

## INTERIM REPORT JANUARY – SEPTEMBER 2021

# Q3 BEST SALES QUARTER TO DATE

### JULY - SEPTEMBER 2021

- Net sales increased by 14 percent (26 percent at constant exchange rates<sup>1</sup>) and amounted to SEK 54.9 million (48.1).
- The North America (NA) segment reported a sales increase of 16 percent (34 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 12 percent (16 percent at constant exchange rates).
- The gross margin amounted to 89.0 percent (91.4).
- Operating result amounted to SEK -13.3 million (-19.2).
- Earnings per share, before and after dilution, were SEK -0.22 (-0.33).

### EVENTS DURING THE PERIOD

- In September, the company announced that the results of the company's Investigational Device Exemption (IDE) study FORTIFY are in-conclusive, due to high drop out rate.
- In September, it was announced that the company had submitted a supplemental De Novo application to the US Food and Drug Administration (FDA) to obtain market approval for the company's antibiotic-releasing product CERAMENT® G, for the indication bone infection.
- During the third quarter, BONESUPPORT's board of directors executed the mandate from the annual general meeting earlier this year, entering into a share swap agreement with a third party bank amounting till SEK 62.3 million, to ensure delivery of performance shares to participants in the long-term incentive programs decided by the same AGM.

### JANUARY - SEPTEMBER 2021

- Net sales increased by 19 percent (31 percent at constant exchange rates) and amounted to SEK 151.5 million (127.7).
- The North America (NA) segment reported a sales increase of 22 percent (41 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 14 percent (18 percent at constant exchange rates).
- The gross margin amounted to 89.0 percent (89.2).
- Operating result amounted to SEK -58.9 million (-71.9).
- Earnings per share, before and after dilution, were SEK -0.96 (-1.28).

### EVENTS AFTER THE PERIOD

- In October, it was announced that Michael Wrang Mortensen will join the company in the newly established role of Executive Vice President (EVP) Research & Development (R&D) and Operations on December 1, 2021. At the same time, Dr. Michael Diefenbeck is leaving the responsibility for R&D to fully focus on his role as Chief Medical Officer and EVP Medical & Clinical Affairs, and Johan Olsson is leaving his role as EVP Manufacturing & Supply, transitioning to a role as Senior Advisor.
- In October, a kit with cannula and guide tubes was launched for application and use of CERAMENT for skeletal injuries in close proximity to joints. These products open up a market segment in the US of approximately an additional 20,000 procedures per year.

KEY FIGURES	Jul - Sep		Jan - Sep		12 months	
	2021	2020	2021	2020	LTM	2020
Net sales, SEKm	54.9	48.1	151.5	127.7	204.7	180.9
Sales growth, % <sup>1</sup>	14.1	22.9	18.6	16.9	17.7	16.3
Gross profit, SEKm	48.8	44.0	134.9	113.8	182.6	161.6
Gross margin, % <sup>1</sup>	89.0	91.4	89.0	89.2	89.2	89.4
Operating loss, SEKm	-13.3	-19.2	-58.9	-71.9	-85.6	-98.6
Loss for the period, SEKm	-14.1	-21.2	-61.3	-74.2	-88.5	-101.4
Equity at period end, SEKm	284.9	425.1	284.9	425.1	284.9	398.9
Net debt, SEKm <sup>1</sup>	-214.5	-367.3	-214.5	-367.3	-214.5	-343.3
Operating cash flow, SEKm	-20.2	-19.0	-66.7	-78.7	-88.3	-100.3
Cash at period end, SEKm	225.5	377.9	225.5	377.9	225.5	353.7
Earnings per share before and after dilution, SEK	-0.22	-0.33	-0.96	-1.28	-1.38	-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

### *Strong sales growth, despite large effect from the pandemic*

**During the third quarter, we continued to see a strong correlation between the hospitalization of COVID-19 patients and the number of orthopedic surgeries. Despite the suppressing effect of the pandemic, sales in the third quarter were our best ever.**

Overall, the gradual recovery we have seen since April has continued, but outbreaks of the delta variant of the Coronavirus have in many hospitals led to a total halt to non-critical orthopedic surgeries. As the vaccination level has increased, the number of surgical procedures has increased, but the recovery has been very uneven within countries and regions, and from week to week. In the US, the number of COVID-19 patients admitted to hospital was as high, in the end of August, as it was during the third pandemic wave, in end of January this year. Despite the regional impact of the pandemic, sales of SEK 55 million were our best quarter ever with a growth of 14 percent, 26 percent at constant exchange rates. In September last year, we saw a sharp upturn in surgeries following the relief of last summer's severe restrictions.

At the end of September, we submitted our supplemental De Novo application to the US Food and Drug Administration (FDA) for CERAMENT G for the bone infection indication. In February this year, the FDA requested additional data and clarifications, and in the updated application we have now included additional data, more detailed patient data and a longer-term patient follow-up, which we believe will strengthen our application. The application is now undergoing FDA review and assessment. A potential approval may follow, in the first quarter of 2022.

Regarding the indication trauma, we announced in the third quarter that the efficacy results from the FORTIFY study were inconclusive due to a very high proportion of the study objects leaving the study prematurely. High drop-out rate is a common problem in trauma studies. The pandemic has probably accentuated this

problem. FORTIFY thereby does not meet the criteria for a PMA application for the US market and that is, of course, disappointing. As the US regulatory landscape has changed and evolved since the FORTIFY study started, we will work to review possible regulatory pathways for CERAMENT G and this indication.

CERAMENT G is already being used for the indication trauma in the European market and there are several well-conducted studies showing strong results. A good example is the study results published last year in the Journal of Orthopaedics from a prospective study of 80 patients, with complicated tibia fractures, which showed that CERAMENT G reduced the rate of bone infections to 1.3 percent and the amputation rate down to 5 percent. The same serious type of bone fracture, usually has an infection rate up to 52 percent and an amputation rate up to 16 percent.

We summarize another quarter dominated by the pandemic effects on the healthcare system, among others a substantially lower number of surgeries were performed. The healthcare back log in orthopedic procedures is at its highest level ever. We are convinced that CERAMENT's unique benefits, enabling a one-step procedure can, in a cost-effective way, help to reduce the healthcare back log.

I look forward to being able to seriously accelerate our journey as the pandemic's effects wear off. Our objective is to grow sales with 40 percent per year once the pandemic recedes.

Emil Billbäck, CEO

# COVID-19 PANDEMIC'S IMPACT ON BONESUPPORT

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Despite the increasing ratio of inoculated in the population, the pandemic has continued to have an 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 THIRD QUARTER**

- The pandemic continues to impose local restrictions, to varying degrees and with large regional differences. During the third quarter, we have seen signs that vaccination programs had a positive impact on healthcare resources, but the pandemic has continued impact on non-critical orthopedic surgeries, mainly in the southern states of the US and parts of Europe.

## **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.
- A well-functioning manufacturing process combined with maintaining high safety stock guarantees continued good delivery capacity over the coming quarters.

## **CLINICAL STUDIES**

- 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, to date, impacted the communicated milestones for the studies.



# 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 a market introduction of the company's antibiotic-releasing product CERAMENT G and includes a supplementary De Novo application which could lead to a market approval in the first quarter of 2022.

## JULY - SEPTEMBER

### Sales

Sales for the period amounted to SEK 32.7 million (28.3), corresponding to a growth of 16 percent (an increase of 34 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. Third quarter previous year benefited from a high level of activity in orthopedics to catch up with the surgery backlog caused by the pandemic's first wave. For the third quarter this year, we have not noted any corresponding effect. The strengthened customer base together with the larger GPO contracts signed previously are contributing factors to the increase in sales.

### Contribution<sup>1</sup>

The contribution from the segment was SEK 1.3 million (-0.6). The improved contribution relates to increased sales after effect from

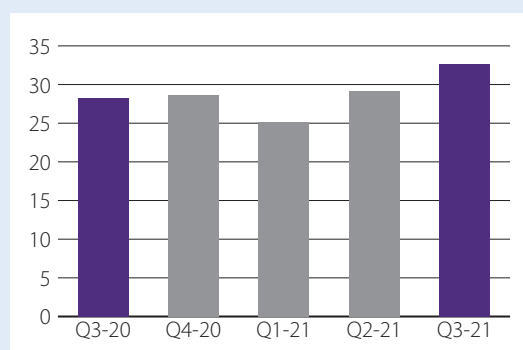
increased costs. Sales and marketing costs during the quarter amounted to SEK 25.5 million (22.9) of which sales commissions to distributors were included with SEK 10.0 million (9.2). Increase in sales and marketing costs depends on the cost reductions as reported previous year because of COVID-19. The contribution was also charged by R&D costs related to studies amounting to SEK 3.8 million (4.8).

## JANUARY - SEPTEMBER

Net sales amounted to SEK 86.9 million (71.1), which corresponds to an increase of 22 percent (an increase of 41 percent in constant exchange rates).

The contribution amounted to SEK -1.0 million (-16.9). The improved contribution relates to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Jul - Sep		Jan - Sep		Full
	2021	2020	2021	2020	year
Net sales	32.7	28.3	86.9	71.1	99.7
Gross profit	30.6	27.2	81.0	66.5	93.7
Contribution	1.3	-0.6	-1.0	-16.9	-16.8

<sup>1</sup> 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. We have now established our hybrid model in Italy and Spain, 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. In the quarter, we have seen negative impact from the pandemic as well as staff shortage, on the capacity to run non-critical orthopedic surgeries. With an increased vaccination rate, we expect the healthcare resources to improve.

### JULY - SEPTEMBER

#### Sales

Sales for the period amounted to SEK 22.2 million (19.8), corresponding to a growth of 12 percent (16 percent in constant exchange rate). The pandemic continued to impact the healthcare systems but with a gradually improved ability to meet physically with existing and new customers.

Sales in key markets accounted for 86 percent (87) of the segment's sales during the quarter. Sales of the antibiotic-releasing products CERAMENT G and CERAMENT V accounted for 87 percent (87).

#### Contribution<sup>1</sup>

The contribution from the segment amounted to SEK 2.4 million (1.4). The increased contribution is explained by the increased sales. Sales and marketing costs increased by SEK 0.4 million com-

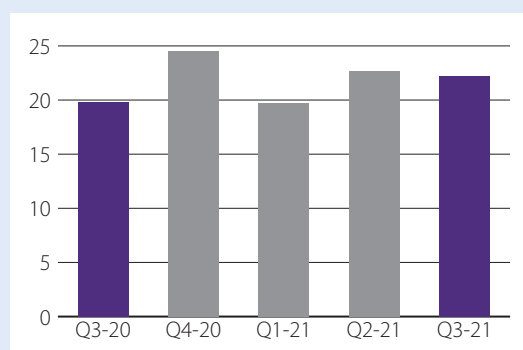
pared to the corresponding quarter last year and amounted to SEK 15.8 million (15.4).

### JANUARY - SEPTEMBER

Net sales amounted to SEK 64.6 million (56.6), an increase of 14 percent compared to the previous year (18 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 7.6 million (7.6). The unchanged contribution is explained by increased sales as well as increased costs. The cost increase is mainly due to the large cost reductions reported last year as a result of the impact of the COVID-19 pandemic.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

	Jul - Sep		Jan - Sep		Full year
	2021	2020	2021	2020	2020
Net sales	22.2	19.8	64.6	56.6	81.1
Gross profit	18.3	16.8	53.8	47.3	67.9
Contribution	2.4	1.4	7.6	7.6	13.2

<sup>1</sup> 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 anchor-

ing 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<sup>1</sup> is a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients. The study, which 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

## ONGOING RANDOMIZED CONTROLLED TRIALS

	<b>SOLARIO</b>	<b>CONVICTION</b>
<b>Indication</b>	Osteomyelitis	Osteomyelitis
<b>Purpose</b>	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
<b>Effect measure</b>	<ul style="list-style-type: none"> <li>• Treatment time</li> <li>• Antibiotic resistance</li> <li>• Side effects</li> <li>• Cost</li> </ul>	<ul style="list-style-type: none"> <li>• ICUR Reinfection</li> <li>• Complications</li> <li>• Amputations</li> </ul>
<b>Number of patients</b>	500	220
<b>Follow up time</b>	12 months	24 months
<b>Place</b>	Europe	France, CRIOAc
<b>Expected completion</b>	Q1 2023	2025

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 Hospital's 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 Q1 2023. A positive result of the study may contribute to a paradigm shift in the protocol for treating bone infections.

#### **THE CONVICTION STUDY**

The French CRIOAc<sup>2</sup> 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.

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.

#### **THE FORTIFY STUDY**

During the quarter, the company announced that the results of the company's Investigational Device Exemption (IDE) study FORTIFY are in-conclusive due to the fact that a very high proportion of the study objects left the study prematurely. This effect was likely accentuated by COVID-19. The primary safety parameter for CERAMENT G was met.

As the US regulatory landscape has changed and evolved since the FORTIFY study started, we will work to review possible regulatory pathways for CERAMENT G and this indication.

1 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

2 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. BONESUPPORT undertakes a variety of activities to ensure that the company's products are included in the remuneration systems where our products are marketed.**

One of the obvious health benefits that comes from the clinical benefits CERAMENT offers is 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. 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.

### **HEALTH ECONOMIC MODEL OSTEOMYELITIS USA**

One of the major projects that has been started is a cost and benefit analysis of what a change of treatment regimen to a one-step procedure with CERAMENT G could mean for the American healthcare system. The modeling, which is based on available clinical data and cost data from CMS, Centers for Medicare & Medicaid Services, takes place in collaboration with national expertise in health economics and clinical orthopedics.

### **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*<sup>1</sup> 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 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. 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 percent<sup>1</sup> 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<sup>2</sup> 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 Aljawadi et al on 50 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, one patient (1.3%) 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.

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. Aljawadi, A et al. Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite in the management of open Gustilo Anderson IIIB fractures. *Journal of Orthopaedics*, 2020; 18: 261-266



# FINANCIAL OVERVIEW

## PROFIT AND LOSS

### JULY – SEPTEMBER 2021

#### Net sales

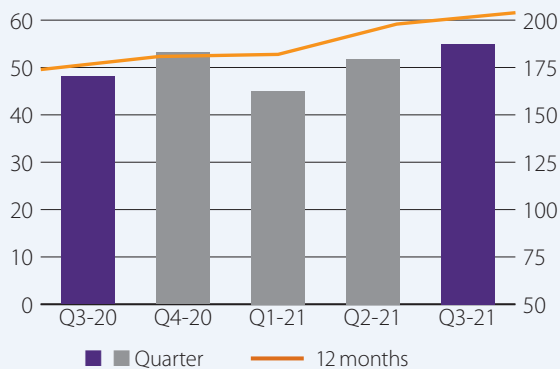
Net sales amounted to SEK 54.9 million (48.1), an increase of 14 percent (26 percent at constant exchange rates) compared to the previous year.

In the North America segment, sales amounted to SEK 32.7 million (28.3), which corresponds to growth of 16 percent (34 percent at constant exchange rate). The strengthened customer base together with the major GPO contracts that have been signed previously contribute to the increase in sales.

Sales for the EUROW segment amounted to SEK 22.2 million (19.8), which corresponds to an increase of 12 percent (16 percent at constant exchange rates). The pandemic has continued to have a major impact on healthcare systems, but during the period we have experienced a gradually increasing opportunity for physical meetings with existing and new customers.

The currency translation effect amounted to SEK +0.7 million (-1.6).

#### Net sales per quarter, SEKm



#### Cost of goods sold

Cost of goods sold amounted to SEK 6.1 million (4.1), giving a gross margin of 89.0 percent (91.4).

#### Selling expenses

Selling expenses including sales commissions amounted to SEK 45.5 million (41.2), an increase of 10 percent. Personnel costs in-

creased to SEK 22.2 million (22.7). Costs for sales commissions in NA increased to SEK 10.0 million (9.2). Other selling expenses increased to SEK 13.3 million (9.3). 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 25.5 million (22.9). In EUROW, expenses amounted to SEK 15.8 million (15.4). Unallocated costs increased to SEK 4.2 million (2.9).

#### Research and development expenses

Research and development expenses amounted to SEK 11.3 million (11.7). Personnel costs amounted to SEK 5.1 million (5.5). Other expenses totaled SEK 6.2 million (6.2).

The NA segment reported Research and development expenses amounting to SEK 3.8 million (4.8).

#### Administrative expenses

Administrative expenses amounted to SEK 5.4 million (11.6).

Administrative expenses excluding effects from the group's incentive programs amounted to SEK 7.8 million (6.9). Personnel costs amounted to SEK 3.3 million (3.7).

Effects regarding incentive programs amount to a positive effect of SEK 2.4 million, compared with a cost of SEK 4.7 million the previous year. The effect during the period is mainly due to a reversal of accruals previously made for social security charges, as a result of the share price development.

#### 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 -13.3 million (-19.2), where the reduced loss is mainly explained by improved gross profit and reduced provisions within the framework of active incentive programs.

### Loss for the period

For the reasons described above, the loss for the quarter amounted to SEK -14.1 million (-21.2), which corresponds to earnings per share before and after dilution of SEK -0.22 (-0.33).

### JANUARY – SEPTEMBER 2021

#### Net sales

Net sales amounted to SEK 151.5 million (127.7), an increase of 19 percent (31 percent at constant exchange rates). The NA segment increased by 22 percent to SEK 86.9 million (71.1) and the EUROW segment increased by 14 percent to SEK 64.6 million (56.6).

### Operating result

Operating result amounted to SEK -58.9 million (-71.9). The sales increase contributed to improved gross profit at the same time as operating costs increased compared with the previous year as a result of the cost reductions which 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 -61.3 million (-74.2), which corresponds to earnings per share before and after dilution of SEK -0.96 (-1.28).

## FINANCIAL POSITION AND CASH FLOW

SEKm	30-Sep		Dec 31
Financial position	2021	2020	2020
Cash and cash equivalents	225.5	377.9	353.7
Interest bearing debt <sup>1</sup>	11.0	10.5	10.5
Net debt <sup>1</sup>	-214.5	-367.3	-343.3
Equity	284.9	425.1	398.9

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

SEKm	Jul - Sep		Jan - Sep		Full year
Cash flow	2021	2020	2021	2020	2020
Operating activities	-20.2	-19.0	-66.7	-78.7	-100.3
Investing activities	-0.4	-0.5	-1.5	-2.3	-2.7
Financing activities	-63.6	2.0	-60.4	367.2	365.3
<b>Total</b>	<b>-84.2</b>	<b>-17.6</b>	<b>-128.6</b>	<b>286.1</b>	<b>262.4</b>

Cash and cash equivalents at the end of the period amounted to SEK 225.5 million (377.9), a decrease of SEK 128.2 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -66.7 million (-78.7), mainly attributable to operating result; but also by a share swap agreement amounting to SEK -62.3 million. During the third quarter, BONESUPPORT's board of directors executed the mandate from the annual general meeting earlier this year, entering into a share swap agreement with a third party bank, to ensure the com-

mitments of performance shares to participants in the long-term incentive programs decided by the same annual general meeting. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

These two points also explain the change in net debt since the beginning of the year.

## 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 1.6 million (0.2). No investments were made during the quarter.

During 2021, the parent company has given unconditional shareholders contributions of SEK 50 million to BONESUPPORT AB.

### EMPLOYEES

On average, the Group had 91 (86) employees (full-time equivalent) during the quarter, of whom 23 (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, 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 September 30, 2021, the total number of ordinary shares amounted to 64,151,672, distributed among 8,441 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.

As of September 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.

During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting earlier this year, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

### Shareholders September 30, 2021

Name	% of shares	% of votes
Avanza	10.7%	10.9%
HealthCap V LP	10.1%	10.3%
Swedbank Robur Fonder	6.3%	6.4%
State Street Bank and Trust	5.9%	6.0%
Stiftelsen Industrifonden	5.8%	5.9%
Tredje AP-Fonden	5.6%	5.7%
Fjärde AP-Fonden	4.8%	4.9%
Other shareholders	50.8%	49.9%

### FINANCIAL CALENDAR

- February 17, 2022 Year end report 2021
- April 2022 Annual report 2021
- May 4, 2022 Interim report Q1 2022
- May 19, 2022 Annual general meeting
- July 14, 2022 Interim report Q2 2022
- October 27, 2022 Interim report Q3 2022

### 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:

- Lennart Johansson, Chairman of the Board
- Johan Brambeck, representing Stiftelsen Industrifonden
- Staffan Lindstrand, Chairman of the Committee, representing HealthCap VLP
- Caroline Sjösten, representing Swedbank Robur fonder

### 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

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The CEO assures that this interim report gives a true and fair view of the development and the Group's and the Parent Company's operations, position and results and describes significant risks and uncertainties faced by the companies that form part of the Group. This interim report has been reviewed by the Company's auditors.

Lund November 4, 2021

**Emil Billbäck**

CEO

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

## REVIEW REPORT

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### **BONESUPPORT HOLDING AB (PUBL), CORPORATE IDENTITY NUMBER 556802-2171**

Board of Directors BONESUPPORT HOLDING AB (publ)

#### **INTRODUCTION**

We have reviewed the condensed interim report for BONESUPPORT HOLDING AB (publ) as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, November 4, 2021

Ernst & Young AB

#### **Ola Larsmon**

Authorized Public Accountant

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Jul - Sep		Jan - Sep		Full year
		2021	2020	2021	2020	2020
Net sales	7	54,877	48,078	151,483	127,685	180,860
Cost of sales	7	-6,051	-4,125	-16,600	-13,838	-19,256
<b>Gross profit</b>	7	<b>48,826</b>	<b>43,953</b>	<b>134,883</b>	<b>113,847</b>	<b>161,604</b>
Selling expenses		-35,507	-31,982	-100,750	-89,934	-123,818
Sales commissions	7	-10,017	-9,230	-27,142	-23,227	-31,598
Research and development expenses		-11,326	-11,654	-38,614	-41,431	-57,898
Administrative expenses	3, 8	-5,401	-11,641	-29,295	-32,845	-45,492
Other operating income		1,447	4,173	6,133	10,594	12,188
Other operating expenses		-1,302	-2,845	-4,111	-8,909	-13,547
<b>Operating loss</b>	7	<b>-13,280</b>	<b>-19,226</b>	<b>-58,896</b>	<b>-71,905</b>	<b>-98,561</b>
Net financial items	7	-519	-832	-889	-1,055	-440
<b>Loss before income tax</b>	7	<b>-13,799</b>	<b>-20,058</b>	<b>-59,785</b>	<b>-72,960</b>	<b>-99,001</b>
Income tax		-269	-1,171	-1,543	-1,287	-2,411
<b>Loss for the period</b>		<b>-14,068</b>	<b>-21,229</b>	<b>-61,328</b>	<b>-74,247</b>	<b>-101,412</b>
Earnings per share before dilution, SEK		-0.22	-0.33	-0.96	-1.28	-1.72
Earnings per share after dilution, SEK		-0.22	-0.33	-0.96	-1.28	-1.72
Average number of shares, thousands		64,146	63,485	63,958	57,910	59,081

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Jul - Sep		Jan - Sep		Full year
	2021	2020	2021	2020	2020
<b>Loss for the period</b>	<b>-14,068</b>	<b>-21,229</b>	<b>-61,328</b>	<b>-74,247</b>	<b>-101,412</b>
<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	181	-101	401	-184	-834
<b>Total comprehensive income for the period</b>	<b>-13,887</b>	<b>-21,330</b>	<b>-60,927</b>	<b>-74,431</b>	<b>-102,246</b>

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

## CONDENSED CONSOLIDATED BALANCE SHEET

SEKt	Note	Sep 30		Dec 31
		2021	2020	2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		8,358	8,599	8,840
Tangible assets and right-of-use assets		15,242	14,742	15,003
<b>Total non-current assets</b>		<b>23,600</b>	<b>23,341</b>	<b>23,843</b>
<b>Current assets</b>				
Inventories		47,725	46,268	45,555
Trade receivables	6	35,717	26,996	32,108
Other operating receivables	6	10,139	8,977	9,975
Cash and cash equivalents	6	225,497	377,877	353,737
<b>Total current assets</b>		<b>319,078</b>	<b>460,118</b>	<b>441,375</b>
<b>TOTAL ASSETS</b>		<b>342,678</b>	<b>483,459</b>	<b>465,218</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Parent</b>	4	<b>284,921</b>	<b>425,137</b>	<b>398,899</b>
<b>Non-current liabilities</b>				
Leasing debt	6	5,388	5,610	5,622
Provisions		329	305	329
<b>Total non-current liabilities</b>		<b>5,717</b>	<b>5,915</b>	<b>5,951</b>
<b>Current liabilities</b>				
Leasing debt	6	5,647	4,926	4,858
Trade payables	6	14,371	8,511	12,680
Other operating liabilities	6	32,022	38,970	42,830
<b>Total current liabilities</b>		<b>52,040</b>	<b>52,407</b>	<b>60,368</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>342,678</b>	<b>483,459</b>	<b>465,218</b>

## 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
<b>As at January 1, 2020</b>	<b>32,826</b>	<b>100</b>	<b>1,191,775</b>	<b>-60</b>	<b>3,552</b>	<b>-1,103,884</b>	<b>124,309</b>
Loss January - September 2020				-184		-74,247	-74,431
Change in fund for development expenses					1,399	-1,399	0
New share issue, employee stock options	754	-94	9,815				10,475
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						2,926	2,926
<b>As at September 30, 2020</b>	<b>40,599</b>	<b>6</b>	<b>1,556,885</b>	<b>-244</b>	<b>4,951</b>	<b>-1,177,060</b>	<b>425,137</b>
Loss October - December 2020				-650		-27,165	-27,815
Change in fund for development expenses					401	-401	0
New share issue, employee stock options	26	-6	754				774
Share-based payment transactions						803	803
<b>As at January 1, 2021</b>	<b>40,625</b>	<b>0</b>	<b>1,557,639</b>	<b>-894</b>	<b>5,352</b>	<b>-1,203,823</b>	<b>398,899</b>
Loss January - September 2021				401		-61,328	-60,927
Share swap <sup>1</sup>						-62,333	-62,333
Change in fund for development expenses					-17	17	0
New share issue, employee stock options and warrants	242		5,695				5,937
New share issue and repurchase of own C-shares	34					-34	0
Share-based payment transactions						3,345	3,345
<b>As at September 30, 2021</b>	<b>40,901</b>	<b>0</b>	<b>1,563,334</b>	<b>-493</b>	<b>5,335</b>	<b>-1,324,156</b>	<b>284,921</b>

<sup>1</sup> During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting earlier this year, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Jul - Sep		Jan - Sep		Full year
	2021	2020	2021	2020	2020
Operating loss	-13,280	-19,226	-58,896	-71,905	-98,561
Non-cash adjustments:					
-Share-based payments	1,431	779	3,345	2,926	3,729
-Depreciation regarding right of use assets	1,187	1,532	4,304	5,152	8,497
-Unrealized exchange rate differences	-2,176	3,570	-5,221	3,390	8,531
-Other	628	-1,524	2,093	1,308	24
Interests received	0	0	0	4	5
Interests paid	-57	-2	-120	-3	-6
Income tax paid	133	-1,081	-539	-3,471	-4,970
<b>Net cash flows from operating activities before changes in working capital</b>	<b>-12,134</b>	<b>-15,952</b>	<b>-55,034</b>	<b>-62,599</b>	<b>-82,751</b>
Changes in working capital	-8,057	-3,066	-11,681	-16,130	-17,524
<b>Net cash flows from operating activities</b>	<b>-20,191</b>	<b>-19,018</b>	<b>-66,715</b>	<b>-78,729</b>	<b>-100,275</b>
Investments in intangible assets	-151	-424	-480	-1,764	-2,312
Investments in equipment and tools	-247	-116	-1,008	-565	-346
<b>Net cash flows from investing activities</b>	<b>-398</b>	<b>-540</b>	<b>-1,488</b>	<b>-2,329</b>	<b>-2,658</b>
Share swap <sup>1</sup>	-62,333	0	-62,333	0	0
New share issue, employee stock options and warrants	42	3,606	5,937	10,475	11,248
Directed share issue	0	0	0	378,000	378,000
Transaction costs, directed share issue	0	0	0	-16,142	-16,142
Repayments of leasing debt	-1,350	-1,629	-3,968	-5,127	-7,768
<b>Net cash flows from financing activities</b>	<b>-63,641</b>	<b>1,977</b>	<b>-60,364</b>	<b>367,206</b>	<b>365,338</b>
<b>Net cash flows</b>	<b>-84,230</b>	<b>-17,581</b>	<b>-128,567</b>	<b>286,148</b>	<b>262,405</b>
Cash and cash equivalents as at beginning of period	309,559	395,471	353,737	92,065	92,065
Net exchange difference	168	-13	327	-336	-733
<b>Cash and cash equivalents as at end of period</b>	<b>225,497</b>	<b>377,877</b>	<b>225,497</b>	<b>377,877</b>	<b>353,737</b>

<sup>1</sup> During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting earlier this year, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand. This has led to an outgoing payment of the same amount.



## CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2021			2020			2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	54,877	51,777	44,829	53,175	48,078	36,175	43,432	46,199
North America	32,670	29,068	25,121	28,633	28,281	21,565	21,248	23,256
EUROW	22,207	22,709	19,708	24,542	19,797	14,610	22,184	22,942
Cost of sales	-6,051	-5,448	-5,101	-5,418	-4,125	-4,813	-4,900	-5,114
<b>Gross profit</b>	<b>48,826</b>	<b>46,329</b>	<b>39,728</b>	<b>47,757</b>	<b>43,953</b>	<b>31,362</b>	<b>38,532</b>	<b>41,085</b>
<b>Gross margin, %</b>	<b>89.0%</b>	<b>89.5%</b>	<b>88.6%</b>	<b>89.8%</b>	<b>91.4%</b>	<b>86.7%</b>	<b>88.7%</b>	<b>88.9%</b>
Selling expenses	-35,507	-34,090	-31,153	-33,884	-31,982	-22,957	-34,995	-41,322
Sales commissions	-10,017	-9,256	-7,869	-8,371	-9,230	-6,916	-7,081	-7,970
Research and development expenses	-11,326	-15,031	-12,257	-16,467	-11,654	-13,994	-15,783	-18,527
Administrative expenses	-5,401	-13,991	-9,903	-12,647	-11,641	-10,341	-10,863	-11,566
Other operating income	1,447	1,187	3,499	1,594	4,173	1,971	4,450	3,080
Other operating expenses	-1,302	-1,088	-1,721	-4,638	-2,845	-2,598	-3,466	-3,379
<b>Operating loss</b>	<b>-13,280</b>	<b>-25,940</b>	<b>-19,676</b>	<b>-26,656</b>	<b>-19,226</b>	<b>-23,473</b>	<b>-29,206</b>	<b>-38,599</b>
Net financial items	-519	-32	-338	615	-832	-195	-28	-64
<b>Loss before income tax</b>	<b>-13,799</b>	<b>-25,972</b>	<b>-20,014</b>	<b>-26,041</b>	<b>-20,058</b>	<b>-23,668</b>	<b>-29,234</b>	<b>-38,663</b>
Income tax	-269	-1,073	-201	-1,124	-1,171	34	-150	-2,186
<b>Loss for the period</b>	<b>-14,068</b>	<b>-27,045</b>	<b>-20,215</b>	<b>-27,165</b>	<b>-21,229</b>	<b>-23,634</b>	<b>-29,384</b>	<b>-40,849</b>

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

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Jul - Sep		Jan - Sep		Full year
	2021	2020	2021	2020	2020
Net sales	10,956	11,139	33,190	33,415	39,371
Administrative expenses	-10,197	-11,477	-37,490	-40,695	-47,463
Other operating income	-33	502	91	2,212	1,642
Other operating expenses	-171	-654	-748	-2,140	-331
<b>Operating loss</b>	<b>555</b>	<b>-490</b>	<b>-4,957</b>	<b>-7,208</b>	<b>-6,781</b>
Net financial items	1,039	678	2,954	2,745	3,658
<b>Result after financial items</b>	<b>1,594</b>	<b>188</b>	<b>-2,003</b>	<b>-4,463</b>	<b>-3,123</b>
Income tax	0	0	0	0	0
<b>Result for the period</b>	<b>1,594</b>	<b>188</b>	<b>-2,003</b>	<b>-4,463</b>	<b>-3,123</b>

Parent company result for the period equals comprehensive income.

## CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Sep 30		Dec 31
		2021	2020	2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Non-current financial assets	6	1,096,263	936,917	964,079
<b>Total non-current assets</b>		<b>1,096,263</b>	<b>936,917</b>	<b>964,079</b>
<b>Current assets</b>				
Prepaid expenses	6	979	970	633
Cash	6	210,534	360,857	338,114
<b>Total current assets</b>		<b>211,513</b>	<b>361,827</b>	<b>338,747</b>
<b>TOTAL ASSETS</b>		<b>1,307,776</b>	<b>1,298,744</b>	<b>1,302,826</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity	4	40,901	40,599	40,625
Unrestricted equity		1,228,220	1,222,475	1,224,563
<b>Total equity</b>		<b>1,269,121</b>	<b>1,263,074</b>	<b>1,265,188</b>
<b>Non-current liabilities</b>		<b>32,004</b>	<b>28,126</b>	<b>27,411</b>
<b>Current liabilities</b>	6	<b>6,651</b>	<b>7,544</b>	<b>10,227</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,307,776</b>	<b>1,298,744</b>	<b>1,302,826</b>

## 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	Related party	Service	Jul - Sep		Jan - Sep		Full year
			2021	2020	2021	2020	2020
	Route 2 Advisors Ltd (Simon Cartmell, previous Board member)	Consultancy	0	86	61	307	407
	Odlander, Fredrikson & Co AB (Björn Odlander, Board Member)	Travelling expenses	0	0	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	26,354	-26,354
Converted warrants	361,096	-361,096
Adjustment of employee stock options	0	10,000
September 30, 2021	64,151,672	279,685

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

## NOTE 5

### PLEGDED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 491 thousand (505) 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. During 2021, the Parent Company has given unconditional shareholders contribution to BONESUPPORT AB amounting to 50 SEKm.

## 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 (1.7) in the quarter. For the year to date, the corresponding amount was SEK 5.8 million (5.5). US and UK were the only markets that delivered more than ten percent of the consolidated net sales.

SEKt	Jul - Sep 2021				Jul - Sep 2020			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	32,670	22,207	0	54,877	28,281	19,797	0	48,078
of which CERAMENT BVF	32,127	2,810	0	34,938	28,281	3,206	0	31,487
of which CERAMENT drug eluting <sup>1</sup>	0	19,397	0	19,397	0	16,591	0	16,591
of which other	542	0	0	542	0	0	0	0
Cost of sales	-2,107	-3,944	0	-6,051	-1,121	-3,004	0	-4,125
<b>Gross profit</b>	<b>30,563</b>	<b>18,263</b>	<b>0</b>	<b>48,826</b>	<b>27,160</b>	<b>16,793</b>	<b>0</b>	<b>43,953</b>
Sales commissions	-10,017	0	0	-10,017	-9,230	0	0	-9,230
Other operative costs	-19,227	-15,834	0	-35,061	-18,487	-15,382	0	-33,869
<b>Contribution</b>	<b>1,319</b>	<b>2,429</b>	<b>0</b>	<b>3,748</b>	<b>-558</b>	<b>1,411</b>	<b>0</b>	<b>854</b>
Other operating items	0	0	-17,028	-17,028	0	0	-20,080	-20,080
<b>Operating result</b>	<b>1,319</b>	<b>2,429</b>	<b>-17,028</b>	<b>-13,280</b>	<b>-558</b>	<b>1,411</b>	<b>-20,080</b>	<b>-19,226</b>
Net financial items	0	0	-519	-519	0	0	-832	-832
<b>Result before income tax</b>	<b>1,319</b>	<b>2,429</b>	<b>-17,547</b>	<b>-13,799</b>	<b>-558</b>	<b>1,411</b>	<b>-20,912</b>	<b>-20,058</b>

SEKt	Jan - Sep 2021				Jan - Sep 2020			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	86,859	64,624	0	151,483	71,094	56,591	0	127,685
of which CERAMENT BVF	85,476	8,898	0	94,374	69,893	9,068	0	78,962
of which CERAMENT drug eluting <sup>1</sup>	0	55,726	0	55,726	0	47,523	0	47,523
of which other	1,383	0	0	1,383	1,200	0	0	1,200
Cost of sales	-5,819	-10,781	0	-16,600	-4,594	-9,244	0	-13,838
<b>Gross profit</b>	<b>81,040</b>	<b>53,843</b>	<b>0</b>	<b>134,883</b>	<b>66,500</b>	<b>47,347</b>	<b>0</b>	<b>113,847</b>
Sales commissions	-27,142	0	0	-27,142	-23,227	0	0	-23,227
Other operative costs	-54,853	-46,197	0	-101,050	-60,210	-39,736	0	-99,946
<b>Contribution</b>	<b>-955</b>	<b>7,646</b>	<b>0</b>	<b>6,691</b>	<b>-16,938</b>	<b>7,611</b>	<b>0</b>	<b>-9,326</b>
Other operating items	0	0	-65,587	-65,587	0	0	-62,579	-62,579
<b>Operating result</b>	<b>-955</b>	<b>7,646</b>	<b>-65,587</b>	<b>-58,896</b>	<b>-16,938</b>	<b>7,611</b>	<b>-62,579</b>	<b>-71,905</b>
Net financial items	0	0	-889	-889	0	0	-1,055	-1,055
<b>Result before income tax</b>	<b>-955</b>	<b>7,646</b>	<b>-66,476</b>	<b>-59,785</b>	<b>-16,938</b>	<b>7,611</b>	<b>-63,634</b>	<b>-72,960</b>

<sup>1</sup> 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.

The annual general meeting in May this year authorized the board to enter a share swap-agreement with a third party bank to fulfil the company's commitments under the incentive programs LTI 2021 and LTI 2021 Board and to secure social security charges for these programs. The mandate was exercised during the third quarter.

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 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 year.

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

**NOTE 8**  
CONT'D

<b>Employee stock option programs</b>	<b>No. of options<sup>1</sup></b>	<b>Equal to no. of shares</b>		<b>WAEP<sup>2</sup></b>
Balance January 1, 2021	1,480,187		296,039	9.35
Adjustment	50,000		10,000	26.50
Exercised	-131,771		-26,354	1.37
Balance September 30, 2021	1,398,416		279,685	10.20

<b>Performance share programs</b>	<b>Right to no. of shares</b>		
Balance January 1, 2021			1,195,000
Balance September 30, 2021			1,195,000

<b>Warrant program</b>	<b>No. of warrants</b>	<b>Equal to no. of shares</b>		<b>WAEP<sup>2</sup></b>
Balance January 1, 2021	361,096		361,096	15.94
Exercised	-361,096		-361,096	15.94
Balance September 30, 2021	0		0	0.00

1 Not allocated options amounted to 4,069,547 (4,119,547).

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 3,345 thousand (2,926). The social security contributions amounted to an expense of SEK 2,591 thousand, compared to an expense of SEK 3,914 thousand previous year. The effect on earnings for the period is primarily due to a reversal of accrued costs for social security contributions, as a result of the share price development. Liability for social security contributions at the end of the period amounts to SEK 5,509 thousand (6,340).

# 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:

## 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 is to grow sales with 40 percent per year once the pandemic recedes.

## Net sales growth in constant exchange rates

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 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.

SEKm	Jul - Sep		Jan - Sep		Full year
	2021	2020	2021	2020	2020
Net sales	54.9	48.1	151.5	127.7	180.9
<b>Sales growth, %</b>	<b>14.1</b>	<b>22.9</b>	<b>18.6</b>	<b>16.9</b>	<b>16.3</b>
Cost of sales	-6.1	-4.1	-16.6	-13.8	-19.3
<b>Gross profit</b>	<b>48.8</b>	<b>44.0</b>	<b>134.9</b>	<b>113.8</b>	<b>161.6</b>
<b>Gross margin, %</b>	<b>89.0</b>	<b>91.4</b>	<b>89.0</b>	<b>89.2</b>	<b>89.4</b>
Directly attributable selling expenses	-41.3	-38.3	-116.1	-104.2	-142.0
Selling expenses, not directly attributable	-4.2	-2.9	-11.8	-9.0	-13.4
<i>Selling expenses including commissions</i>	<i>-45.5</i>	<i>-41.2</i>	<i>-127.9</i>	<i>-113.2</i>	<i>-155.4</i>
Directly attributable research & development expenses	-3.8	-4.8	-12.1	-18.9	-23.3
Research & development expenses, not directly attributable	-7.5	-6.9	-26.5	-22.5	-34.6
<i>Research &amp; development expenses</i>	<i>-11.3</i>	<i>-11.7</i>	<i>-38.6</i>	<i>-41.4</i>	<i>-57.9</i>
<b>Contribution</b>	<b>3.7</b>	<b>0.9</b>	<b>6.7</b>	<b>-9.3</b>	<b>-3.7</b>

SEKm	Sep 30		Dec 31
	2021	2020	2020
Non-current borrowings	5.4	5.6	5.6
Current borrowings	5.6	4.9	4.9
<b>Interest bearing debt</b>	<b>11.0</b>	<b>10.5</b>	<b>10.5</b>
Cash and cash equivalents	225.5	377.9	353.7
<b>Net debt</b>	<b>-214.5</b>	<b>-367.3</b>	<b>-343.3</b>

# DEFINITIONS

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**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

**GPO** (Group Purchasing Organisation). 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.

**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 - SEPTEMBER 2021

The company invites investors, analysts and media to a web conference (in English) on November 4, 2021 at 10.00 CET, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will be available on BONESUPPORT's website from 08.00

CET on the same day and the presentation from the webcast will be uploaded during the day on November 4, 2021. For further details regarding participation, see the investor pages at [www.bonesupport.com](http://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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