Net sales increased by 23%

+23% Net Sales

87.8% Gross Margin

-20.1m Operating loss

JULY - SEPTEMBER 2017

- Net Sales amounted to SEK 32.7 million (26.5), an increase of 23%
- Gross margin of 87.8% (79.2)
- Operating loss of SEK -20.1 million (-25.9)
- Earnings per share, before and after dilution was SEK -0.47 (-1.39)

JANUARY – SEPTEMBER 2017

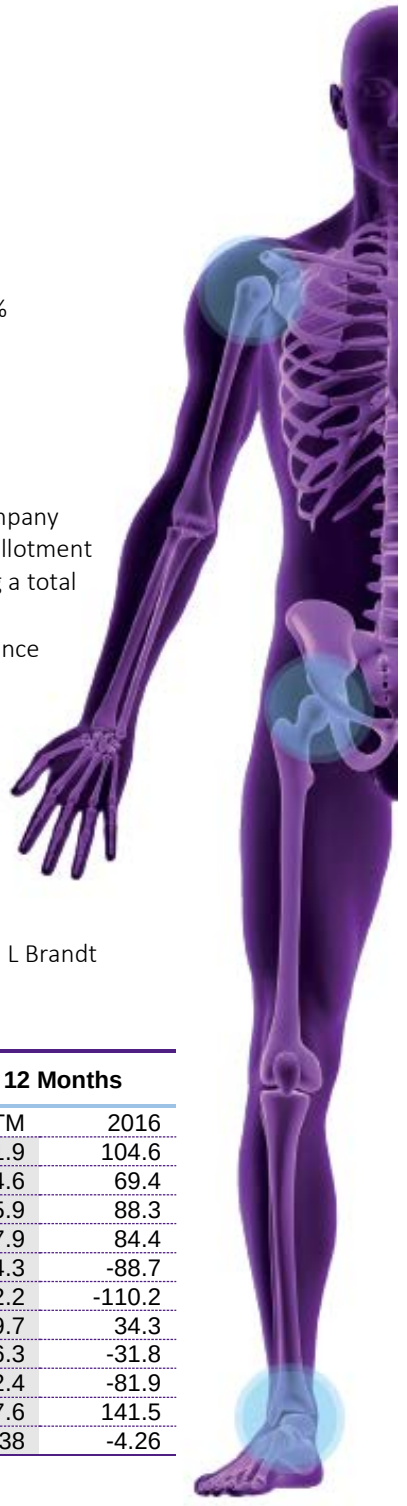
- Net Sales amounted to SEK 102.3 million (75.0), an increase of 36%
- Gross margin of 87.9% (83.1)
- Operating loss of SEK -65.9 million (-60.3)
- Earnings per share, before and after dilution was SEK -2.13 (-3.01)

BUSINESS HIGHLIGHTS JULY – SEPTEMBER

- 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 19,285,345 shares raising a total of SEK 559 million before SEK 38.7 million in transaction costs.
- A pipeline project using CERAMENT targeting Bioceramics to enhance bone growth was awarded a SEK 8 million grant from Vinnova.
- BONESUPPORT entered an agreement with Novomedics to Commercialize CERAMENT G in the French market.
- Dr Jerry Chang was appointed Executive VP R&D.

SIGNIFICANT EVENTS AFTER PERIOD END

- BONESUPPORT announced 9 October the first patient recruited into the Revision Arthroplasty study in Italy.
- BONESUPPORT announced 13 October the appointment of Helena L Brandt as Head of Human Resources.



KEY FIGURES	Jul – Sep		Jan - Sep		12 Months	
	2017	2016	2017	2016	LTM	2016
Net Sales (SEKm)	32.7	26.5	102.3	75.0	131.9	104.6
Sales growth (%) [1/]	23.1	155.9	36.4	93.4	34.6	69.4
Gross profit (SEKm)	28.7	21.0	89.9	62.3	115.9	88.3
Gross margin (%) [1/]	87.8	79.2	87.9	83.1	87.9	84.4
Operating loss (SEKm)	-20.1	-25.9	-65.9	-60.3	-94.3	-88.7
Loss for the period (SEKm)	-22.9	-34.8	-77.5	-75.5	-112.2	-110.2
Equity at period end (SEKm)	499.7	-43.2	499.7	-43.2	499.7	34.3
Net debt [1/](SEKm)	-476.3	45.2	-476.3	45.2	-476.3	-31.8
Operating cash flow (SEKm)	-35.8	-29.3	-81.8	-51.4	-112.4	-81.9
Cash at period end (SEKm)	567.6	72.8	567.6	72.8	567.6	141.5
Earnings per share [2/] (SEK)	-0.47	-1.39	-2.13	-3.01	-3.38	-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

ANTIBIOTIC PRODUCTS DRIVE SALES GROWTH

SALES INCREASED BY 23%

We continued to deliver solid top-line growth with sales increasing by 23% to SEK 32.7 million in the third quarter.

In Europe and RoW (Rest of World), our sales increased by 28% to SEK 11.1 million across the summer months. Growth was driven by our antibiotic eluting products, CERAMENT G and CERAMENT V, with an increase of 48%. Increased surgeon acceptance driven by the depth of clinical evidence supporting CERAMENT's ability to remodel to host bone and to deliver antibiotics to protect bone healing was the key factors driving the greater adoption of these highly differentiated products. Investments in our sales and marketing organization underpinned our growth in Europe.

In North America, we saw a slow-down in sales growth YTD due to our US distributor Zimmer Biomet experiencing supply shortages of its own hardware products. CERAMENT BVF is usually used in conjunction with our distributor's hardware and any issues in supplying hardware impacts our US sales growth. Despite these problems, our North American sales increased by 21% to SEK 21.6 million in the third quarter.

FORTIFY AND CERTIFY FOLLOWS PLAN

CERTiFy patient recruitment is expected to complete around the year-end with publication one year later. FORTIFY recruited its first patient in May and we have initiated the majority of the 30 study clinical sites.

PATIENT DATA SUPPORTING PRODUCT BENEFITS

During the third quarter, new supporting clinical data on our antibiotic eluting products CERAMENT G and CERAMENT V were presented at two important conferences, the European Bone and Joint Infection Society conference (EBJIS), and the British Orthopaedic Association Congress. The data presented continued to highlight the benefits of using CERAMENT G for the successful management of patients with osteomyelitis as well as for complex trauma and septic arthroplasty revisions. The data was well received among participating surgeons.

R&D – KEY MANAGEMENT APPOINTMENT

In September, we appointed Dr. Jerry Chang to the newly created position of Executive Vice President of Research & Development. Dr Chang will lead the company's research, clinical and regulatory affairs teams. Dr Chang joined BONESUPPORT from Zimmer Biomet Etex, a subsidiary of Zimmer Biomet that develops and commercializes products that address bone repair and regeneration. Dr Chang's experience includes the development and launch of several bone and fracture healing products and developing combination products containing biologics or cells to promote bone growth. Dr Chang deepens our R&D experience and his leadership will play a key role in the development of BONESUPPORT's product pipeline.

EXECUTING OUR STRATEGY

We continue to invest in growing the body of clinical evidence highlighting the benefits, especially, our drug eluting products, deepening our sales and marketing capabilities developing our pipeline and strengthening our senior management team. We remain focused on delivering our key value-generating milestones to meet our 2020 financial targets.

COMPANY OVERVIEW

COMPANY STRATEGY AND OBJECTIVES

Driving sales of currently approved products

- Generating further supportive clinical data to drive the adoption of our CERAMENT products for a broader range of indications
- Increasing marketing and promotional spending particularly in the US
- Increasing our sales 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 G in the US which is planned in 2020.

Progress pipeline of CERAMENT product candidates

Novel product candidates are designed to enhance bone 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 activities are focused on:

- Generating further clinical data to broaden the use of the company's currently marketed products. BONESUPPORT has the industry's leading clinical database, which reinforces the benefits that its CERAMENT products deliver
- Successfully completing the FORTIFY study to provide the clinical data for the planned PMA filing with the FDA.

REVISION ARTHROPLASTY study

First patient recruited in October

- Progressing the company's pipeline, which is focused on capitalizing on the drug eluting properties of the CERAMENT platform to generate products capable of enhancing bone growth

MAIN CLINICAL STUDIES

REGULATORY STUDY	**Feasibility[1/]**	**Initiated study**	**FPI[1/]**	**LPI[1/]**	**Filing**
FORTIFY (US, DE, PL, UK)	■	■	■		
POST-MARKETING STUDIES	**Feasibility[1/]**	**Initiated study**	**FPI[1/]**	**LPI[1/]**	**Publication**
CERTiFy (DE)	■	■	■		
Revision Arthroplasty (IT)	■	■	■		
Diabetic Foot (IT)	■	■			
Osteomyelitis (FR)	■				

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

POST-MARKETING STUDIES TO DRIVE INCREASED ADOPTION AND BROADEN INDICATIONS

BONESUPPORT has a policy of supporting leading orthopaedic surgeons interested in conducting research with the company's CERAMENT products. The effectiveness of this approach was demonstrated at two important conferences in Europe:

- The EBJIS conference, Nantes, France
- The BOA Congress, Liverpool, UK

At these conferences, multiple presentations and posters covering clinical experience with both CERAMENT G and CERAMENT V were presented. The data presented covered:

- The benefit of using CERAMENT G in the management of osteomyelitis using a single stage approach
- Complex trauma cases, with a similar presentation to the patients being recruited into the FORTIFY study. The data on patients with open fractures showed that CERAMENT G, when used prophylactically, could prevent infections for a minimum 12-months follow up.
- Good outcomes in acute osteomyelitis, septic arthroplasty revisions, challenging septic non unions, as well as use in trauma in patients with implants and high classification infections (CM III and IV) where a 90% success rate at 20 months, were achieved with a single stage surgical approach.

The data presented at these conferences reinforce the important clinical benefits that CERAMENT G and CERAMENT V deliver and their highly competitive market positioning.

FORTIFY – ON-GOING PATIENT RECRUITMENT

Patient recruitment in the company's IDE study (Investigational Device Exemption) FORTIFY is progressing. The 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 multi-center controlled trial which is assessing the safety and efficacy of CERAMENT G as part of open surgical repair of diaphyseal tibial fractures. The study is targeting to enrol 230 patients at up to 30 centers globally, with the aim of having at least 50% of the study data coming from US patients.

NEW INVESTIGATOR-INITIATED TRIAL IN REVISION ARTHROPLASTY STARTED

In early October, the first patient was recruited in an investigator-initiated study which is evaluating both CERAMENT G and V in patients undergoing hip and knee arthroplasty revisions. Professor Carlo Romanò, at Instituto Ortopedico Galeazzi IRCCS, MIlano, is the Principal Investigator of the study, conducted at 6 clinical centers in Italy. It is expected to recruit approximately 135 patients. The study is an open-label, prospective cohort, observational clinical trial designed to evaluate the effectiveness and safety of CERAMENT G or CERAMENT V when used to fill bone defects in the tibia and/or femur shaft and/or acetabulum in patients scheduled for two-stage hip or knee prosthesis re-implantation for PJIs (Periprosthetic Joint Infections).

The company's most advanced investigator-initiated study is CERTiFy, a controlled, prospective, randomized clinical trial comparing the use of CERAMENT BVF versus autograft in the management of tibia plateau fractures. CERTiFy is conducted from more than a dozen top orthopaedic trauma centers in Germany and patient recruitment is planned to be completed around the end of 2017. Positive results from the study could allow CERAMENT BVF to take share from the autograft segment, which is the most widely used treatment globally.

Feasibility assessments are also ongoing to start studies evaluating CERAMENT G for the management of diabetic foot and chronic osteomyelitis.

PIPELINE ENHANCING BONE GROWTH

BONESUPPORT is developing a pipeline of novel CERAMENT products candidates that have been designed to enhance bone growth. These pipeline candidates capitalise on CERAMENT's unique drug eluting properties that enable local delivery into the bone of drugs/cells known to enhance bone growth or to reduce bone loss. At present four pipeline products are under pre-clinical evaluation:

- CERAMENT plus bisphosphonates
- CERAMENT plus bone morphogenic protein (BMP)
- CERAMENT plus bisphosphonates and BMP
- CERAMENT plus BMP and stem cells

Positive pre-clinical data has been both published and presented on CERAMENT plus BMP and Bisphosphonates.

NORTH AMERICA

	Jul – Sep		FY
(SEKm)	**2017**	**2016**	**2016**
Net Sales	21.6	17.9	68.8
Gross profit	19.3	14.6	59.5
Contribution	6.6	2.1	22.5

North America's focus is the US market, where CERAMENT BVF is distributed via Zimmer Biomet through its national channel of 53 exclusive distributors. BONESUPPORT's commercial team supports sales directly to these exclusive US distributors alongside Zimmer Biomet.

During Q3, the BONESUPPORT US organization strengthened the sales function by hiring additional employees. The total number of employees is 14 in the US commercial organization, providing a solid base to further increase sales in the US. The Company exhibited at the American Orthopaedic Foot & Ankle conference in Seattle, in July, which generated strong interest from the growing orthopedic foot and ankle trauma market. The Company also exhibited at the Musculoskeletal Tumor Society in Denver in September with strong interest from surgeons.

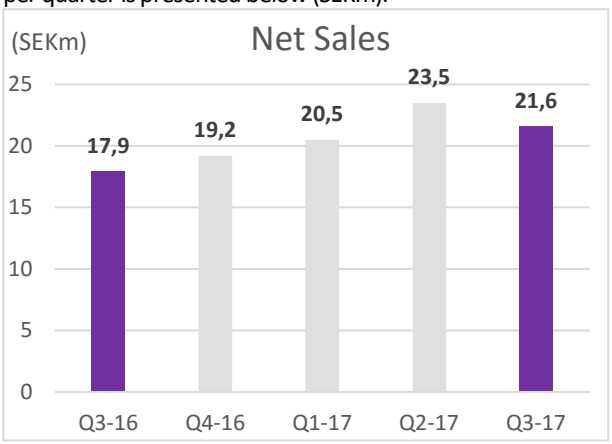
Our US distributor, Zimmer Biomet, is facing challenges associated with supplying its hardware products. As CERAMENT BVF is normally sold together with Zimmer Biomet hardware, we have seen a negative impact on our sales growth for CERAMENT BVF in the US.

Despite these challenges our North America sales grew significantly through the period. This is a strong testament to our ability to differentiate CERAMENT BVF and leverage surgeon loyalty.

JULY – SEPTEMBER 2017

Net Sales

Net Sales for North America increased by 21% versus Q3 2016 and amounted to SEK 21.6 million. The sales growth is impacted by internal supply issues within Zimmer Biomet. This improvement is mainly due to the increased number of procedures CERAMENT BVF was used and an increase in marketing activities, such as exhibitions and similar. Net sales per quarter is presented below (SEKm).



Contribution

The contribution in North America was SEK 6.6 million (2.1). The gross margin increased to 89.3% (81.5), and was together with the sales increase the main reasons for the increased contribution. The sales and marketing costs increased to SEK 8.0 million (7.1) due to the increase in the sales management, implementation of sales analytic tools and further investment in marketing activities as well as the establishment of surgeon advisory boards. The R&D expenses were SEK 4.7 million (5.1).

EUROPE AND REST OF WORLD

	Jul – Sep		FY
(SEKm)	**2017**	**2016**	**2016**
Net Sales	11.1	8.6	35.7
Gross profit	9.4	6.4	28.8
Contribution	-3.6	-4.1	-12.2

In Europe (EUR), BONESUPPORT sells its products via a combination of its own direct sales force and distributors. The Company has 20 people in its commercial organization in Europe, and sells direct in the UK, Germany, Switzerland, Sweden and Denmark and works with specialty distributors in a further eight markets. BONESUPPORT signed an agreement with Novomedics to commercialize our products in the French market.

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

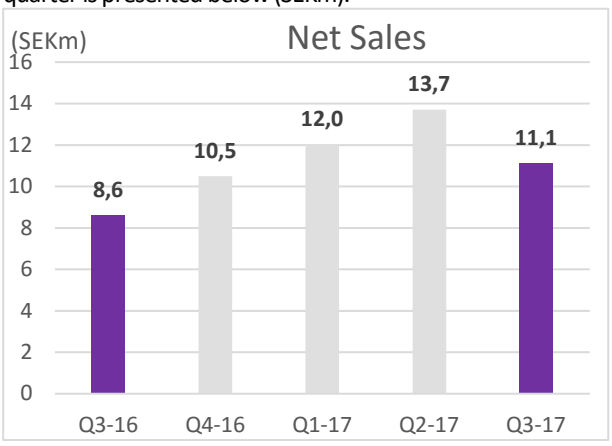
BONESUPPORT's drug-eluting products, CERAMENT G and CERAMENT V, increased by 48% in the quarter, driven by increased market adoption.

During Q3, the Company sponsored and attended a number of Society meetings in Europe where both Key Opinion Leaders and other surgeons participated. Several key podium and poster presentations regarding the use of Cerament were given. These are an important part of generating a wider acceptance and use for our products. In particular EBJIS in Nantes had several podium and poster presentations related to BONESUPPORT's products. These presentations were very well received among the surgeons attending.

JULY – SEPTEMBER 2017

Net Sales

Net Sales for EUR&ROW increased by 28% versus Q3 2016 and amounted to SEK 11.1 million. This improvement is mainly driven by greater use of our products in both direct sales markets and some distributor markets. The usual summer slowdown caused by vacations was evident. Net sales per quarter is presented below (SEKm).



Contribution

The contribution in EUR&ROW was SEK -3.6 million (-4.1). The gross margin was 84.9% (74.4). The higher margin is an effect due to increased sales of the drug-eluting products in Europe. Sales and marketing costs grew to SEK 12.9 million (10.5) due to our investment in the sales organization and increased marketing activities in Europe, including exhibitions and other events.

FINANCIAL OVERVIEW

PROFIT AND LOSS

JULY - SEPTEMBER 2017

Net Sales

Net Sales in the third quarter amounted to SEK 32.7 million (26.5), an increase of 23%. Both segments delivered modest growth, with North America increasing by 21% to SEK 21.6 million (17.9) and Europe & ROW (Rest of World) increasing by 28% to SEK 11.1 million (8.6). North America was however negatively impacted by the hardware supply issues faced by our US distributor. The main sales driver in Europe was the increased usage of the drug eluting products. Further details are presented earlier in the report, in the segment sections. The growth was driven by increased volumes. The currency translation effect was positive by SEK 0.5 million. Sales per quarter, and LTM, is presented to the right (SEKm).

Cost of Sales

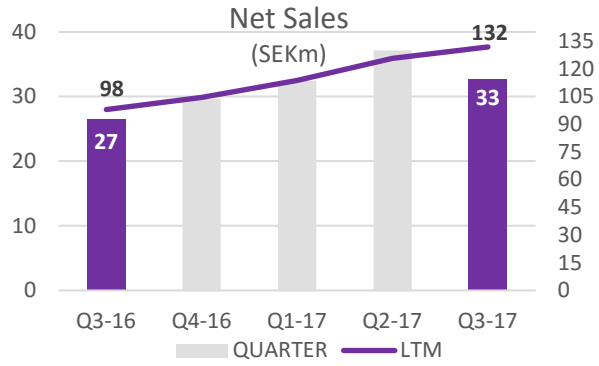
Cost of Sales in the third quarter amounted to SEK -4.0 million (-5.5), leading to a higher gross margin of 87.8% (79.2). The margin improvement is mainly due to a positive effect from the product mix (of sizes) and relatively higher operational costs in same period last year.

Selling expenses

Selling expenses in the third quarter amounted to SEK 24.4 million (25.0), a decrease of 2%, of which SEK 12.0 million (10.6) were employee costs. Both segments increased, where North America increased by 13% to SEK 8.0 million (7.1) and Europe & Rest of World increased by 23 % to SEK 12.9 million (10.5). The other selling expenses, not allocated to the segments, decreased to SEK 3.5 million (7.4) due to less general, not allocated, sales and marketing activities.

Research and development (R&D) expenses

R&D expenses amounted to SEK 12.8 million (10.9) in the third quarter, an increase of 17%, of which SEK 4.7 million (3.7) were costs for employees. North America decreased by 8% to SEK 4.7 million (5.1). Other R&D expenses amounted to SEK 8.1 million (5.8), 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 in the quarter amounted to SEK 11.1 million (11.4). The total employee cost amounted to SEK 7.0 million (4.4), of which SEK 3.8 million (1.2) were costs related to the Group's employee stock option plan.

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 1.0 million (1.1) and other operating expenses amounted to -1.5 million (-0.7) in the quarter.

Operating result

The operating result for the quarter amounted to SEK -20.1 million (-25.9). The improved operating result loss was primarily due to the increase in gross profit by 36% to SEK 28.7 million (21.0). The translation currency effect was not significant.

Net financial items

Net financial items for the quarter amounted to SEK -2.4 million (-9.1) where of SEK -3.5 million (-3.3) was related to interest on the Group´s loan. Net exchange gains and losses amounted to SEK 1.1 million (-3.1).

Loss for the period

For the reasons disclosed above the loss for the quarter amounted to SEK -22.9 million (-34.8), which corresponded to earnings per share of SEK -0.47 (-1.39).

PROFIT AND LOSS

JANUARY - SEPTEMBER 2017

Net Sales

Net Sales in the period amounted to SEK 102.3 million (75.0), an increase of 36%. Both segments delivered good growth, driven by increased use in the US and key markets in Europe. The increase in the US was 32% and 45% in Europe and ROW.

Cost of Sales

Cost of Sales in the period amounted to SEK -12.4 million (-12.7), generating a gross margin of 87.9% (83.1). The improved gross margin is mainly due to favorable product mix in the US and key markets in Europe and positive volume effect on the manufacturing costs. The sales of our 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 -65.9 million (-60.3), 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 -154.2 million (-123.7). 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 5.1 million.

Net financial items

Net financial items for the first half year amounted to SEK -11.2 million (-15.1) whereof SEK -11.2 million (-7.4) was related to interest on the Groups loan. Net exchange gains and losses amounted to SEK -0.0 million (-4.4).

Loss for the period

For the reasons disclosed above the loss for the period amounted to SEK -77.5 million (-75.5).

FINANCIAL POSITION & CASH FLOW (CF)

Cash at period end was SEK 567.6 million (72.8), an increase from year-end of SEK 426.1 million, mainly related to the new share issue of SEK 559.0 million gross in conjunction with the IPO. The cost for this share issue was SEK -38.7 million, generating net proceeds of SEK 520.3 million.

The operating cash flow in the period was SEK -81.8 million (-51.4) mainly due to the operating result of SEK -65.9 million (-60.3) and changes in working capital of SEK -18.6 million (12.2).

Interest-bearing debt decreased by SEK 26.6 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 Sep		31 Dec
(SEKm)	2017	2016	2016
Cash and cash equivalents	567.6	72.8	141.5
Interest-bearing debt	91.4	118.0	109.7
Net debt[1/]	-476.3	45.2	-31.8
Equity	499.7	-43.2	34.3

Cash flow	Jan - Sep		Full year
(SEKm)	2017	2016	2016
Operating CF	-81.8	-51.4	-81.9
CF from investing activities	-3.3	-0.6	-1.4
CF from financing activities	512.3	55.7	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 -2.1 million (-0.7) and the period loss was SEK -6.8 million (-1.5). There were no investments during the period.

EMPLOYEES

BONESUPPORT group had 59 (47) FTE (Full Time Equivalents) in the period, of whom 17 (13) were in R&D.

SIGNIFICANT EVENTS DURING Q3

The over-allotment option, in relation to the IPO, allowed the Company to raise a further SEK 59 million in July. The total issue, including the over-allotment option, in conjunction with the IPO was 19,285,345 shares raising SEK 559 million before 38.7 million as transaction costs.

BONESUPPORT announced 13 July a pipeline project, using the CERAMENT platform, was awarded a SEK 8 m grant from Vinnova, the Swedish Innovation Agency. It is conducted by an Indo-Swedish University Group.

BONESUPPORT announced 7 September an agreement with Novomedics to commercialize CERAMENT G in the French market.

BONESUPPORT announced 19 September the appointment of Dr Jerry Chang as Executive VP R&D. Dr Chang has more than 28 years of experience in R&D and commercialization of medical devices in the orthopedic, regenerative medicine and biomaterials space. Dr Chang has published over 20 papers and has 5 issued US patents.

SIGNIFICANT EVENTS AFTER PERIOD END

BONESUPPORT announced 9 October the recruitment of the first patient into a clinical study evaluating CERAMENT G and CERAMENT V in patients undergoing Hip and Knee Arthroplasty Revision. The aim of the study is to show an improved clinical outcome and a lower infection rate for the CERAMENT G and V compared to the retrospective control cohort where neither CERAMENT G or V is used.

BONESUPPORT announced 13 October the appointment of Helena L Brandt as Head of Human Resources. Ms Brandt has more than 20 years of HR and leadership experience working with organizations operating within the field of Research & Development.

Largest shareholders (30 September, 2017)	
HealthCap V LP	13.3%
Stiftelsen Industrifonden	9.6%
Lundbeckfond Invest A/S	9.6%
Robur AB	9.1%
Tredje AP-fonden	8.2%
Tellacq AB	6.0%
Carl Westin Ltd	5.4%
Other shareholders	38.8%

SHARES AND RELATED PROGRAMS

There is one type of share in the Company (capital and votes ratios are the same). The quota value per share is SEK 0.625. At September 30, 2017, the total number of shares in the Company amounted to 49,650,651 and number of shareholders were 885.

The increase from 1 July to 30 September in number of shares was 3,020,051 of which 2,043,966 shares related to the over-allotment option and 976,085 related to conversion of shares related to the ESOPs (Employment Share Option Programs). In October, the number of shares increased by 249,940, due to conversion of shares as part of the ESOPs. The total number of shares as of October 31 amounted to 49,900,591.

BONESUPPORT has five 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 September 30, 2017, amounted to 20,463,103. A summary of the ESOPs is described in the Annual Report 2016, note 12.

There were two different warrant programs as of 30 September 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 September 2017 amounted to 4,245,568. 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, 2017, 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

20 February 2018	2017 Full year-end report
March 2018	Annual 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.

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, 2 November 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)

This information is 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 November 2, 2017. This interim report and other financial information about BONESUPPORT HOLDING AB (publ) are available at www.bonesupport.com.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

		Jul – Sep		Jan - Sep		FY
(SEK 1000)	Note	2017	2016	2017	2016	2016
Net Sales	7	32,677	26,548	102,262	74,966	104,599
Cost of Sales		-3,989	-5,521	-12,358	-12,694	-16,312
Gross profit		**28,688**	**21,027**	**89,904**	**62,272**	**88,287**
Selling expenses		-24,368	-24,977	-71,370	-65,077	-79,766
Research and development expenses		-12,834	-10,912	-40,888	-22,969	-38,233
Administrative expenses	3,8	-11,149	-11,412	-41,998	-35,669	-60,671
Other operating income		1,007	1,110	3,170	4,393	7,349
Other operating expenses		-1,457	-697	-4,722	-3,297	-5,711
Operating loss	7	**-20,113**	**-25,861**	**-65,905**	**-60,347**	**-88,745**
Net financial items		-2,373	-9,128	-11,208	-15,146	-20,820
Loss before income tax	7	**-22,486**	**-34,989**	**-77,113**	**-75,493**	**-109,565**
Income tax		-401	169	-406	-49	-625
Loss for the period		**-22,887**	**-34,820**	**-77,519**	**-75,542**	**-110,190**

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

EARNINGS PER SHARE

Earnings per share		Jul - Sep		Jan - Sep		FY
(SEK)	Note	2017	2016	2017	2016	2016
Parent company's shareholders						
Earnings per share before dilution (SEK)		-0.47	-1.39	-2.13	-3.01	-4.26
Earnings per share after dilution (SEK) [1/]		-0.47	-1.39	-2.13	-3.01	-4.26
Loss for the period (SEK 1000)		-22,887	-34,820	-77,519	-75,542	-110,190
Average number of shares [2/] (1 000)		48,852	25,097	36,395	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

		Jul - Sep		Jan - Sep		FY
(SEK 1000)	Note	2017	2016	2017	2016	2016
Loss for the period		**-22,887**	**-34,820**	**-77,519**	**-75,542**	**-110,190**
Other comprehensive income						
Translation differences		-48	-6	-42	-6	-74
Total comprehensive income for the period		**-22,935**	**-34,826**	**-77,561**	**-75,548**	**-110,264**

CONDENSED CONSOLIDATED BALANCE SHEET

(SEK 1000)	Note	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS				
Intangible assets		4,661	4,562	4,469
Tangible assets		2,749	492	442
Other receivables	6	168	206	180
Total non-current assets		**7,578**	**5,260**	**5,091**
Inventories		19,458	13,727	14,489
Trade receivables	6	33,493	19,361	20,242
Other operating receivables	6	9,506	5,730	7,486
Cash and cash equivalents	6	567,637	72,813	141,501
Total current assets		**630,094**	**111,631**	**183,718**
TOTAL ASSETS		**637,672**	**116,891**	**188,809**
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders	4	499,722	-43,189	34,304
Non-current borrowings	6	61,462	90,850	84,599
Provisions		164	-	164
Total non-current liabilities		**61,626**	**90,850**	**84,763**
Current borrowings	6	29,895	27,142	25,103
Trade payables	6	8,681	11,310	11,811
Other operating liabilities	6	37,748	30,778	32,828
Total current liabilities		**76,324**	**69,230**	**69,742**
TOTAL EQUITY AND LIABILITIES		**637,672**	**116,891**	**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 – September 2016				-75,542	-75,542
Other comprehensive income			-6		-6
Transactions with owners:					
Share-based payment transactions				12,031	12,031
Equity at 30 September 2016	**15,686**	**564,372**	**-238**	**-623,009**	**-43,189**
Loss October - December 2016				-34,648	-34,648
Other comprehensive income			-68		-68
Transactions with owners:					
New share issue	2,446	96,744			99,190
Issued warrants		8,436			8,436
Share-based payment transactions				4,583	4,583
Equity at 1 January 2017	**18,132**	**669,552**	**-306**	**-653,074**	**34,304**
Loss January – September 2017				-77,519	-77,519
Other comprehensive income			-42		-42
Transactions with owners:					
New share issue	12,900	557,002			569,902
Transaction costs, new share issue		-38,656			-38,656
Issued warrants		1,562			1,562
Share-based payment transactions				10,171	10,171
Equity at 30 September 2017	**31,032**	**1,189,460**	**-348**	**-717,904**	**502,240**

[1/] Retained earnings including net loss

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Cash Flow (CF)	Jul - Sep		Jan - Sep		Full year
(SEK 1000)	2017	2016	2017	2016	2016
Operating loss	-20,113	-25,861	-65,905	-60,347	-88,745
Non-cash adjustments					
-Personnel options	2,992	4,358	10,171	12,031	16,614
-Others	561	-8,212	2,012	-7,844	979
Interests received	0	1	0	1	4
Interests paid	-2,809	-3,260	-9,035	-7,428	-11,644
Other finance costs paid					-9,868
Income tax paid	13	169	-526	-50	-109
Net Operating CF before working capital changes	**-19,356**	**-32,805**	**-63,283**	**-63,637**	**-92,769**
Changes in working capital	-16,461	3,536	-18,562	12,221	10,836
Net Operating CF	**-35,817**	**-29,269**	**-81,845**	**-51,416**	**-81,933**
Net CF from investing activities	-2,415	-162	-3,326	-599	-1,374
Net CF from financing activities	47,860	63,608	512,290	55,738	155,125
Total CF for the period	**9,628**	**34,177**	**427,119**	**3,723**	**71,818**
Cash and cash equivalents at period start	558,288	38,931	141,501	68,881	68,881
Translation difference on cash and cash equivalents	-279	-295	-983	209	802
Cash at period end	**567,637**	**72,813**	**567,637**	**72,813**	**141,501**

CONDENSED INCOME STATEMENT – PARENT COMPANY

	Jul - Sep		Jan – Sep		Full year
(SEK 1000)	2017	2016	2017	2016	2016
Other operating income	0	1	23	6	11
Administrative expenses	-1,301	-204	-3,879	-466	-2,385
Other operating expenses	-0	0	-33	-9	-16
Operating loss	**-1,301**	**203**	**-3,889**	**-469**	**-2,390**
Net financial items	-817	-514	-2,865	-999	-1,519
Loss before income tax	**-2,118**	**-717**	**-6,754**	**-1,468**	**-3,909**
Income tax	0	0	0	0	0
Loss for the period	**-2,118**	**-717**	**-6,754**	**-1,468**	**-3,909**

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

CONDENSED BALANCE SHEET – PARENT COMPANY

		30 Sep		31 Dec
(SEK 1000)	Note	2017	2016	2016
ASSETS				
Non-current financial assets		453,912	350,000	403,912
Other receivables		463	-	-
Prepaid expenses		864	427	307
Cash		559,151	51	103,776
TOTAL ASSETS		**1,014,390**	**350,478**	**507,995**
EQUITY AND LIABILITIES				
Equity				
Restricted equity	4	31,032	15,686	18,132
Unrestricted equity		898,824	282,931	385,669
Total equity		**929,856**	**298,617**	**403,801**
Current liabilities		**84,534**	**51,861**	**104,194**
TOTAL EQUITY AND LIABILITIES		**1,014,390**	**350,478**	**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
Q3	Third 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 Sep 2017	30 Sep 2016	31 Dec 2016
Non-current borrowing	61.5	90.9	84.6
Current borrowing	29.9	27.1	25.1
Cash and cash equivalents	-567.6	-72.8	141.5
Net debt	**-476.3**	**45.2**	**-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 interpretations of standards effective as of 1 January 2017 have not had any significant impact on BONESUPPORT's financial statements. IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments comes into force 1 January 2018. The Company has performed an analysis of the potential effects of implementation of IFRS 15 and concluded that it will not have any material effect on the Financial Reports other than additional disclosures. Effects from implementation of IFRS 9 is currently analysed. IFRS 16 Leases is not yet adopted by the EU but is expected to be applicable from 1 January 2019. The implementation of IFRS 16 will have impact on the Financial Reports but no detailed analysis has yet been performed

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	Fully owned by Oern Stuge (Chairman
Lifescience AG	until 15 December 2016)

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

		Jan - Sep	
Related party	**Service (SEK 1000)**	**2017**	**2016**
Seagles AB	Consultancy (advised on development projects)	44	175
Orsco	Consultancy (advised on strategic and industry relationship building activities)	-	803

Note 4 Number of shares and potential shares

Number of shares	
31 December 2016	145,056,103
Share consolidation 1:5	-116,044,882
New share issues	19,285,345
Conversion of warrants	378,000
Exercise of ESOP's	976,085
30 September 2017	49,650,651

Potential shares
5,017,186 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. 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 88.4 million (116.2) as per 30 September 2017. Book value was SEK 91.4 million (118.0). 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 0.9 million (0.5). 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 21.6 million (17.9) 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.

	July – September 2017				July – September 2016			
Profit and loss items (SEK 1000)	NA	EURW	Others	**Total**	NA	EURW	Others	**Total**
Net sales	21,600	11,077		**32,677**	17,923	8,625		**26,548**
Operating costs	-15,044	-14,646		**-29,690**	-15,836	-12,740		**-28,576**
Contribution	6,556	-3,569		**2,987**	2,087	-4,115		**2,028**
Other operating items			-23,100	**-23,100**			-27,430	**-23,833**
Operating result	6,556	-3,569	-23,100	**-20,113**	2,087	-4,115	-27,430	**-25,861**
Net financial items			-2,373	**-2,373**			-9,128	**-9,128**
Result before taxes	6,556	-3,569	-25,473	**-22,486**	2,087	-4,115	-36,558	**-34,989**

Product group	July – September 2017			July – September 2016		
(SEK 1000)	NA	EURW	Total	NA	EURW	Total
CERAMENT BVF	21,600	2,206	23,806	17,923	2,625	20,548
CERAMENT drug eluting [1/]	-	8,871	8,871	-	6,000	6,000
Total	**21,600**	**11,077**	**32,677**	**17,923**	**8,625**	**26,548**

[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 (ESOPs) 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 2.2 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	644,000	5.30	1,250,000	5.30
Converted	-4,880,441	0.13	-1,890,000	5.30
Overdue or returned	-284,978	2.49	-3,010,000	5.30
Balance 30 Sep 2017	20,463,103	0.96	4,245,568	4.59

[1/] Not allocated options amounted to 377,258
[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-SEPTEMBER 2017 INTERIM REPORT

The company invites investors, analysts and media to a web conference (in English) on 2 November 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 2 November. 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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THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

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, 2017 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 2 2017

Ernst & Young AB

Johan Thuresson
Authorized Public Accountant