Net sales increased by 48%

+48% Net Sales

87.2% Gross Margin

-18.4m Operating loss

APRIL – JUNE 2017

- Net Sales amounted to SEK 37.1 million (25.2), an increase of 48%
- Gross margin of 87.2% (86.1)
- Operating loss of SEK -18.4 million (-20.8)
- Earnings per share, before and after dilution was SEK -0.75 (-0.93)

JANUARY – JUNE 2017

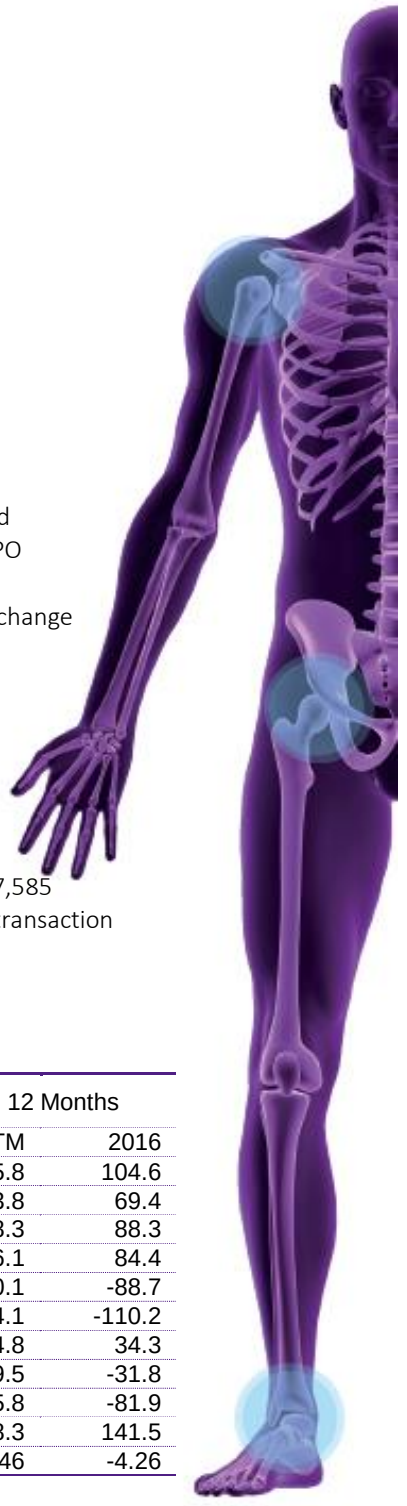
- Net Sales amounted to SEK 69.6 million (48.4), an increase of 44%
- Gross margin of 88.0% (85.2)
- Operating loss of SEK -45.8 million (-34.5)
- Earnings per share, before and after dilution was SEK -1.82 (-1.62)

BUSINESS HIGHLIGHTS APRIL - JUNE

- BONESUPPORT was listed 21 June at Nasdaq Stockholm and issued new shares raising SEK 500 million gross in conjunction with the IPO
- BONESUPPORTs FORTIFY study recruited its first patient
- At the AGM, it was resolved to amend the Articles of association, change category into a public company and consolidate the shares 5:1
- New executive recruitment, Michael Diefenbeck started as Chief Medical Officer

SIGNIFICANT EVENTS AFTER PERIOD END

- The over-allotment option, in relation to the IPO, allowed the Company to raise further SEK 59 million. The total issue including the over-allotment option, in conjunction with the IPO, was 19,827,585 shares raising a total of SEK 559 million before SEK 37.7 million in transaction costs.



KEY FIGURES

	Apr - Jun		Jan - Jun		12 Months	
	2017	2016	2017	2016	LTM	2016
Net Sales (SEKm)	37.1	25.2	69.6	48.4	125.8	104.6
Sales growth (%) [1/]	47.5	81.7	43.7	70.5	53.8	69.4
Gross profit (SEKm)	32.4	21.7	61.2	41.2	108.3	88.3
Gross margin (%) [1/]	87.2	86.1	88.0	85.2	86.1	84.4
Operating loss (SEKm)	-18.4	-20.8	-45.8	-34.5	-100.1	-88.7
Loss for the period (SEKm)	-23.5	-23.3	-54.6	-40.7	-124.1	-110.2
Equity at period end (SEKm)	464.8	-12.7	464.8	-12.7	464.8	34.3
Net debt [1/](SEKm)	-459.5	18.7	-459.5	18.7	-459.5	-31.8
Operating cash flow (SEKm)	-13.9	-10.7	-46.0	-22.1	-105.8	-81.9
Cash at period end (SEKm)	558.3	38.9	558.3	38.9	558.3	141.5
Earnings per share [2/] (SEK)	-0.75	-0.93	-1.82	-1.62	-4.46	-4.26

[1/] APM: Alternative Performance Measures, see financial definitions on page 15

[2/] Before dilution and after consolidation of shares 5:1

CEO STATEMENT

Richard Davies
CEO of BONESUPPORT HOLDING AB (publ)

SUCCESSFUL IPO TO FUND OUR GROWTH STRATEGY

COMPLETION OF IPO

The highlight of the second quarter was the completion of our successful IPO on Nasdaq Stockholm, raising a total of SEK 559 million (including the over-allotment option) before transaction costs. The share offering was oversubscribed several times, attracting strong interest from international and Swedish investors. With the funds raised we are well placed to deliver against our value adding growth strategy which is focused on achieving sales of over SEK 500 million and a positive operating result by 2020.

STRONG SALES GROWTH CONTINUES

We continued to deliver strong top-line growth with sales increasing by 48% to SEK 37.1 million in the second quarter.

In Europe and ROW (Rest of World) we saw sales increase by 55% to SEK 13.7 million. This sales growth was driven by the increasing adoption of our antibiotic eluting products, CERAMENT G and CERAMENT V. The rapid uptake of these novel products is enabled by the growing body of clinical evidence supporting their ability to remodel to host bone and to deliver antibiotics to protect the healing process. We also have increased investment in our sales and marketing organization to give this message.

In North America, our sales grew by 44% to SEK 23.5 million as CERAMENT BVF continued to gain share in the US market. Growth in the US was due to the success of our larger sales and marketing organization in leveraging our partner's distribution network to increase uptake. In Q2 we succeeded for the first time in generating sales via all 54 distributors in the Zimmer Biomet network.

GENERATING CLINICAL DATA TO DRIVE SALES

BONESUPPORT is continuing to support the on-going investigator-initiated CERTiFy study, which is evaluating CERAMENT BVF in comparison to autograft (the current standard of care). Recruitment of the last patient into the study is planned by the end of 2017. This study is designed to generate both clinical and HEOR (health economics and outcomes research) data to increase the adoption of CERAMENT BVF.

FIRST PATIENT RECRUITED IN FORTIFY STUDY

In addition to driving sales of its currently approved products, BONESUPPORT's strategy is to gain US regulatory approval for CERAMENT G. To achieve this goal the Company is conducting the FORTIFY study, which enrolled its first patient in May, with planned FDA filing by the end of 2020.

PIPELINE PROGRESS

The final element of the Company's strategy is the development of novel CERAMENT based products that have been designed to promote bone growth. In July one of our pipeline projects received SEK 8 million of grant funding from Vinnova (Sweden's innovation agency). This research will be conducted by an Indo-Swedish university research group.

EXECUTING OUR STRATEGY

We continue to invest in our commercial organization and growing the body of clinical evidence highlighting the benefits of our products. With our successful IPO, BONESUPPORT's enhanced management team is executing the Company's strategy to deliver a number of value generating milestones and meet our 2020 financial targets.

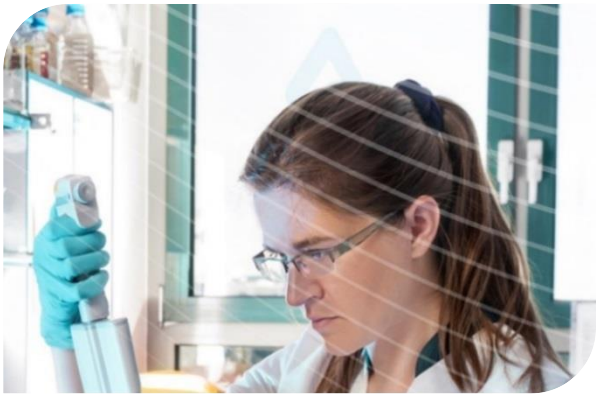
COMPANY OVERVIEW

COMPANY STRATEGY AND OBJECTIVES

Driving sales of currently approved products
- Generating further supportive clinical data (incl CERTiFy) to drive the adoption of our CERAMENT products for broader range of indications
-Increasing marketing and promotional spending particularly in the US
-Increasing our sale footprint

Successfully completing the FORTIFY IDE study
The clinical data from this study is designed to support a PMA filing with FDA to gain approval for CERAMENT in the US with planned PMA filing in 2020.

Progress pipeline of CERAMENT product candidates
Novel product candidates are designed to promote growth capitalizing on CERAMENT's unique drug eluting capabilities.



Financial objectives 2020
> SEK 500m in Net Sales
> 85% in Gross margin
Positive operating result

RESEARCH & DEVELOPMENT

BONESUPPORT research and development is focused on the CERAMENT platform, which has been used to generate both a well-developed clinical program and a pipeline of product candidates targeting enhanced bone growth that are in pre-clinical development.

BONESUPPORTs IDE (Investigational Device Exemption) study, FORTIFY, recruited the first patient in May. FORTIFY study is designed to generate the clinical data needed to gain market approval for CERAMENT G in the US with planned launch in 2021. FORTIFY is a randomized multicenter controlled trial to evaluate the safety and efficacy of CERAMENT G as part of open surgical repair of diaphyseal tibial fractures.

FORTIFY study
First patient recruited in May

The study is targeting to enroll up to 230 patients at up to 30 centers globally, with the aim of having at least 50% of the study data coming from US patients.

The Company is conducting a number of clinical studies with its commercial products to drive increased adoption and usage both in existing and new markets. The largest studies are listed below.

CLINICAL STUDIES (larger)	Feasibility[1/]	Initiated study	FPI[1/]	LPI[1/]
FORTIFY (US, DE, PL, SE, UK)	■	■	■	
CERTiFy (DE)	■	■	■	
Revision Arthroplasty (IT)	■	■		
Diabetic Foot (IT)	■	■		
Osteomyelitis (FR)	■			

1/ Feasibility: Feasibility assessment; FPI: First Patient In; LPI: Last Patient In; ■ Activity completed

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Post-Marketing studies generating data to drive increased adoption and to broaden indications

The CERTiFy study is an investigator-initiated controlled, prospective, randomized clinical trial comparing the use of CERAMENT BVF versus autograft in the management of tibia plateau fractures. CERTiFy plans to enroll 136 patients from more than a dozen top orthopedic trauma centers in Germany. Patient recruitment is planned to be completed by the end of 2017.

CERTiFy is a non-inferiority study and positive results would support further use of CERAMENT BVF, taking share from the autograft segment, which is the most widely used treatment option globally for patients with bone voids. It is also anticipated that the results will be helpful in gaining improved reimbursement for CERAMENT BVF in Germany and certain other geographies.

In addition to CERTiFy, BONESUPPORT is conducting or planning a number of other studies either investigator initiated or sponsored by the Company.

These studies are designed to generate the data needed to support the use of currently approved products for additional indications. An investigator initiated study assessing the use of CERAMENT G in patients undergoing revision arthroplasty is due to start in Italy in the coming months. Feasibility assessments are also ongoing to start studies evaluating CERAMENT G for the management of diabetic foot (Italy) and chronic osteomyelitis (France).

A paper covering an earlier investigator-initiated study was published in September 2016 (McNally et al, The Bone and Joint Journal (2016) Vol. 98-B, No. 9, 1289-1296). The paper outlined compelling results of CERAMENT G in the treatment of chronic osteomyelitis.

In conjunction with these on-going and planned clinical studies the Company continues to analyze the patient registry data that has been collected in recent years to generate further insights that supports the increased use of its CERAMENT portfolio of approved products.

Research Activities – Pre-clinical Programs Targeting Enhanced Bone Growth

BONESUPPORT is progressing its pipeline, see table below, of candidates that have been designed to add osteoinductive characteristics to the osteoconductive properties of the currently available CERAMENT products. At present the Company is evaluating several product candidates in pre-clinical development with the aim of choosing two to take into clinical development. The first candidate is targeted to enter the clinic in 2020.

In July, one of the Company's pipeline projects was awarded SEK 8 million in external funding from Vinnova (Sweden innovation agency). The grant funded project includes an assessment of the capability of CERAMENT G to deliver a combination of bone morphogenic protein-2 to induce bone formation and Zoledronic acid (ZA) to decrease secondary bone resorption.

The Company has continued to generate positive animal model data using the combination of CERAMENT and a bisphosphonate (ZA). The results from Micro-CT scans look compelling and demonstrate that the local delivery of ZA has a positive osteoinductive effect on the bone-healing process.

The Company has generated data in a large animal model, where monthly radiographs have been conducted to demonstrate the remodeling in the whole void. Publication is planned in 2018.

Pipeline program	Feasibility[1/]	Initiated study	Data generated	Report issued
CERAMENT+Biphosphonates				
CERAMENT+Biphosphonates+BMP	Ongoing			
CERAMENT+BMP	Ongoing			
CERAMENT+BMA/Stem cells	Ongoing			

1/ Feasibility assessment

NORTH AMERICA

	Apr – Jun		FY
(SEKm)	**2017**	**2016**	**2016**
Net Sales	23.5	16.3	68.8
Gross profit	21.2	13.4	59.5
Contribution	7.0	5.9	22.5

North America's focus is the US market, where CERAMENT BVF is distributed via Zimmer Biomet through its national channel of 54 independent distributors. BONESUPPORT's commercial team supports sales directly to these independent US distributors alongside Zimmer Biomet.

During Q2, the BONESUPPORT US organisation strengthened the sales function by hiring additional employees. The total number of employees is now 14 in the US commercial organisation, providing a solid base to further increase sales in the US.

The Company exhibited at the American Orthopaedic Foot & Ankle conference in July, which generated strong interest from the rapidly growing orthopaedic foot and ankle trauma market.

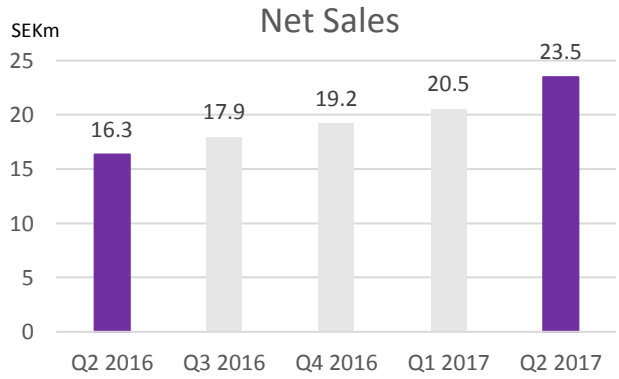
In June, the Company launched, in collaboration with Zimmer Biomet's marketing team, a sales promotion program focused on a select group of hospitals at which Zimmer Biomet has secured contract pricing for CERAMENT BVF. The objective is to leverage that at these hospitals to improve the depth of surgeon users and increase sales.

In North America, our sales grew by 44% to SEK 23.5 million. We could for the first time generate end-user sales via all 54 distributors in the Zimmer Biomet network.

APRIL – JUNE 2017

Net Sales

Net Sales for North America increased by 44% versus Q2 2016 and amounted to SEK 23.5 million. This improvement is mainly due to the increased number of sales people, supporting our distributor Zimmer Biomet and an increase in marketing activities, such as exhibitions and similar events. Net sales per quarter is presented below (SEKm).



Contribution

The contribution in North America was SEK 7.0 million (5.9). The gross margin increased to 90.4% (88.4), due to an improvement in product mix (different product sizes). The sales and marketing costs increased to SEK 6.7 million (5.0) due to the increase in the sales management, implementation of sales analytic tools and heightened investment in marketing activities and the establishment of surgeon advisory boards. The R&D expenses increased to SEK 8.2 million (1.9) mainly due to the FORTIFY study.

EUROPE AND REST OF WORLD

	Apr – Jun		FY
(SEKm)	**2017**	**2016**	**2016**
Net Sales	13.7	8.8	35.7
Gross profit	11.2	7.2	28.8
Contribution	-2.8	-2.8	-12.2

In Europe (EUR), BONESUPPORT sells its products via a combination of its own direct sales and distributors. The Company has around 20 persons in the commercial organization in Europe, and sells direct in the UK, Germany, Switzerland, Sweden and Denmark and works with specialty distributors in a further seven markets.

BONESUPPORT's drug-eluting products, CERAMENT G and CERAMENT V, increased by 60% in the quarter, driven by increased use.

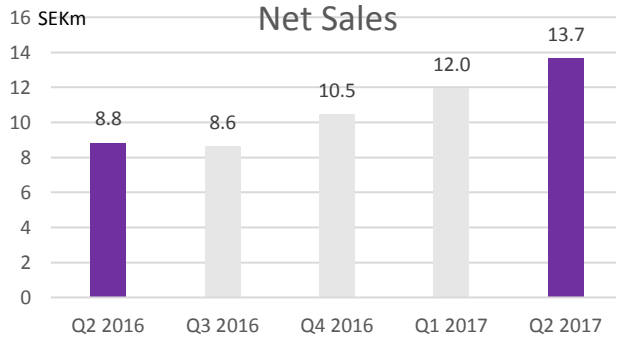
In Rest of World (ROW), the Company's products are sold via distributors. Key markets are India, Singapore and Oman.

During Q2, the Company held a number of seminars in Europe where both Key Opinion Leaders and other surgeons participated. These seminars are very much appreciated as surgeons presents and discuss different patient cases. As the response in these seminars is very positive among the surgeons, they are an important part of the marketing mix to drive sales.

APRIL – JUNE 2017

Net Sales

Net Sales for EUR&ROW increased by 55% versus Q2 2016 and amounted to SEK 13.7 million. This improvement is mainly driven by greater use of our products in both our direct sales markets and some distributor markets. Net sales per quarter is presented below (SEKm).



Contribution

The contribution in EUR&ROW was SEK -2.8 million (-2.8). The gross margin was 81.8% (81.8). This is a balance of improved margins due to increased sales of the drug-eluting products in Europe being partly offset by more sales this quarter versus last year in ROW of products with lower margin. Sales and marketing costs grew to SEK 12.5 million (10.6) due to our investment in the sales organization and increased marketing activities in Europe, including exhibitions and other events.

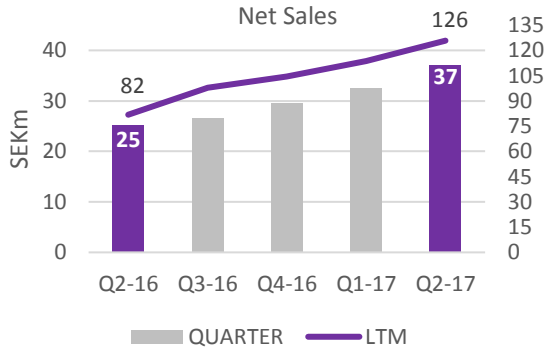
FINANCIAL OVERVIEW

PROFIT AND LOSS

APRIL - JUNE 2017

Net Sales

Net Sales in the second quarter amounted to SEK 37.1 million (25.2), an increase of 48%. Both segments delivered good growth, with North America increasing by 44% to SEK 23.5 million (16.3) and Europe & ROW (Rest of World) increasing by 55% to SEK 13.7 million (8.8). Further details are presented earlier in the report, in the segment sections. The growth was driven by increased volumes as there were no significant price changes in the quarter and the currency translation effect was positive by SEK 1.4 million. Sales per quarter, and LTM, is presented to the right (SEKm).



Cost of Sales

Cost of Sales in the second quarter amounted to SEK -4.7 million (-3.5), leading to a higher gross margin of 87.2% (86.1). The margin improvement is mainly due to a positive effect from the product mix (of sizes) in the US.

Selling expenses

Selling expenses in the second quarter amounted to SEK 22.2 million (22.4), a decrease of 1%, of which SEK 12.9 million (10.4) were employee costs. Both segments increased significantly, where North America increased by 33% to SEK 6.7 million (5.0) and Europe & Rest of World increased by 17 % to SEK 12.5 million (10.6). The other selling expenses, not allocated to the segments, decreased to SEK 3.0 million (6.8) due to less general sales and marketing activities.

Research and development (R&D) expenses

R&D expenses amounted to SEK 18.7 million (6.6) in the second quarter, an increase of 183%, of which SEK 5.3 million (4.2) were costs for employees. North America increased by 332% to SEK 8.2 million (1.9) mainly due to the FORTIFY study and other expenses amounted to SEK 10.5 million (4.7), consisted of general R&D activities and further progress of the pipeline, not related to a specific segment.

Administrative expenses

Administrative expenses in the quarter amounted to SEK 9.2 million (15.1). The decrease is mainly due to SEK 3.8 million recategorization from costs in Q1 to equity in Q2. These costs relate to the share issue in conjunction with the IPO. There is also a reduction of SEK 1.1 million related to costs for employee options, SEK 3.4 million (4.5) mainly due to less number of ESOP's have been vested. The total employee cost was SEK 7.3 million (8.5).

Other operating income and expenses

Other operating income and expenses mainly consists of exchange rate gains and losses on working capital. Other operating income amounted to SEK 1.3 million (2.6) and other operating expenses amounted to -2.0 million (-1.0) in the quarter.

Operating result

The operating result for the quarter amounted to SEK -18.4 million (-20.8). The improved operating result loss was primarlly due to the increase in gross profit by 49% to SEK 32.4 million (21.7) being partially offset by increased selling, R&D and administrative expenses (as disclosed above) of SEK 6.0 million to SEK 50.1 million (44.1). The overall increase in costs is mainly due to two things, building capacity in both segments for growing sales for existing products and secondly, investing in organization, personnel and future pipeline to manage the Company's transition to a larger Company with a wider product offering. The translation currency effect was not significant.

Net financial items

Net financial items for the quarter amounted to SEK -5.2 million (-2.4) whereof SEK -3.8 million (-1.6) was related to interest on the Group´s loan. Net exchange gains and losses amounted to SEK -1.3 million (-0.6).

Loss for the period

For the reasons disclosed above the loss for the quarter amounted to SEK -23.5 million (-23.3), which corresponded to earnings per share of SEK -0.75 (-0.93).

PROFIT AND LOSS

JANUARY - JUNE 2017

Net Sales

Net Sales in the period amounted to SEK 69.6 million (48.4), an increase of 44%. Both segments delivered good growth, driven by increased use in the US and key markets in Europe. The increase in the US was 40% and 55% in Europe and ROW.

Cost of Sales

Cost of Sales in the period amounted to SEK -8.4 million (-7.2), generating a gross margin of 88.0% (85.2). The improved gross margin is mainly due to favorable product mix in the US and key markets in Europe. The drug-eluting products increased more than CERAMENT BVF in Europe, which improved the gross margin for the segment as the drug-eluting products have higher gross margin than CERAMENT BVF.

Operating result

The operating result in the period amounted to SEK -45.8 million (-34.5), positively affected by the increased sales and gross profit and negatively affected by the increase in operating costs. The Selling, R&D and Administrative expenses amounted to SEK -105.9 million (-76.4). The increase is mainly due to strengthened sales and R&D organization, increased marketing activities, the FORTIFY study and costs related to the IPO. The IPO related costs amounted to SEK 3.3 million.

Net financial items

Net financial items for the first half year amounted to SEK -8.8 million (-6.0) whereof SEK -7.8 million (-4.2) was related to interest on the Group´s loan. Net exchange gains and losses amounted to SEK -1.0 million (-1.3)

Loss for the period

For the reasons disclosed above the loss for the period amounted to SEK -54.6 million (-40.7).

FINANCIAL POSITION & CASH FLOW (CF)

Cash at period end was SEK 558.3 million (38.9), an increase from year-end of SEK 416.8 million, mainly related to the new share issue of SEK 500 million gross in relation to the IPO. The cost for this share issue was SEK -33.6 million, generating net proceeds of SEK 466.4 million.

The operating cash flow in the period was SEK -46.0 million (-22.1) mainly due to the operating result of SEK -45.8 million (-34.5).

Interest-bearing debt decreased by SEK 10.9 million mainly due to the amortizations of the loan from Kreos Capital. Net debt and equity improved significantly due to the new share issue.

Financial position	30 Jun		31 Dec
(SEKm)	2017	2016	2016
Cash and cash equivalents	558.3	38.9	141.5
Interest-bearing debt	98.8	57.6	109.7
Net debt[1/]	-459.5	18.7	-31.8
Equity	464.8	-12.7	34.3

Cash flow	Jan - Jun		Full year
(SEKm)	2017	2016	2016
Operating CF	-46.0	-22.1	-81.9
CF from investing activities	-0.9	-0.4	-1.4
CF from financing activities	464.4	-7.9	155.1

1/ See financial definitions page 15

OTHER DISCLOSURES

PARENT COMPANY

The parent company BONESUPPORT HOLDING AB (publ) is a holding company with no operational activities. The parent company generated no sales and the loss in the quarter was SEK -1.3 million (-0.2) and the period loss was SEK -4.6 million (-0.8). There were no investments during the period.

EMPLOYEES

BONESUPPORT group had 59 (48) FTE (Full Time Equivalents) in the period, of whom 16 (13) were in R&D.

SIGNIFICANT EVENTS DURING Q2

BONESUPPORT was listed 21 June 2017. A new share issue was issued in relation to the IPO amounting to SEK 500 million gross, and SEK 466.4 as net proceeds after deducting costs related to the new issue.

The first patient in the FORTIFY study was recruited in May.

At the AGM held on 12 April 2017, it was resolved to amend the articles of association of the company and to change the company category into a public company. The AGM also resolved on a consolidation of the shares 5:1, whereby five existing shares were consolidated into one share.

New executive recruitment, Dr Michael Diefenbeck started as Chief Medical Officer. Michael brings 14 years' clinical experience at different hospitals in Germany as orthopaedic surgeon. He is specialized in trauma care and bone infections. He is author of 24 published articles in these areas.

SIGNIFICANT EVENTS AFTER PERIOD END

The over-allotment option, in relation to the IPO, allowed the Company to raise further SEK 59 million. The total issue including the over-allotment option, in conjunction with the IPO was 19,827,585 shares raising a total of SEK 559 million before transaction costs of SEK 37.7 million.

SHARES AND RELATED PROGRAMS

There is one type of shares in the Company. The quota value per share is SEK 0.625. At June 30, 2017, the total number of shares in the Company amounted to 46,630,600 and number of shareholders were 780.

Largest shareholders per 30 June is presented below (capital and votes ratios are the same).

Health Cap V LP	14.2%
Stiftelsen Industrifonden	10.3%
Lundbeckfond Invest A/S	10.3%
Tredje AP-fonden	8.7%
Tellacq AB	6.2%
Carl Westin Ltd	5.8%
Other shareholders	44.5%

In July and August, the number of shares increased by 707,678, due to conversion of shares part of the ESOPs. The total number of shares as of 17 August amounts to 47,338,278.

BONESUPPORT has several employee stock option programs (ESOPs). A condition for vesting is that the option holder on each vesting day is employed by or holds an assignment within the Group. Total number of outstanding options as of June 30, 2017, amounted to 25,384,897. A summary of the ESOPs is described in the Annual Report 2016, note 12.

There were two different warrant programs as of 30 June 2017, one to Kreos Capital V (Expert Fund) and one to the Group CFO. Each warrant gives the right to convert into 0.2 share. The number of warrants in these programs as of 30 June 2017 amounted to 4,254,568. Tellacq AB exercised their warrant program end of June increasing the number of shares by 378,000. Further details of these warrant programs are described in the Annual report 2016, notes 23, 25 and 30.

Note that after the consolidation of shares, at the AGM 12th of April, one option or warrant gives the right to convert into 0.2 share. More information on the option and warrant programs is described in note 8.

FINANCIAL CALENDAR

2 November 2017	January – September 2017 Interim report
20 February 2018	2017 Full year-end 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 undersigned Board members and 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 being part of the Group.

Lund, 17 August 2017

Håkan Björklund Chairman	Björn Odlander Director	Lars Lidgren Director

Tone Kvåle Director	Nina Rawal Director	Lennart Johansson Director	Richard Davies CEO

BONESUPPORT HOLDING AB (publ)

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

		Apr – Jun		Jan - Jun		FY
(SEK 1000)	Note	2017	2016	2017	2016	2016
Net Sales	7	37,131	25,168	69,585	48,418	104,599
Cost of Sales		-4,748	-3,504	-8,369	-7,173	-16,312
Gross profit		**32,383**	**21,664**	**61,216**	**41,245**	**88,287**
Selling expenses		-22,231	-22,414	-47,002	-40,100	-79,766
Research and development expenses		-18,686	-6,561	-28,054	-12,057	-38,233
Administrative expenses	3,8	-9,160	-15,116	-30,850	-24,257	-60,671
Other operating income		1,338	2,585	2,163	3,283	7,349
Other operating expenses		-2,004	-984	-3,265	-2,600	-5,711
Operating loss	7	**-18,360**	**-20,826**	**-45,792**	**-34,486**	**-88,745**
Net financial items		-5,181	-2,406	-8,835	-6,018	-20,820
Loss before income tax	7	**-23,541**	**-23,232**	**-54,627**	**-40,504**	**-109,565**
Income tax		-3	-40	-5	-218	-625
Loss for the period		**-23,544**	**-23,272**	**-54,632**	**-40,722**	**-110,190**

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

EARNINGS PER SHARE

Earnings per share		Apr - Jun		Jan - Jun		FY
(SEK)	Note	2017	2016	2017	2016	2016
Parent company's shareholders						
Earnings per share before dilution (SEK)		-0.75	-0.93	-1.82	-1.62	-4.26
Earnings per share after dilution (SEK) [1/]		-0.75	-0.93	-1.82	-1.62	-4.26
Loss for the period (SEK 1000)		-23,544	-23,272	-54,632	-40,722	-110,190
Average number of shares [2/] (1 000)		30,181	25,097	30,063	25,097	25.837

[1/] Earnings per share after dilution is the same as before dilution, as dilution effects for negative earnings per share should not be adjusted for.

[2/] Average number of shares is recalculated after the share consolidation 5:1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Apr - Jun		Jan - Jun		FY
(SEK 1000)	Note	2017	2016	2017	2016	2016
Loss for the period		**-23,544**	**-23,272**	**-54,632**	**-40,722**	**-110,190**
Other comprehensive income						
Translation differences		-6	-49	6	0	-74
Total comprehensive income for the period		**-23,550**	**-23,321**	**-54,626**	**-40,722**	**-110,264**

CONDENSED CONSOLIDATED BALANCE SHEET

(SEK 1000)	Note	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS				
Intangible assets		4,609	4,719	4,469
Tangible assets		634	514	442
Other receivables	6	208	399	180
Total non-current assets		**5,451**	**5,632**	**5,091**
Inventories		16,195	15,030	14,489
Trade receivables	6	25,509	13,309	20,242
Other operating receivables	6	8,327	6,874	7,486
Cash and cash equivalents	6	558,288	38,931	141,501
Total current assets		**608,319**	**74,144**	**183,718**
TOTAL ASSETS		**613,770**	**79,776**	**188,809**
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders	4	464,805	-12,721	34,304
Non-current borrowings	6	69,458	-	84,599
Provisions		164	-	164
Total non-current liabilities		**69,622**	**0**	**84,763**
Current borrowings	6	29,334	57,634	25,103
Trade payables	6	13,166	5,510	11,811
Other operating liabilities	6	36,843	29,353	32,828
Total current liabilities		**79,343**	**92,497**	**69,742**
TOTAL EQUITY AND LIABILITIES		**613,770**	**79,776**	**188,809**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK 1000)	Share capital	Other paid-in capital	Reserves	Retained earnings [1/]	Total equity
Equity at 1 January 2016	**15,686**	**564,372**	**-232**	**-559,498**	**20,328**
Loss January – June 2016				-40,722	-40,722
Other comprehensive income			0		0
Transactions with owners:					
Share-based payment transactions				7,673	7,673
Equity at 30 Jun 2016	**15,686**	**564,372**	**-232**	**-592,547**	**-12,721**
Loss July - December 2016				-69,468	-69,468
Other comprehensive income			-74		-74
Transactions with owners:					
New share issue	2,446	96,744			99,190
Issued warrants		8,436			8,436
Share-based payment transactions				8,941	8,941
Equity at 1 January 2017	**18,132**	**669,552**	**-306**	**-653,074**	**34,304**
Loss January – June 2017				-54,632	-54,632
Other comprehensive income			6		6
Transactions with owners:					
New share issue	11,012	499,005			510,017
Transaction costs, new share issue		-33,631			-33,631
Issued warrants		1,562			1,562
Share-based payment transactions				7,179	7,179
Equity at 30 Jun 2017	**29,144**	**1,136,488**	**-300**	**-700,527**	**464,805**

[1/] Retained earnings including net loss

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Cash Flow (CF)	Apr - Jun		Jan - Jun		Full year
(SEK 1000)	2017	2016	2017	2016	2016
Operating loss	-18,360	-20,826	-45,792	-34,486	-88,745
Non-cash adjustments					
-Personnel options	2,869	4,173	7,179	7,673	16,614
-Others	1,183	-236	1,451	368	979
Interests received	0	0	0	0	4
Interests paid	-3,055	-1,537	-6,226	-4,168	-11,644
Other finance costs paid					-9,868
Income tax paid	-494	-6	-539	-219	-109
Net Operating CF before working capital changes	**-17,587**	**-18,432**	**-43,927**	**-30,832**	**-92,769**
Changes in working capital	3,939	7,735	-2,101	8,685	10,836
Net Operating CF	**-13,918**	**-10,697**	**-46,028**	**-22,147**	**-81,933**
Net CF from investing activities	-315	-106	-911	-437	-1,374
Net CF from financing activities	469,459	-3,924	464,430	-7,870	155,125
Total CF for the period	**455,226**	**-14,727**	**417,491**	**-30,454**	**71,818**
Cash and cash equivalents at period start	103,292	52,859	141,501	68,881	68,881
Translation difference on cash and cash equivalents	-230	799	-704	504	802
Cash at period end	**558,288**	**38,931**	**558,288**	**38,931**	**141,501**

CONDENSED INCOME STATEMENT – PARENT COMPANY

	Apr - Jun		Jan - Jun		Full year
(SEK 1000)	2017	2016	2017	2016	2016
Other operating income	23	5	23	5	11
Administrative expenses	-171	-115	-2,578	-262	-2,385
Other operating expenses	-33	-9	-33	-9	-16
Operating loss	**-181**	**-119**	**-2,588**	**-266**	**-2,390**
Net financial items	-1,131	-118	-2,048	-485	-1,519
Loss before income tax	**-1,312**	**-237**	**-4,636**	**-751**	**-3,909**
Income tax	0	0	0	0	0
Loss for the period	**-1,312**	**-237**	**-4,636**	**-751**	**-3,909**

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

CONDENSED BALANCE SHEET – PARENT COMPANY

		30 Jun		31 Dec
(SEK 1000)	Note	2017	2016	2016
ASSETS				
Non-current financial assets		453,912	300,000	403,912
Other receivables		227	-	-
Prepaid expenses		912	610	307
Cash		542,071	10,643	103,776
TOTAL ASSETS		**997,122**	**311,253**	**507,995**
EQUITY AND LIABILITIES				
Equity				
Restricted equity	4	29,144	15,686	18,132
Unrestricted equity		847,969	233,647	385,669
Total equity		**877,113**	**249,333**	**403,801**
Current liabilities		**120,009**	**61,920**	**104,194**
TOTAL EQUITY AND LIABILITIES		**997,122**	**311,253**	**507,995**

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 e.g. a medical device or a pharmaceutical product
DR	Doctor
FDA	US Food and Drug Administration
FY	Full Year
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 emption)	Exemption from regulatory approval to conduct clinical studies on a medical device)
ILIAC CREST	The upper wing of the hip bone (Ilium)
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 tissue
OSTEOMYELITIS	A bacterial infection affecting bones
PMA	Premarketing Approval is the FDA process to review Class III medical devices
Q2	Second 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 also for internal performance assessment. APM are measures not defined in the 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 forms also the basis for 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 before depreciation *-shows the operational performance including depreciation*
Sales growth	The difference in Net Sales between two periods in relation to the Net Sales for the earlier period *-shows how the Company performs in its sales operations*

Reconciliation of APM – Net debt (MSEK)	**30 Jun 2017**	**30 Jun 2016**	**31 Dec 2016**
Non-current borrowing	69.5	-	84.6
Current borrowing	29.3	57.6	25.1
Cash and cash equivalents	558.3	38.9	141.5
Net debt	**-459.5**	**18.7**	**-31.8**

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' reporting is 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 2016.

New or amended standards or interpretation of standards effective as of 1 January 2017, have not had any significant impact on BONESUPPORT´s financial statements. The Company has performed an analysis of the potential effects of implementation of IFRS 15 Revenue from contracts with customers, which comes into force 1 January 2018, and concluded that the implementation will not have any material effect on the Financial Reports other than additional disclosures.

Note 2 Significant risks and uncertainties

The Group has good access in its key markets and is working consistently on generating leads and converting these to revenue. BONESUPPORT's main operational risk, leading also to its main financial risk, is to continue increasing the speed of adoption of its products and to generate revenues. The defined key regions have shown a very good increase in revenues during 2017. The new share issue, in conjunction with the IPO, was designed to ensure that the Company has sufficient financial resources to execute its growth strategy.

Further risks are disclosed in the annual report 2016, note 2.

Note 3 Transactions with related parties

Related parties

Seagles AB	Fully owned by Professor Lars Lidgren
Orsco Lifescience AG	Fully owned by Oern Stuge (Chairman until 15 December 2016)

The income statement include costs related to the following transactions between Bonesupport AB and related parties.

		Jan - Jun	
Related party	**Service (SEK 1000)**	**2017**	**2016**
Seagles AB	Consultancy (advised on development projects)	44	-
Orsco	Consultancy (advised on strategic and industry relationship building activities	-	596

Note 4 Number of shares and potential shares

Number of shares	
31 December 2016	145,056,103
Share consolidation	-116,044,882
New share issue	17,241,379
Conversion of warrants	378,000
30 June 2017	46,630,600

Potential shares
5,589,749 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, the company issued a number of securities to Kreos Capital. At 30th of June 2016 the Group had a number of pledged securities in relation to the former loan provider IPF Partners. Further details and information can be found in the annual report 2016, note 28.

Note 6 Financial assets and liabilities

Fair value of the loan was SEK 96.2 million as per 30 June 2017. Book value was SEK 98.8 million (57.6). No fair value calculation was performed as per 30 June 2016.
Other financial assets and liabilities are current and fair values are assessed agree with values accounted for. All financial instruments are classified in hierarchy level 2.

Note 7 Segment information

The segments are North America ("NA") and Europe & RoW ("EURW"). Others include Eliminations and others, where 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 Cost of sales, Selling expenses and R&D expenses. There is no allocation to segments for Groups assets or liabilities as the control of these is only done at the total Group level by management and the Board.

Sales in Sweden were SEK 0.7 million (0.6). The US market (part of NA) is the only market with sales more than 10% of the Group's total sales. The Sales in the US market amounted to SEK 23.5 million (16.3) 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.

	April – June 2017				April – June 2016			
Profit and loss items (SEK 1000)	NA	EURW	Others	**Total**	NA	EURW	Others	**Total**
Net sales	23,473	13,658		**37,131**	16,342	8,826		**25,168**
Operating costs	-16,501	-16,477		**-32,978**	-10,420	-11,670		**-22,090**
Contribution	6,972	-2,819		**4,153**	5,922	-2,844		**3,078**
Other operating items			-22,513	**-22,513**			-23,904	**-23,904**
Operating result	6,972	-2,819	-22,513	**-18,360**	5,922	-2,844	-23,904	**-20,826**
Net financial items			-5,181	**-5,181**			-2,406	**-2,406**
Result before taxes	6,972	-2,819	-27,694	**-23,541**	5,922	-2,844	-26,310	**-23,232**

Product group	April – June 2017				April – June 2016			
(SEK 1000)	NA	EURW		Total	NA	EURW		Total
CERAMENT BVF	23,473	3,619		27,092	16,342	2,562		18,904
CERAMENT drug eluting [1/]	-	10,039		10,039	-	6,264		6,264
Total	**23,473**	**13,658**		**37,131**	**16,342**	**8,826**		**25,168**

[1/] CERAMENT with drug eluting properties includes CERAMENT G and CERAMENT V.

Note 8 Employee option programs

There are five different employee stock option programs and two different warrant programs. Each share option or warrant gives the holder the right to acquire 0.2 ordinary share of the company when exercising the option or warrant.

The employee stock options are vested according to a schedule in each program. Of the allocated 24.6 million options at 1 January 2017, 14.8 million options were vested before 1 January 2017 and 1.8 million options were vested during the period.

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 on behalf of the shares issues are credited to equity.

More information on these programs are presented in note 12, 23 and 25 in the Annual report 2016.

	No of options [1/]	WAEP [2/]	No of warrants	WAEP [2/]
Balance 1 Jan 2017	24,984,522	0.71	7,895,568	4.92
Granted in the period	544,000	5.30	1,250,000	5.30
Converted	-	-	-1,890,000	5.30
Overdue or returned	-143,625	1.21	-3,010,000	5.30
Balance 30 Jun 2017	25,384,897	0.80	4,245,568	4.59

[1/] Not allocated options amounted to 335,905
[2/] Weighted Average Exercise Price (SEK)

ABOUT BONESUPPORT

BONESUPPORT Holding AB (publ), reg id 556802-2171, is the parent company in the BONESUPPORT Group, where the operations is executed in BONESUPPORT AB and its subsidiaries in the US, the UK, Germany, Switzerland and the Netherlands.

BONESUPPORT (the Company") is an orthobiologics company developing and commercializing innovative injectable bio ceramic bone graft substitutes which remodel to host bone and have the capability to elute 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 of BONESUPPORT's marketed products have undergone the medical device approval process on the markets where 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 nine-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 on 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-JUNE 2017 INTERIM REPORT

The company invites investors, analysts and media to a web conference (in English) on 17 August at 10:00 am CET, where CEO Richard Davies and CFO Björn Westberg will present and comment on the report as well as answer questions. The report will be available on BONESUPPORTs website from 08:00 am CET the same day and the presentation from the webcast will be uploaded during the day on the 17 August. Further details regarding participation, see 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 those in the 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 publish 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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