INTERIM REPORT JAN-MAR 2018

BEST QUARTER EVER IN EUROPE

JANUARY–MARCH 2018

- Net Sales amounted to SEK 31.1 million (32.5), a decrease of 4% (0% in constant currencies), in which the North America segment decreased by 22% and Europe and Rest of World increased by 27%
- Gross margin of 82.1% (88.8)
- Operating loss of SEK -33.1 million (-27.4) impacted by SEK 5.5 million in severance pay to resigned CEO
- Earnings per share before and after dilution was SEK -0.67 SEK (-1,07)

BUSINESS HIGHLIGHTS 1 JANUARY–31 MARCH 2018

- Emil Billbäck started as new CEO on 1 March, replacing Richard Davies
- The loan from Kreos Capital, amounting to SEK 93.3 million (EUR 9.5 million), was repaid

"The first quarter in 2018 was in line with our expectations and the strong market penetration in Europe continued and delivered its best quarter ever. The sales in the US improved significantly from the last quarter in 2017 despite negative impact from Zimmer Biomet's logistic problems."

Emil Billbäck, CEO

KEY FIGURES	Jan–Mar		12 Months	
	2018	2017	LTM	2017
Net Sales (SEKm)	31.1	32.5	127.9	129.3
Sales growth (%) [1]	-4.2	39.6	12.4	23.6
Gross profit (SEKm)	25.5	28.8	109.1	112.4
Gross margin (%)[1]	82.1	88.8	85.3	87.0
Operating loss (SEKm)	-33.1	-27.4	-105.0	-99.3
Loss for the period (SEKm)	-33.8	-31.1	-131.6	-128.9
Equity at period end (SEKm)	416.8	9.1	416.8	450.8
Net debt (SEKm) [1]	-397.2	0.3	-397.2	-434.7
Operating cash flow (SEKm)	-36.3	-32.1	-111.7	-107.5
Cash at period end (SEKm)	397.2	103.3	397.2	533.4
Earnings per share (SEK)[2]	-0.67	-1.07	-2.83	-3.24

[1] APM: Alternative Performance Measures, see financial definitions on page 15
[2] Before dilution and after consolidation of shares 5:1

CEO comment

STRONG GROWTH FOR CERAMENT G&V IN EUROPE. IMPROVEMENT IN THE US.

ANTIBIOTIC-ELUTING PRODUCTS CREATE STRONG SALES GROWTH

In Q1, we saw an improvement compared to Q4 of 2017, but with sales continuing to be influenced by the challenges in the North America segment. In Europe and Rest of World (EUROW), sales have seen a strong growth of 27% compared to Q1 2017 to SEK 15.2 million, resulting in our best quarter ever. The market penetration, especially in Chronic Oteomyelitis, has been driven by the growing body of positive clinical data clearly showing the benefits of our antibiotic-eluting bone graft substitutes. It is our intention to generate a similar compelling data package for larger indications such as trauma and revision arthroplasty to significantly enhance the sales potential of these highly differentiated products.

Sales in North America (NA) declined in Q1 due to the continuing hardware supply issues facing our US distributor, Zimmer Biomet. CERAMENT BVF is combined with Zimmer Biomet's hardware in a range of orthopedic procedures and delivery challenges negatively influencing sales of CERAMENT BVF. During the supply chain issues in early 2017, Zimmer Biomet increased its inventory, which hurt the growth comparison for Q1 2018. Encouragingly, data for Q1 showed that in-market sales increased by 7% in the US, despite the supply chain challenges, reflecting a high market demand of our products.

STRENGTHENING OUR COMMERCIAL SALES ORGANIZATION IN EUROPE

In the quarter we recruited four new sales personnel, bringing the total across the region to 20. The quarter also saw the first sales via our new distributor in Italy (Citieffe) with 3 of the top 20 trauma centers treating cases with CERAMENT G. Sales in Germany increased with several major hospital accounts converted to CERAMENT, giving good opportunities for the remainder of the year.

KEY CLINICAL STUDIES PROGRESSING AS PLANNED

The FORTIFY study with CERAMENT G has all 30 clinical sites initiated and patient enrolment is progressing as planned. Data from the FORTIFY study will support a PMA submission for CERAMENT G to the FDA, targeted for 2020.

Patient follow up is continuing in the CERTiFy study, which is comparing CERAMENT BVF with autograft, the current gold standard for the management of bone voids. The result of top-line data from this study is expected by the end of 2018.

BROADER NEW PRODUCT AND PIPELINE STRATEGY

We are continuing to make progress with our innovative pipeline, with the first product candidate expected to enter the clinical phase in 2020 as planned. In January 2018, we acquired the IP to a longer-term opportunity, a novel Gelatin/CERAMENT-based carrier that has been shown to be capable of delivering bone-active agents to enhance bone. In the near term, we are looking to add products to our portfolio that are complementary to our current CERAMENT-based offering. We are also developing new formulations of CERAMENT that could be the base for future combination products in the treatment of orthopedic indications.

FOCUS ON SHARPER EXECUTION

We have made good progress towards the goal of becoming a leading global orthobiologics player. However, since my arrival earlier this year it has become clear that we need to bring a sharper focus and execution to our current strategy. I intend to lead the management team through a strategic review which will produce a plan that ensures that we fully capitalize on the potential of our highly differentiated drug-eluting products. I look forward to presenting this strategic update going forward.

CEO Emil Billbäck

COMPANY OVERVIEW

STRATEGY

BONESUPPORT's strategy comprises the following key components:

Innovative portfolio and strong R&D | **Strong clinical evidence and HEOR data** | **Effective Commercial Platform**

INNOVATIVE PORTFOLIO AND STRONG R&D

Continue to develop our innovative product portfolio
BONESUPPORT currently has four candidates in its pre-clinical development pipeline, which focus on enhancing bone growth through exploiting the drug-eluting capabilities of CERAMENT. The candidates are:
-CERAMENT plus bisphosphonates
-CERAMENT plus bone morphogenic protein (BMP)
-CERAMENT plus bisphosphonates and BMP
-CERAMENT plus BMP and stem cells

Broaden our short and mid-term offering to be more attractive in selected segment
Our innovative product portfolio, as described above, has a more long-term perspective. In parallel, BONESUPPORT is looking at more near-term opportunities including complementary products to CERAMENT and from further product development of the CERAMENT platform. These include CERAMENT in other formulations and product combinations with CERAMENT.

STRONG CLINICAL EVIDENCE AND HEOR DATA

Industry-leading clinical data
BONESUPPORT has the industry's leading clinical database, with more than 130 publications related to BONESUPPORT's three products. In March, clinical data from three studies showing the positive effects of CERAMENT G in different cases of bone infection, resulting in a lower number of readmissions and surgeries were presented at the British Limb Reconstruction Society (BLRS).

The larger clinical studies being conducted are:

STUDY	Feasibility	Initiated study	FPI	LPI	Regulatory filing
FORTIFY (US, DE, PL, UK)	■	■	■		

STUDY	Feasibility	Initiated study	FPI	LPI	Publication
FORTIFY (US, DE, PL, UK)	■	■	■		
CERTiFy (DE) – BVF	■	■	■	■	
RA (Revision Arthroplasty, IT – G&V)	■	■	■		
DF (Diabetic Foot, IT – G)	■	■	■	■	
CO (Chronic Osteomyelitis, FR – G)	■				

Feasibility: Feasibility assessment, FPI: First Patient In, LPI: Last Patient In

The *FORTIFY study* is an IDE study to support a PMA filing for CERAMENT G in the US. The study is targeting the enrollment of up to 230 patients at up to 30 centers globally, of which 15 are in the US. Positive results from the study could mean great opportunities in the US market. Patient enrollment is proceeding according to plan for a PMA submission 2020.

The CERTiFy study compares CERAMENT BVF with autograft, currently the most accepted treatment in patients with tibial plateau fractures. Positive results from this study could lead to CERAMENT BVF taking a market share from the autograft

segment. The last patient in the CERTiFy study was enrolled (total 136) in December 2017 and patient follow up and evaluation is now ongoing. Result is expected at the end of 2018.

The *Italian Revision Arthroplasty Study is* evaluating the effect of CERAMENT G & V for patients receiving revision arthroplasty in the hip or knee. Positive results from this study could mean that CERAMENT G and CERAMENT V would be used more often to prevent infection in this type of surgery. The first patient of a planned 135 patients was enrolled in October 2017.

The *Diabetic Foot (DF) study in Italy is* evaluating the effect of CERAMENT G&V for patients with diabetic foot. Positive results from this study could mean that CERAMENT G or CERAMENT V would be used more often to reduce infections and amputations. The first patient of a planned 30 patients was enrolled in November 2017.

The *Chronic Osteomyelitis (CO) study in France* is evaluating the effect of CERAMENT G in patients suffering from chronic bone infections. Positive results from this study could mean that CERAMENT G would be used more often to treat this type of infection. The study is also designed to provide support for CERAMENT G to be included in the reimbursement system in France. The study plans to enroll 140 patients with the first patient expected to be enrolled before the end of 2018.

Convincing HEOR data

BONESUPPORT has been working actively since the first half of 2017 to develop data showing the positive health economic effects of using BONESUPPORT's products. It is also becoming more important to show these effects in relation to the registration and pricing of products.

EFFECTIVE COMMERCIAL PLATFORM

Focus on key customers

BONESUPPORT's commercial efforts in Europe are focused on larger clinics, such as university clinics. This focus facilitates effective marketing which is designed to drive product adoption and to increase market penetration. In time, this approach is expected to higher sales from smaller clinics as they adopt the clinical approaches used by the larger clinics. BONESUPPORT has recently recruited product specialists/sales reps focusing on trauma, particularly in the UK, Germany and Sweden.

Focused geographical expansion

BONESUPPORT sees opportunities to expand in larger markets outside the US and Europe, such as China, Japan, India, South Korea and Australia. BONESUPPORT has initiated the registration work for both CERAMENT BVF and CERAMENT G in Australia during the quarter.

NORTH AMERICA

The focus in North America is the US market, in which CERAMENT BVF is distributed via Zimmer Biomet (ZB) through its national channel of 54 exclusive distributors. BONESUPPORT's commercial team of 14 people supports sale.

In the last 12 months we have increased the size and reshaped our US commercial organization so that we are well placed to drive aggressive market penetration once ZB resolves its hardware supply issues. In March, Bonesupport exhibited at the AAOS conference in New Orleans, where our presence generated strong interest from both surgeons and participating companies.

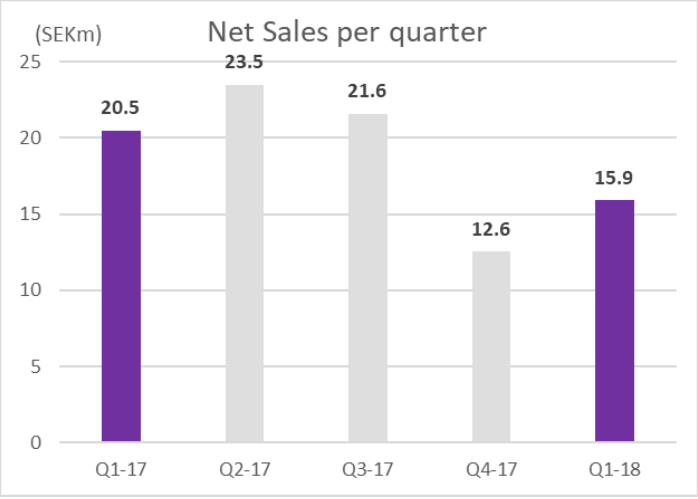
	Jan–Mar		FY
(SEKm)	2018	2017	2017
Net Sales	15.9	20.5	78.1
Gross profit	13.5	18.7	69.9
Contribution	-2.0	8.8	18.8

JANUARY–MARCH

Sales

Net Sales for North America decreased by 22% compared to Q1 2017 and amounted to SEK 15.9 million. The sales decline was due to the continuing hardware supply issues faced by ZB and certain inventory build-up by ZB in Q1 2017. Data covering in-market use of CERAMENT BVF indicates that end-user sales for the quarter increased by 7%.

ZB is working hard to resolve its ongoing hardware supply issues and to improve the effectiveness of the ZB sales organization. These measures should eventually result in ZB generating higher sales of CERAMENT BVF. Net sales per quarter are presented below (SEKm).



Contribution

The contribution from North America was SEK -2.0 million (8.8). The loss was due to both lower sales volumes and an unfavorable product mix (more small sizes), meaning that the gross margin decreased to 84.5% (91.4).

Sales and marketing costs increased to SEK 10.1 million (6.7) in Q1 due to our investment in our US commercial organization and a higher level of marketing activities around conferences. R&D expenses increased to SEK 5.1 million (2.8) due to costs related to the FORTIFY study.

EUROPE AND REST OF WORLD (EUROW)

In Europe, BONESUPPORT sells its products via a combination of its own direct sales force and distributors. The Company employs 20 people in its commercial organization in the UK, Germany, Switzerland, Sweden and Denmark and works with specialty distributors in a further eight markets. During the quarter we saw the first sales via Citieffe Srl., our new Italian distributor, which was appointed to provide us with improved access to the country's leading trauma centers. During the quarter we recruited four sales reps.

In Rest of World (ROW), the Company's products are sold via distributors.

During Q1, the Company attended a large number of Society Meetings and conferences in Europe in which both Key Opinion Leaders and other surgeons participated, including the Nordic Expert Meeting on Bone Infection in March in Copenhagen, Denmark and the British Limb Reconstruction Meeting in March in Southampton, England at which several papers covering positive clinical data with CERAMENT G in infection management were presented.

	Jan–Mar		FY
(SEKm)	2018	2017	2017
Net Sales	15.2	12.0	51.2
Gross profit	12.1	10.1	42.5
Contribution	-0.8	-2.0	-7.6

JANUARY–MARCH

Sales

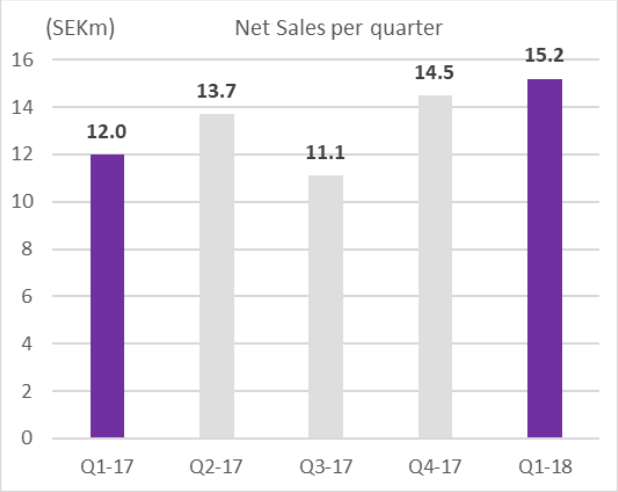
Net Sales for EUR & ROW increased by 27% compared to Q1 2017 and amounted to SEK 15.2 million. The sales growth was driven by greater use of our antibiotic-eluting products in both direct sales markets and some distributor markets. It is also a result of increased focus on trauma indications. The sales in our five direct sales countries in Europe accounted for 77.1% of the total sales in EUROW and increased by 24% compared to Q1 2017.

Sales of BONESUPPORT's drug-eluting products, CERAMENT G and CERAMENT V, increased by 38% in the quarter. Net sales per quarter are presented below (SEKm).

Contribution

The contribution from EUROW was SEK -0.8 million (-2.0). The increased contribution is mainly due to higher sales in the period, SEK 15.2 million (12.0).

Sales and marketing costs were in line with the first quarter last year and amounted to SEK 13.0 million (12.7). The improved contribution was, however, impacted by a lower gross margin 79.6% (84.5) due to an unfavorable product mix (sizes) and write down of inventory.



FINANCIAL OVERVIEW

PROFIT AND LOSS

JANUARY–MARCH 2018

Net Sales

Net sales amounted to SEK 31.1 million (32.5), a decrease of 4% (0% in constant currencies). EUROW increased by 27% to SEK 15.2 million (12.0), while North America decreased by 22% to SEK 15.9 million (20.5). North America was impacted by problems currently faced by our US distributor. The main sales driver in Europe was increased usage of our products. Further details are presented in the segment sections. The currency translation effect was negative by SEK 1.3 million. Sales per quarter and LTM are presented on the right (SEKm).

Cost of Sales

Cost of Sales amounted to SEK 5.6 million (3.6) leading to a lower gross margin of 82.1% (88.8). The margin decrease is mainly due to a negative impact from the product mix and temporary write-off of raw materials.

Selling expenses

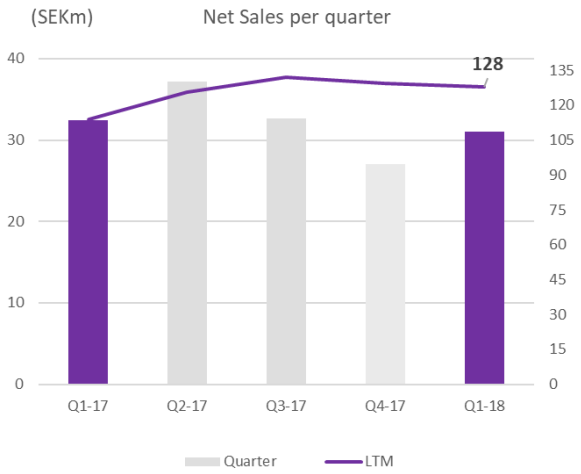
Selling expenses amounted to SEK 27.6 million (24.8), an increase of 11%, of which SEK 15.4 million (13.0) were employee costs. Both segments increased their costs, in which North America increased 51% to SEK 10.1 million (6.7), mainly driven by an expanded sales organization and increased market activities. Europe & Rest of World increased by 2% to SEK 13.0 million (12,7). Other selling expenses, not allocated to a specific segment, decreased and amounted to SEK 4.5 million (5.4) due to a higher focus on direct activities in both segments.

Research and development (R&D) expenses

R&D expenses amounted to SEK 14.8 million (9.4), an increase of 58%, of which SEK 6.6 million (4.6) were employee costs. North America R&D expenses increased by 82% to SEK 5.1 million (2.8) and are mainly related to costs connected to the FORTIFY study. Other R&D costs amounted to SEK 9.7 MSEK (6.8) and consisted of general R&D activities and further progress of the CERTIFy project and the pipeline, not related to a specific segment.

Administrative expenses

Administrative expenses amounted to SEK 16.5 million (21.7). The decrease is mainly related to lower employee costs and IPO costs in the first quarter last year. Total employee costs amounted to SEK 7.7 million (9.9). The cost decreased due to less costs (SEK 7.4 million) related to the employee share option programs in spite of SEK 5.5 million severance pay for the resigning CEO.



The decrease in costs for employee options depends on a large number of the employee options, in the early programs, being vested, and the debt for related social costs has been revaluated based on actual share price. Costs relating to the resignation of CEO Richard Davies include salary during the termination period and severance pay equal to 12 months' salary plus a bonus corresponding to 4 months' salary.

Other operating income and expenses

Other operating income and expenses mainly consist of exchange rate gains and losses on working capital. Other operating income amounted to SEK 2.9 million (0.8) and other operating expenses amounted to SEK 2.6 million (1.3) in the quarter.

Operating result

The operating result amounted to SEK -33.1 million (-27.4) and the increased loss was mainly due to the lower gross result which decreased by 11% and amounted to SEK 25.5 million (28.8) combined with slightly higher operating expenses amounting to SEK 59.0 (55.8). The transaction currency effect was not significant.

Net financial items

Net financial items amounted to SEK -0.5 million (-3.7), of which SEK -1.1 million (-4.0) related to interest payments on loans. Net exchange gains and losses amounted to SEK 0.6 million (0.3). Theloan from Kreos was repaid of SEK 93.3 million (9,5 MEUR) at 1 February 2018. Termination fees related to this loan were accrued in 2017 and amounted to SEK 8.9 million. Interest cost for January is charged in the first quarter 2018.

Loss for the period

For the reasons disclosed above, the loss for the quarter amounted to SEK -33.8 million (-31.1), which corresponded to earnings per share of SEK -0.67 (-1.07).

FINANCIAL POSITION AND CASH FLOW (CF)

Cash at period end was SEK 397.2 million (533.4), a decrease since year end 2017 of SEK 136.2 million. The change is mainly related to the operating cash flow of SEK -36.3 million and SEK -100.1 million from financing activities. The last part is repayment of the loan from Creos Capital of SEK 93.3, termination fee and accrued interest of SEK 8.7 million and prepaid loan on SEK 3.4 million.

The operating cash flow in the period was SEK -36.3 million (-32.1), mainly attributable to the operating loss of SEK -33.1 million (-27.4) and changes in working capital of SEK -3.9 million (-6.0).

Financial position (SEKm)	31 Mar 2018	2017
Cash and cash equivalents	397.2	103.3
Interest-bearing debt	0,0	103.6
Net debt[1/]	-397.2	0.3
Equity	416.8	9.1

Cash flow (SEKm)	Jan – Mar 2018	2017
Operations	-36.3	-32.1
investing activities	-0.1	-0.6
financing activities	-100.1	-50

1/See financial definitions page 15

OTHER DISCLOSURES

PARENT COMPANY

The parent company BONESUPPORT HOLDING AB (publ) is a holding company. The parent company generated SEK 8.6 (0.0) million in sales related to internal services to subsidiaries. The loss in the quarter was SEK -3.9 million (-3.3). There were no investments during the period.

EMPLOYEES

The BONESUPPORT Group had 64 (52) FTE (Full-Time Equivalents) during the quarter, of whom 18 (14) were in R&D.

SIGNIFICANT EVENTS DURING Q1

On 23 January BONESUPPORT announced the appointment of Emil Billbäck as new CEO. Richard Davies continued as CEO until 28 February and Emil Billbäck started on 1 March.

On 1 February BONESUPPORT announced that the outstanding debt of SEK 93.3 million (EUR 9.5 million) to Kreos had been repaid.

Shareholders 31 March 2018	
HealthCap V LP	13.0%
Stiftelsen Industrifonden	9.4%
Lundbeckfond Invest A/S	9.4%
Robur AB	8.9%
Tredje AP-fonden	8.0%
Tellacq AB	5.9%
Carl Westin Ltd	5.4%
Övriga aktieägare	40.0%

SHARES AND RELATED PROGRAMS

There is one type of share in the Company. The quota value per share is SEK 0.625. At 31 March 2018, the total number of shares in the Company amounted to 50,811,866 and the number of shareholders was 996.

The increase from 1 January to 31 March in the number of shares was 533,976 and all related to the conversion of shares part of the ESOPs (Employment Share Option Programs). BONESUPPORT now has three ESOPs. A condition for vesting is that the option holder on each vesting day is employed by or holds an assignment within the Group. The number of outstanding options as of 31 March 2018 amounted to 14,758,881. A summary of the ESOPs appears in the Annual Report 2017, note 12 and in note 8 in this report.

There were two different warrant programs as of 31 March 2018. Each warrant gives the right to convert into 0.2 shares. The number of warrants in these programs as of 31 March 2018 amounted to 4,245,568. Further details of these warrant programs are described in note 8 and in the Annual report 2017, notes 12, 23 and 25.

FINANCIAL CALENDER

22 May 2018	Annual General Meeting
26 July 2018	Q2 Interim report
September	Capital Market Day
7 November 2018	Q3 Interim report

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version shall apply. This report has not been audited.

The CEO assure that this interim report provides a true and fair view of the development of the Group's and parent company´s operations, position and performance, as well as describing material risks and uncertainties faced by the companies that form part of the Group.

Lund, Sweden, 4 May 2018

Emil Billbäck

CEO

BONESUPPORT HOLDING AB (publ)

This information constitutes information that BONESUPPORT HOLDING AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 08.00 CET on 4 May 2018. This Interim Report and other financial information about BONESUPPORT HOLDING AB (publ) are available at www.bonesupport.com.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

		Jan–Mar		FY
(SEK 1,000)	**Note**	**2018**	**2017**	**2017**
Net Sales	7	31,085	32,454	129,301
Cost of Sales		-5,562	-3,621	-16,871
Gross profit		**25,523**	**28,833**	**112,430**
Selling expenses		-27,645	-24,771	-92,858
Research and development expenses		-14,838	-9,368	-60,636
Administrative expenses	3,8	-16,531	-21,690	-57,478
Other operating income		2,931	825	5,282
Other operating expenses		-2,570	-1,261	-6,025
Operating loss	**7**	**-33,130**	**-27,432**	**-99,285**
Net financial items		-497	-3,654	-28,577
Loss before income tax	**7**	**-33,627**	**-31,086**	**-127,862**
Income tax		-151	-2	-1,007
Loss for the period		**-33,778**	**-31,088**	**-128,869**

The loss for the period is fully attributed to the shareholders of the parent company.

EARNINGS PER SHARE

		Jan–Mar		FY
(SEK)	**Note**	**2018**	**2017**	**2017**
Parent company's shareholders				
Earnings per share before dilution (SEK)		-0.67	-1.07	-3.24
Earnings per share after dilution (SEK)[3]		-0.67	-1.07	-3.24
Loss for the period (SEK 1,000)		-33,778	-31,088	-128,869
Average number of shares (1,000)[4]		50,563	29,011	39,826

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Jan–Mar		FY
(SEK 1,000)	**Note**	**2018**	**2017**	**2017**
Loss for the period		**-33,778**	**-31,088**	**-128,869**
Other comprehensive income				
Exchange differences		114	12	2
Total comprehensive income for the period		**-33,664**	**-31,076**	**-128,867**

[3] / Dilution effects for negative earnings per share should not be adjusted for.
[4] / Average number of shares is recalculated after the share consolidation 5:1.

CONDENSED CONSOLIDATED BALANCE SHEET

(SEK 1,000)	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
ASSETS				
Intangible assets		5,155	4,558	5,244
Tangible assets		3,014	642	3,099
Other receivables	6	218	204	248
Total non-current assets		**8,387**	**5,404**	**8,591**
Inventories		21,988	15,047	22,079
Trade receivables	6	26,153	26,607	20,678
Other operating receivables	6	9,010	6,835	11,969
Cash and cash equivalents	6	397,179	103,292	533,367
Total current assets		**454,330**	**151,781**	**588,093**
TOTAL ASSETS		**462,717**	**157,185**	**596,684**
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders	4	416,759	9,100	450,786
Non-current borrowings	6	0	77,761	0
Provisions		173	164	173
Total non-current liabilities		**173**	**77.925**	**173**
Current borrowings	6	0	25.832	98.620
Trade payables	6	7,956	7,814	11,553
Other operating liabilities	6	37,829	36,514	35,552
Total current liabilities		**45,785**	**70,160**	**145,725**
TOTAL EQUITY AND LIABILITIES		**462,717**	**157,185**	**596,684**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK 1,000)	issued capital	Other paid-in capital	Reserves	Accumulated losses[5]	Total equity
Equity at 1 January 2017	**18,132**	**669,552**	**-306**	**-653,074**	**34,304**
Loss January–March 2017				-31,088	-31,088
Other comprehensive income			12		12
Transactions with equity holders:					
New share issue					
Allotted warrants		1.562			1,562
Share-based payment transactions				4.310	4,310
Equity 31 March 2017	**18,132**	**671,114**	**-294**	**-679,852**	**9,100**
Loss April–December 2017				-97,781	-97,781
Other comprehensive income			-10		-10
Transactions with equity holders:					
New share issue	13,292	557,002			570,294
Transaction costs, new share issue		-39,101			-39,101
Share-based payment transactions				8,284	8,284
Equity at 1 January 2018	**31,424**	**1,189,015**	**-304**	**-769,349**	**450,786**
Loss January–March 2018				-33,778	-33,778
Other comprehensive income			114		114
Transactions with equity holders:					
New share issue	334				334
Allotted warrants		-1,860			-1,860
Share-based payment transactions				1.163	1,163
Equity 31 March 2018	**31,758**	**1,187,155**	**-190**	**-801,964**	**416,759**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Jan–Mar		FY
(SEK 1,000)	**2018**	**2017**	**2017**
Operating loss	-33,130	-27,432	-99,285
Non-cash adjustments			
-Personnel options	1,163	4,310	12,594
-Others	-86	268	4,113
Interest received	0	0	3
Interest paid	-854	-3,171	-11,740
Other finance costs paid	558	0	0
Income tax paid	-15	-45	-737
Net operating CF before working capital changes	**-32,364**	**-26,070**	**-95,052**
Changes in working capital	-3,914	-6,040	-12,482
Net Operating CF	**-36,278**	**-32,110**	**-107,534**
Net CF from investing activities	-144	-596	-4,688
Net CF from financing activities	-100,146	-5,029	504,833
Total CF for the period	**-136.568**	**-37.735**	**392.611**
Cash and cash equivalents	533,367	141,501	141,501
Net foreign exchange difference on cash and equivalents	380	-474	-745
Cash at period end	**397,179**	**103,292**	**533,367**

[5] Retained earnings including net loss

CONDENSED PARENT COMPANY INCOME STATEMENT

	Jan–Mar		FY
(SEK 1,000)	**2018**	**2017**	**2017**
Net Sales	8,650	0	37,873
Administrative expenses	-12,544	-2,407	-50,516
Other operating income	0	0	23
Other operating expenses	-435	0	-33
Operating loss	**-4,329**	**-2,407**	**-12,653**
Result from financial items	450	-917	-3.162
Loss before income tax	**-3,879**	**-3,324**	**-15,815**
Income tax	0	0	0
Loss for the period	**-3,879**	**-3,324**	**-15,815**

Total parent company loss for the period equals the comprehensive income for the period.

CONDENSED PARENT COMPANY BALANCE SHEET

	31 Mar		31 Dec
(SEK 1,000)	**2018**	**2017**	**2017**
ASSETS			
Non-current financial assets	503,912	403,912	503,912
Other receivables	54,273	0	0
Prepaid expenses	331	372	715
Cash	371,102	91,338	513,945
TOTAL ASSETS	**929,618**	**495,622**	**1,018,572**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	31,757	18,132	31,424
Unrestricted equity	883,578	383,907	889,317
Total equity	**915,335**	**402,039**	**920,741**
Current liabilities	**14,283**	**93,583**	**97,831**
TOTAL EQUITY AND LIABILITIES	**929,618**	**495,622**	**1,018,572**

DEFINITIONS

AUTOGRAFT	A bone graft harvested from the patient's own skeleton, usually from the iliac crest
BONE GRAFT SUBSITUTE	Synthetic material used as bone grafts instead of biological bone tissue
CERAMENT BVF	CERAMENT™|BONE VOID FILLER
CERAMENT G	CERAMENT™G, CERAMENT™ BVF with gentamicin
CERAMENT V	CERAMENT™V, CERAMENT™ BVF with vancomycin
CF	Cash Flow
CLINICAL STUDY	Study on humans of a medical device or a pharmaceutical product, for example
DR	Doctor
FDA	US Food and Drug Administration
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)
HISTOLOGY	The study of the microscopic anatomy (microanatomy) of cells and tissues of plants and animals
IDE (Investigational Device exemption)	Exemption from regulatory approval to conduct clinical studies on a medical device
ILIAC CREST	The upper wing of the hip bone (Ilium)
LTM	Last Twelve Months
MICRO-CT	Microtomography: 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 tissue
OSTEOMYELITIS	A bacterial infection affecting bones
PMA	Premarketing Approval is the FDA process of reviewing Class III medical devices
Q1	First quarter
TOXICITY	The degree to which a substance (a toxin or poison) can harm humans or animals

FINANCIAL DEFINITIONS

BONESUPPORT uses Alternative Performance Measures (APM) to make the financial report more understandable for both external analysis and comparison, including internal performance assessment. APM's have not been defined in IFRS financial statements. The following (definitions below) are used:

Contribution	Revenues minus directly allocated Cost of sales, Selling and R&D expenses. Shows the operational performance for each segment.
Earnings per share (EPS)	Net result divided by average number of shares before dilution Shows the operational performance, including depreciations and amortizations
Gross profit	Net Sales minus Cost of Sales. Shows the profit to cover others costs and profit margin.
Gross margin	(Revenues – Cost of Sales)/Net Sales. Shows the gross profit in relation to Net sales, indicating the margin to cover costs and profit
Interest-bearing debt	Borrowings from banks and other financial institutions, short and long term Shows the debt level of the Company and also forms the basis of interest costs
Net debt	Interest-bearing debts minus cash and cash equivalents. Shows the leverage level of the Company
Operating result (EBIT)	Operating result shows the operative result including depreciation
Sales growth	The difference in Net Sales between two periods in relation to the Net Sales for the previous corresponding period. Shows how the Company performs in its sales operations

Reconciliation of APM – Net debt (SEKm)	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current borrowing	0.0	77.8	0.0
Current borrowing	0.0	25.8	98.6
Cash and cash equivalents	-397.2	-103.3	-533.4
Net debt	**-397.2**	**0.3**	**-434.7**

NOTES

NOTE 1 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.

Accounting principles have been applied as reported for the Annual Report per 31 December 2017.

New or amended standards or interpretations of standards effective as of 1 January 2018 have not had any significant impact on BONESUPPORT's financial statements. IFRS 16 Leases was adopted by the EU on 31 October 2017 and is applicable from 1 January 2019. The implementation of IFRS 16 will impact the Financial Reports but the impact will not be significant.

NOTE 2 SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various financial risks. The business is impacted by many factors that could impact the company's result and financial position. BONESUPPORT's strategy is to continuously identify and manage risks. Further details can be found in the Annual report 2017, note 2.

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

Related	
Seagles AB	Fully owned by Professor Lars Lidgren

The income statements include costs related to the following transactions between BONESUPPORT AB and related parties.

		Jan–Mar	
Related	Service (SEK 1,000)	2018	2017
Seagles AB	Consultancy, development projects	-	44

NOTE 4 NUMBER OF SHARES AND POTENTIAL SHARES

Number of shares	
31 December 2017	50,277,890
Conversion of warrants	533,976
31 March 2018	50,811,866

Potential shares
3,800,891 shares are related to BONESUPPORT's warrants and ESOPs (Employee Share Option Programs)

NOTE 5 PLEDGED SECURITIES AND CONTINGENT LIABILITIES

When the loan agreement with Kreos Capital was signed in September 2016, the company issued many securities to Kreos Capital. The agreement was voluntarily terminated by BONESUPPORT and the loan fully repaid as of 1 February 2018. The securities were released on the same day.

NOTE 6 FINANCIAL ASSETS AND LIABILITIES

Fair values of current financial assets and liabilities are assessed and agree with values accounted for. The fair value of the loan was SEK 101.4 million at 31 March 2017. The book value was SEK 103.6 million. The loan was fully repaid on 1 February 2018.

NOTE 7 SEGMENT INFORMATION

The segments are North America ("NA") and Europe & RoW ("EURW"). Others include Eliminations and others in which the main part relates to Head office functions. Contribution per segment is calculated as Total revenues minus costs that are directly attributable to the segment. Such costs are directly related to Cost of sales, selling expenses and R&D. There is no allocation to segments for Group assets or liabilities as the control of these is only conducted at the total Group level by management and the Board.

Sales in Sweden amounted to SEK 2.2 million (0.7). The US market (part of NA) is the only market with sales of more than 10% of the Group's total sales. Sales in the US market amounted to SEK 15.9 million (20.5), where the customer is an American distributor. No other customer accounts for more than 10% of Group Net Sales. The sales per product group is presented below.

	Jan–Mar 2018				Jan–Mar 2017			
Profit and loss items (SEK 1,000)	NA	EUROW	Others	**Total**	NA	EUROW	Others	**Total**
Net Sales	15,932	15,153		**31,085**	20,502	11,952		**32,454**
Cost of Sales	-2,464	-3,098		**-5,562**	-1,771	-1,850		**-3,621**
Other operating costs	-15,432	-12,881		**-28,313**	-9,933	-12,087		**-22,020**
Contribution	-1,964	-826		**-2,790**	8,798	-1,985		**6,813**
Other operating items			-30.340	**-30,340**			-34,245	**-34,245**
Operating result	-1,964	-826	-30,340	**-33,130**	8,798	-1,985	-34,245	**-27,432**
Net financial items			-497	**-497**			-3,654	**-3,654**
Result before taxes	-1,964	-826	-30,837	**-33,627**	8,798	-1,985	-37,899	**-31,086**

	Jan–Mar 2018				Jan–Mar 2017			
Product group (SEK 1000)	NA	EUROW		**Total**	NA	EUROW		Total
CERAMENT BVF	15,932	3,370		**19,302**	20,502	3,390		23,892
CERAMENT drug-eluting[6]	-	11,783		**11,783**	-	8,562		8,562
TOTAL	15,932	15,153		**31,085**	20,502	11,952		32,454

[6] CERAMENT with drug-eluting properties includes CERAMENT G and CERAMENT V.

NOTE 8 WARRANTS AND EMPLOYEE OPTION PROGRAMS

There are three different employee stock option programs and two different warrant programs. Of the three employee stock option programs, two of them run over 10 years and expire in 2022 and 2025. The third program runs over 8 years and expires in 2024. Each stock option or warrant gives the holder the right to acquire 0.2 ordinary shares of the company when exercising the option or warrant.

The employee stock options are vested according to a schedule in each program. Of the 25.7 million options that were already allocated, 18.0 million options were vested before 1 January 2018 and 1.1 million options were vested in the first quarter 2018.

Employee stock options 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 for the shares issued are credited to equity.

In addition to the ESOPs, there are two warrant programs.

Further information on these programs is presented in note 12, 23 and 25 in the Annual report 2017.

	No of options[7]	WAEP 2/	No of warrants	WAEP[8]
Balance 1 Jan 2018	17,428,768	1.18	4,245,568	4.59
Converted	-2,669,887	0.13	0	0
Balance 31 Mar 2018	14,758,881	1.37	4,245,568	4.59

The total number of outstanding options and warrants was 19,004,446 at 31 March 2018, equal to 3,800,889 shares upon full conversion.

[7] Unallocated options amounted to 165,905
[8] Weighted Average Exercise Price (SEK)

ABOUT BONESUPPORT

BONESUPPORT HOLDING AB (publ), reg. ID 556802-2171, is the parent company in the BONESUPPORT Group, in which operations are executed in BONESUPPORT AB and its subsidiaries in the US, the UK, Germany, Switzerland and the Netherlands.

BONESUPPORT is active in orthobiological products, developing and commercializing innovative injectable bio-ceramic bone graft substitutes which remodel to host bone and have the capability of eluting drugs directly into the bone void. BONESUPPORT's marketed synthetic bone graft substitutes are CERAMENT™ BVF, CERAMENT™ G and CERAMENT™ V, all of which are based on the novel and proprietary CERAMENT technology platform. To date, all BONESUPPORT's marketed products have undergone the medical device approval process in the markets in which they are currently available. 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's products represent an innovative technology backed by an intellectual property portfolio of approximately 100 registered and/or pending patents.

BONESUPPORT has a twelve-year track record of safety and efficacy of its products in treating patients with an estimated number of around 30,000 procedures performed with its products worldwide, based on sales data. There is a large, addressable market opportunity across trauma, chronic osteomyelitis, revision arthroplasty and infected diabetic foot and the Company's research focuses on continuing to further develop and refine the present technology to extend into additional indications by the elution of other drugs and growth factors.

CERAMENT BVF is currently commercially available in several markets in Europe, the US, India, Malaysia, Oman and Singapore. CERAMENT G is available in the same European markets, as well as in India, Malaysia and Oman, whereas CERAMENT V is available in the same markets as CERAMENT G, except for India.

BONESUPPORT was founded in 1999 by Prof. Lars Lidgren, an internationally respected scientist who has been the President of various musculoskeletal societies. BONESUPPORT's mission is to bring people with bone and joint diseases back to an active life. The Company is based in Lund, Sweden.

PRESENTATION OF THE JANUARY-MARCH 2018 INTERIM REPORT

The company invites investors, analysts and media to a web conference (in English) on 4 May at 10.00 CET, where CEO Emil Billbäck and CFO Björn Westberg 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 4 May. 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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