatment standards in the treatment of bone diseases/skeletal injuries. The company's ambition is to grow sales by 40 percent a year after the pandemic, including through a rapid expansion in the U.S., which is the world's largest healthcare market.



STRATEGY

The strategy is based on three pillars:

Innovation – BONESUPPORT has the most innovative solution for the treatment of skeletal injuries on the market.

Clinical and Health Economic Evidence – The clinical evidence for the CERAMENT platform continues to grow and now amounts to more than 240 publications and abstracts. An important milestone is CERTiFy, which shows that CERAMENT is at least as good as autograft.

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

ABOUT BONESUPPORT

BONESUPPORT Holding AB (publ), org.nr. 556802-2171, based in Lund, is the parent company of BONESUPPORT AB. BONESUPPORT is a commercial orthobiology company primarily aimed at the orthopedic markets in the U.S. and Europe. BONESUPPORT has its registered office in Lund and wholly owned subsidiaries in the U.S., the U.K., Germany, Sweden, Denmark, Switzerland, Spain, the Netherlands and Italy as well as a branch office in France.

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 more than 55,000 treatments have been performed with its products worldwide. There is great market potential in trauma, chronic osteomyelitis, revision arthroplasty and oncology, as well as bone and foot infections due to diabetes.

The CERAMENT portfolio is currently commercially available in the largest European markets, as well as in a number of markets outside Europe. In addition, CERAMENT BVF is commercially available in the United States and CERAMENT G in Canada.

PRESENTATION OF INTERIM REPORT JANUARY - JUNE 2021

The company invites investors, analysts and media to a web conference (in English) on July 15, 2021 at 10.00 CEST, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will

be available on BONESUPPORT's website from 08.00 CEST on the same day and the presentation from the webcast will be uploaded during the day on July 15, 2021. 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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