

# Q2 CERAMENT G AND CERAMENT V GROWING WITH 64 PERCENT

## APRIL - JUNE 2019

- Net sales amounted to SEK 37.3 million (28.2), an increase of 32 percent compared with the previous year. Europe and the rest of the world (EUROW) reported continued strong growth of 59 percent compared to the corresponding period last year. Sales in the US reported growth of 6 percent compared with the previous year and a continued sequential increase of 28 percent from the previous quarter.
- CERAMENT G and CERAMENT V grew by 64 percent compared to Q2 2018.
- Gross margin amounted to 86.5 percent (87.4).
- Operating profit amounted to SEK -47.8 million (-37.8), where the increased loss is mainly due to the item affecting comparability of SEK 11 million, which was charged to the period.
- Earnings per share before and after dilution, was SEK -0.93 (-0.75).

## SIGNIFICANT EVENTS

- Distribution rights for the former US distributor, Zimmer Biomet, ceased at the end of May.
- The period was affected by a non comparability item with a negative impact of SEK 11.0 million. The item is a provision related to product returns from the previous US distributor, Zimmer Biomet.
- In April, it was announced that Vikram Johri is leaving his role as GM & EVP Commercial Operations EUROW.
- The General Meeting approved a share-related incentive program to employees.

## JANUARY - JUNE 2019

- Net sales amounted to SEK 70.1 million (59.3), an increase of 18 percent compared with the previous year. Europe and the rest of the world (EUROW) reported strong growth of 49 percent compared to the corresponding period last year. Sales in the US reported a 12 percent decline, which should be viewed in the perspective of the changes made in the distribution structure.
- CERAMENT G and CERAMENT V grew by 58 percent compared with the corresponding period in 2018.
- The gross margin was 86.2 percent (84.6).
- Operating profit totaled SEK -86.8 million (-71.0), where the increased loss was mainly due to the item affecting comparability of SEK 11 million.
- Earnings per share before and after dilution, was SEK -1.68 (-1.42).

## SIGNIFICANT EVENTS, cont'd

- The General Meeting elected Lennart Johansson as the new Chairman of the Board.
- A GPO (Group Purchasing Organization) contract was signed with Kaiser Permanente which has 690 medical offices and 39 hospitals.

## EVENTS AFTER PERIOD END

- The company has decided to focus its research and development on CERAMENT plus bisphosphonate and CERAMENT plus DBM.

KEY FIGURES	Apr - Jun		Jan - Jun		12 months	
	2019	2018	2019	2018	LTM	2018
Net sales, SEK m	37.3	28.2	70.1	59.3	107.5	96.6
Sales growth, %	32.4	-24.1	18.4	-14.8	-9.7	-25.3
Gross profit, SEK m	32.3	24.6	60.5	50.2	91.8	81.5
Gross margin, % <sup>1</sup>	86.5	87.4	86.2	84.6	85.4	84.3
Operating loss, SEK m	-47.8	-37.8	-86.8	-71.0	-190.3	-174.4
Loss for the period, SEK m	-47.9	-38.2	-87.0	-72.0	-191.4	-176.4
Equity at period end, SEK m	192.5	381.2	192.5	381.2	192.5	278.5
Net debt, SEK m <sup>1</sup>	-161.2	-368.4	-161.2	-368.4	-161.2	-261.5
Operating cash flow, SEK m <sup>1</sup>	-42.3	-30.6	-84.1	-66.9	-188.8	-171.6
Cash at period end, SEK m	173.1	368.4	173.1	368.4	173.1	261.5
Earnings per share, SEK	-0.93	-0.75	-1.68	-1.42	-3.73	-3.46

<sup>1</sup> APM: Alternative performance measures, see definitions on page 18.

## MESSAGE FROM THE CEO

# SOLID STRATEGY EXECUTION GOOD GROWTH IN THE QUARTER

**The journey of change that began last year continues at full speed. I see the development during the second quarter as a further confirmation that our strategy works. The strong growth for our antibiotic eluting products CERAMENT G and V shows how unique our value proposition is. The positive development in the US confirms that our new structure is giving leverage.**

Sales in Europe and the rest of the world (EUROW) showed strong growth of 59 percent and, as in previous quarters, our antibiotic eluting products, CERAMENT G and V, are driving growth. Sales of CERAMENT G and V rose 64 percent compared to the corresponding quarter last year. With sales totaling SEK 37.3 million, the quarter was our best ever in terms of sales, which is satisfactory as it is only eight months since we changed the distribution structure in the US.

The development in EUROW is a confirmation that we have a unique product portfolio and that we are driving our market penetration effectively. The region's sales of CERAMENT G also shape our expectations of the market potential in the US.

The transition to an independent distribution network in the US is progressing according to plan. We have good control measures and follow-up systems and our organization has acted quickly when distributors fail to deliver according to plan. During the first half of 2019, we have replaced six of our 40 distributors. We continue to finetune the distribution network and from previous experience, I believe that it takes about 10 - 12 months before a new distribution structure has solidified. Despite these adjustments, sales in the US rose sharply compared to the previous quarter.

During the quarter, we signed a number of additional GPO contracts (group purchasing organization) in the USA and I especially want to highlight our agreement with Kaiser Permanente, which has 690 medical offices, 39 hospitals and 23,000 doctors. Kaiser is a well-reputed organization with very strict requirements on its counterparts and I am proud that our competent American organization manages to establish contracts with institutions of this dignity. Sales through GPO contracts are an important part of driving our US growth.

Strong clinical evidence and health economic data are one of the cornerstones of our strategy. In the quarter, N. Jahangir et al. published a prospective study in the Journal of Orthopaedics that shows that CERAMENT G can be of great use in very difficult open bone fractures. The literature has shown that the risk of infection at this type of bone fracture is 52 percent. In the study, the degree of infection was shown to be 0 percent with the use of CERAMENT G. The degree of amputation fell to 1.9 percent compared to the 16% in literature reference. These are striking results



that show the benefit and the great potential that CERAMENT has within trauma indications.

When it comes to our clinical development, we have, after careful evaluation, decided to focus on the development of CERAMENT plus bisphosphonate and CERAMENT plus demineralized bone matrix, DBM. We believe that this is the best way for BONESUPPORT to fully capitalize the unique properties of CERAMENT.

We sum up another positive quarter and I am encouraged by the fact that our stronger strategic focus is now starting to show results. Our antibiotic eluting products have rapidly taken market shares, sales in the US has delivered strong sequential growth and we have succeeded in signing agreements with some of the world's most reputable healthcare organizations. The potential of our continued journey means that I foresee future with great expectation.

**Emil Billbäck**  
CEO



*Continued development of the new distribution structure*

## NORTH AMERICA (NA)

The North American market is the world's largest for synthetic bone graft products and is the most important market for the company. The focus of the North America segment is the continued development of the new distribution structure that was established in October 2018. At the end of the quarter, BONESUPPORT had its own commercial organization with 21 (14) employees and 40 contracted distributors.

### APRIL - JUNE

#### Sales

Sales for the period reported an increase of 6 percent compared with the corresponding period last year and a continued sequential increase of 28 percent from the previous quarter. Sales for the quarter amounted to SEK 14.8 million, compared with SEK 11.5 million in the first quarter of 2019. The distribution rights for the former distributor in the US, Zimmer Biomet, ceased on May 23. BONESUPPORT's own organization in the US is working to accelerate market penetration and enter into agreements that give contracted hospitals access to CERAMENT. During the quarter, an agreement was signed with Kaiser Permanente. Kaiser has 690 medical offices and 39 hospitals.

#### Contribution

The contribution from the segment was SEK -23.4 million (-5.9). The increased loss was mainly attributable to a comparative item of SEK 11 million, but was also an effect of the ongoing commercial investments. Sales and marketing expenses increased to SEK 29.8 million (10.1) during the second quarter related to the expansion of the organization. R&D costs amounted to SEK 6.4 million (6.3).

The item affecting comparability of SEK 11.0 million which charged the period's contribution relates to product returns from the former US distributor, Zimmer Biomet.

### JANUARY - JUNE

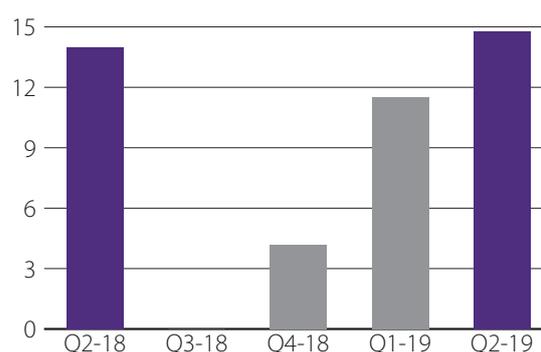
Net sales amounted to SEK 26.3 million (29.9), which corresponds to a decline of 12 percent. The decline is to be seen in the light of the transition to a new distribution structure.

The contribution amounted to SEK -39.2 million (-7.9). The negative contribution is a combination of the item affecting comparability, lower sales and increased sales and sales marketing costs.

### Net sales, gross profit and contribution, SEK m

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net Sales	14.8	14.0	26.3	29.9	34.1
Gross profit	13.4	12.4	23.7	25.9	29.6
Contribution	-23.4	-5.9	-39.2	-7.9	-45.0

### Net sales per quarter, SEK m





## Strong growth for CERAMENT G and CERAMENT V

### EUROPE & REST OF WORLD (EUROW)

In Europe, CERAMENT is sold by both the company's own sales organization and by distributors. Germany, the UK, Switzerland, Sweden and Denmark are key markets where BONESUPPORT has its own sales representatives. In 2018, its own sales organization was gradually expanded and at the end of the period amounted to 25 (21) employees. The focus is on utilizing the results of the CERTiFy study to increase the use of CERAMENT. In the other eight European markets and in other parts of the world (ROW), the company cooperates with specialist distributors.

#### APRIL – JUNE

##### Sales

Sales for the segment increased by 59 percent compared with the corresponding period last year and amounted to SEK 22.5 million (14.2). Sales in our direct key markets accounted for 84.7 percent of the segment's sales and reported an increase of 60% compared with the corresponding period last year. Sales of the CERAMENT G and CERAMENT V antibiotic eluting products increased by 64 percent compared to the second quarter last year.

##### Contribution

The contribution from the segment was SEK 3.8 million (-1.0). The improved contribution has been achieved in spite of increased commercial investments and is the result of increased sales and gross profit. Sales and marketing expenses increased compared with the corresponding period last year and amounted to SEK 15.1 million (13.0), mainly as an effect of new recruits made to sales organizations in our key markets.

#### JANUARY – JUNE

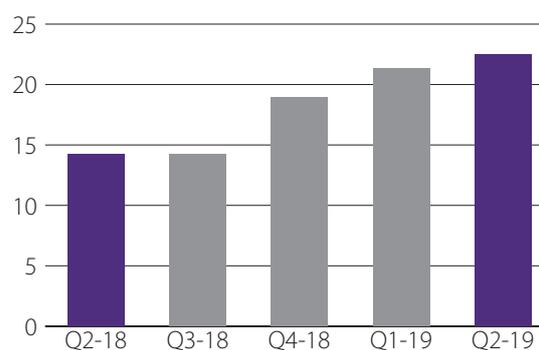
Net sales amounted to SEK 43.9 million (29.3), an increase of 49 percent compared with the previous year. The sale of the antibiotic eluting products CERAMENT G and CERAMENT V increased by 58 percent.

The contribution amounted to SEK 4.7 million (-1.9). The positive contribution is attributed increased sales and improved gross margin.

#### Net sales, gross profit and contribution, SEK m

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net Sales	22.5	14.2	43.9	29.3	62.5
Gross profit	18.8	12.2	36.8	24.2	51.8
Contribution	3.8	-1.0	4.7	-1.9	-9.7

#### Net sales per quarter, SEK m





# RESEARCH AND DEVELOPMENT

**BONESUPPORTS clinical development program focuses on further developing CERAMENT's properties, broadening clinical application areas and utilizing CERAMENT's unique drug eluting properties through the development of combination products that promote bone healing.**

A number of different combinations with CERAMENT have been investigated to add osteoinductive properties, meaning the ability to actively stimulate bone growth and bone remodeling. Among other things, the company has made research in the form of preclinical candidates that has combined CERAMENT with bisphosphonates, bone morphogenic proteins (BMP), bone marrow aspirate (BMA) and demineralized bone matrix (DBM).

A careful evaluation of market potential, clinical benefit, therapeutic innovation and preclinical results has concluded in the following categorization:

## **PRIORITISED PRODUCT CANDIDATES FOR OWN DEVELOPMENT:**

- CERAMENT plus bisphosphonate
- CERAMENT plus DBM

Bisphosphonate is a well-established substance in the treatment of osteoporosis. Bisphosphonate is used to limit the activity of osteoclasts, resulting in improved bone remodeling and bone density through potentiation of osteoblasts. CERAMENT plus bisphosphonate has the potential to add an important therapeutic dimension in the treatment of low-healing bone defects and fractures induced by low bone density.

Demineralized bone matrix (DBM) is based on allograft reduced on minerals. The material has been shown to be widely used in conditions and situations where there is weak natural bone remodeling. The total market for DBM is \$ 250 million, of which the US accounts for \$ 80 million. The combination CERAMENT and DBM could create a product with both osteoconductive and osteoinductive properties, which means a therapeutic innovation with unique advantages in treating difficult-to-heal skeletal damage, especially in the segment of trauma. The product candidate CERAMENT + DBM and the launched product BONIFY replace the previous product candidate CERAMENT + BMA.

## **POTENTIAL PARTNER DEVELOPMENT PRODUCTS**

- CERAMENT plus BMP

## **CLINICAL EVIDENCE, A STRATEGIC CORNERSTONE**

One of the three cornerstones of the strategy is to deliver industry-leading scientific and clinical evidence that validates the many benefits of CERAMENT. There is already an extensive database of more than 130 research publications and abstracts

of preclinical and clinical studies with CERAMENT. Three of the most important and largest clinical trials are CERTiFy, FORTIFY and SOLARIO.

The **CERTiFy study** is the largest clinical study to date that has been conducted with CERAMENT. The study is a prospective, randomised, controlled clinical trial of 137 patients at 20 leading trauma centres in Germany, the purpose of which is to compare treatment with CERAMENT BVF with transplantation of autologous bone grafts (autograft) in tibial plateau fractures where bone defects have occurred. Autograft has long been the prevailing treatment practice for this type of injury. The CERTiFy study was completed in June 2018 and complete results are expected to be published in the third quarter of 2019. At the end of the previous year, BONESUPPORT announced that the main objective of the study was achieved: CERAMENT BVF has proven to be a strong alternative to autograft.

**The FORTIFY study** evaluates the ability of CERAMENT G to improve the treatment outcome of patients with open tibia fractures. That the fracture is "open" means that the skin has been penetrated in conjunction with the trauma. These fractures run a high risk of infection, with inadequate bone healing as a result. The primary effects to be measured in the study include the absence of deep infection at the fracture site, the absence of additional surgical procedures to promote healing and patient-reported improvement. The trial will include up to 230 patients in clinics in the USA and Europe. Data from the FORTIFY study will be used to support a planned PMA (pre-market approval) application to the FDA, an important step for expected approval in the US for CERAMENT G during the second half of 2021.

BONESUPPORT invests in **SOLARIO** (Short or Long Antibiotic Regimes in Orthopaedic), with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment times compared to systemic antibiotics and thereby reduce risk of antibiotic resistance, side effects and costs. The study is led by the Oxford University Hospital's NHS Foundation Trust in collaboration with EBJS (European Bone and Joint Infection Society). SOLARIO is a randomized unblinded European multicenter study that is expected to recruit 500 patients. The first patient was recruited in February 2019 and the last patient data is expected to be obtained in March 2022. A positive result of the study may mean a paradigm shift for the treatment of bone infections.

# FINANCIAL OVERVIEW

## PROFIT AND LOSS

### NON COMPARABILITY ITEM

The period April - June was affected by a non comparability item of SEK 11.0 million with a negative effect on sales costs and operating profit. The non comparability item is a provision related to product returns from the previous US distributor Zimmer Biomet.

### APRIL - JUNE 2019

#### Net sales

Net sales amounted to SEK 37.3 million (28.2), an increase of 32 percent compared with the previous year. The EUROW segment increased by 59 percent to SEK 22.5 million (14.2). Sales growth in Europe was driven by wider use of CERAMENT G and V increased by 64 percent. Sales in the US increased by 6 percent to SEK 14.8 million as a result of the ongoing build-up of a new distribution structure. A more detailed description is given under the segment sections. The currency translation effect was positive by SEK 1.9 million.

#### Cost of goods sold

Cost of goods sold amounted to SEK 5.0 million (3.5), which resulted in a gross margin of 86.5 percent (87.4).

#### Selling expenses

Sales expenses amounted to SEK 52.7 million (31.8), an increase of 66 percent. Personnel costs amounted to SEK 21.1 million (16.7) as an effect of an expanded sales organization. Both segments increased costs, in NA by 154 percent to SEK 30.0 million (11.8), affected by the non comparability item of SEK 11 million, but also by the expanded sales organization and sales commissions amounting to 4.8 (0.0). EUROW increased by 2 percent to SEK 15.1 million (14.8), due to the ongoing expansion of the sales organization. Other sales costs, which were not allocated to the segments, increased to SEK 7.6 million (5.8), an increase that is partly due to higher personnel costs, but also to a higher level of marketing activities during the period.

#### Research and development costs

Research and development costs amounted to SEK 16.0 million (17.2), a decrease of 7 percent. Staff costs corresponded to SEK 7.0 million (7.6). Other expenses totaled SEK 6.4 million (9.6). The segment NA amounted to SEK 6.4 million (6.3).

#### Administrative expenses

Administrative expenses amounted to SEK 10.4 million (14.9), a decrease of 30 percent, of which personnel expenses amounted to SEK 5.6 million (4.8), which is partly due to a shift from consulting to personnel costs. Other expenses amounted to SEK 4.8 million (10.1), a decrease compared with the previous year, which is primarily an effect of implemented cost control programs, among other things, by reduced costs for consultants.

#### Other operating income and expenses

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

### Net Sales per quarter, SEK m



operating income amounted to SEK 2.4 million (2.5) and other operating expenses amounted to SEK -3.4 million (-1.0) for the quarter.

### Operating profit

Operating profit amounted to SEK -47.8 million (-37.8), where the increased loss was mainly due to a non comparability item of SEK 11 million and higher operating costs for implemented investments in the expansion of the sales organization with more employees.

### Net financial items

Net financial items amounted to SEK -0.1 million (0.0). No interest expense was charged to net financial items since the Group's loans were repaid in the first quarter of 2018.

### The result of the period

For the reasons explained above, the loss for the second quarter amounted to SEK -47.9 million (-38.2), which corresponds to earnings per share of SEK -0.93 (-0.75).

### JANUARY - JUNE 2019

#### Net sales

Net sales amounted to SEK 70.1 million (59.3), an increase of 18 percent. The EUROW segment increased by 49 percent to SEK 43.9 million (29.3) and the NA segment fell by 12 percent to SEK 26.3 million (29.3).

#### Operating profit

Operating profit amounted to SEK -86.8 million (-71.0), where the sales increase contributed positively to improved gross profit, while higher operational costs for implemented investments in the expansion of the sales organization with more employees resulted in an increased loss. Furthermore, operating profit was affected by a non comparability item of SEK 11 million.

#### The result of the period

For the reasons explained above, the loss for the period amounted to SEK -87.0 million (-72.0), which corresponds to earnings per share of SEK -1.68 (-1.42).

# FINANCIAL POSITION AND CASH FLOW

SEK m	30 June		31 Dec
<b>Financial position</b>	2019	2018	2018
Cash and cash equivalents	173.1	368.4	261.5
Interest-bearing debt	11.9	0.0	0.0
Net debt	-161.2	-368.4	-261.5
Equity	192.5	-11.0	192.5

SEK m	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
<b>Cash flow</b>	2019	2018	2019	2018	2018
Operations	-42.3	-30.6	-84.1	-66.9	-171.6
Investing activities	-1.7	-0.2	-2.3	-0.4	-2.7
Financing activities	-1.3	0.7	-2.6	-99.4	-98.8

## OTHER DISCLOSURES

### NON COMPARABILITY ITEM

The period was affected by a non comparability item with a negative impact of SEK 11.0 million. The item is a provision related to product returns from the previous US distributor, Zimmer Biomet.

### PARENT COMPANY

The parent company BONESUPPORT HOLDING AB (publ) is a holding company. The parent company generated SEK 10.3 million (13.9) in the sale of internal services to subsidiaries during the quarter. The loss in the quarter was SEK -3.6 million (-5.5). No investments were made during the quarter.

### STAFF

The Group had 78 (68) employees (full-time equivalent) during the period, of which 20 (19) worked in research & development.

### SIGNIFICANT EVENTS DURING THE QUARTER

The General Meeting approved a share-related incentive program for employees. The General Meeting elected Lennart Johansson as the new Chairman of the Board. Distribution rights for the former US distributor Zimmer Biomet, ceased in late May.

### EVENTS AFTER PERIOD END

The company has decided to focus its research and development on CERAMENT plus bisphosphonate and CERAMENT plus DBM.

### SHARES AND RELATED PROGRAMS

The company has ordinary shares and C-shares issued during the year, see Note 4. The quota value of the shares is SEK 0.625 per share. As of June 30, 2019, the total number of ordinary shares was 51,795,917 divided into 2,017 shareholders. The largest shareholders are shown below.

#### Shareholders 30 June 2019

HealthCap VLP	12,7%
Stiftelsen Industrifonden	9,2%
Lundbeckfonden Invest A/S	9,2%
Swedbank Robur Fonder	8,6%
Tredje AP-fonden	,8%
Tellacq AB	5,7%
Carl Westin Ltd	5,2%
Other shareholders	41,5%

BONESUPPORT has three employee stock option programs, two share savings programs and three warrant programs. Information on these can be found in Note 8.

### REGISTERED TRADEMARKS

BONESUPPORT and CERAMENT are registered trademarks.

### FINANCIAL CALENDAR

Interim Report January – September 2019: 7 november 2019  
Year end report: February 2020

### THIS REPORT

This report has been prepared in both a Swedish-language and an English-language version. In the event that the versions do not conform, the Swedish-language version shall prevail. This report has not been reviewed by the company's auditor.

# DECLARATION OF THE BOARD OF DIRECTORS AND THE CEO

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

Lund July 25, 2019

**Lennart Johansson**  
Chairman

**Lars Lidgren**  
Board member

**Håkan Björklund**  
Board member

**Björn Odlander**  
Board member

**Tone Kvåle**  
Board member

**Simon Cartmell**  
Board member

**Emil Billbäck**  
CEO

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK t	Note	Apr - Jun		Jan - Jun		Jan - Dec
		2019	2018	2019	2018	2018
Net sales	7	37,320	28,184	70,148	59,269	96,623
Cost of sales		-5,047	-3,548	-9,678	-9,110	-15,157
<b>Gross profit</b>		<b>32,273</b>	<b>24,636</b>	<b>60,470</b>	<b>50,159</b>	<b>81,466</b>
Selling expenses		-52,689	-31,820	-93,522	-59,465	-133,311
Research and development expenses		-15,987	-17,193	-32,902	-32,031	-66,064
Administrative expenses		-10,482	-14,940	-20,840	-31,471	-58,345
Other operating income		2,434	2,530	4,610	5,461	8,530
Other operating expenses		-3,369	-1,033	-4,631	-3,603	-6,680
<b>Operating loss</b>	7	<b>-47,820</b>	<b>-37,820</b>	<b>-86,815</b>	<b>-70,950</b>	<b>-174,404</b>
Net financial items		-53	-5	-97	-502	-465
<b>Loss before income tax</b>	7	<b>-47,873</b>	<b>-37,825</b>	<b>-86,912</b>	<b>-71,452</b>	<b>-174,869</b>
Income tax		-67	-379	-109	-530	-1,536
<b>Loss for the period</b>		<b>-47,940</b>	<b>-38,204</b>	<b>-87,021</b>	<b>-71,982</b>	<b>-176,405</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK t	Apr - Jun		Jan - Jun		Jan - Dec
	2019	2018	2019	2018	2018
<b>Loss for the period</b>	<b>-47,940</b>	<b>-38,204</b>	<b>-87,021</b>	<b>-71,982</b>	<b>-176,405</b>
<i>Other comprehensive income:</i>					
<i>Items to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences	-1	198	94	312	129
<b>Total comprehensive income for the period</b>	<b>-47,941</b>	<b>-38,006</b>	<b>-86,927</b>	<b>-71,670</b>	<b>-176,276</b>

## EARNINGS PER SHARE

	Apr - Jun		Jan - Jun		Jan - Dec
	2019	2018	2019	2018	2018
<i>Equity holders of the parent</i>					
Earnings per share before dilution, SEK	-0.93	-0.75	-1.68	-1.42	-3.46
Earnings per share after dilution, SEK	-0.93	-0.75	-1.68	-1.42	-3.46
Loss for the period, SEK t	-47,940	-38,204	-87,021	-71,982	-176,405
Average number of shares, thousands	51,796	50,812	51,796	50,688	50,971

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK t	Note	30 Jun		31 Dec
		2019	2018	2018
<b>ASSETS</b>				
Intangible assets		6,950	5,040	5,511
Tangible assets	1	15,786	2,854	3,885
Other non-current assets	6	282	338	375
<b>Total non-current assets</b>		<b>23,018</b>	<b>8,232</b>	<b>9,771</b>
Inventories		30,625	23,776	23,681
Trade receivables	6	28,518	13,578	18,683
Other operating receivables	6	7,453	9,667	12,538
Cash and cash equivalents	6	173,096	368,357	261,468
<b>Total current assets</b>		<b>239,692</b>	<b>415,378</b>	<b>316,370</b>
<b>TOTAL ASSETS</b>		<b>262,710</b>	<b>423,610</b>	<b>326,141</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>	4	<b>192,487</b>	<b>381,209</b>	<b>278,531</b>
Leasing debt	1	6,693	0	0
Provisions		289	173	289
<b>Total non-current liabilities</b>		<b>6,982</b>	<b>173</b>	<b>289</b>
Leasing debt	1,6	5,189	0	0
Trade payables	6	13,118	10,343	12,472
Other operating liabilities	6	44,934	31,885	34,849
<b>Total current liabilities</b>		<b>63,241</b>	<b>42,228</b>	<b>47,321</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>262,710</b>	<b>423,610</b>	<b>326,141</b>

## CONDOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK t	Share capital	Other paid in capital	Reserves	Accumulated losses	Total equity
<b>As at January 1, 2018</b>	<b>31,424</b>	<b>1,189,015</b>	<b>-304</b>	<b>-769,349</b>	<b>450,786</b>
Loss January - June 2018			312	-71,982	-71,670
New share issue	334				334
Allotted warrants		740			740
Transaction costs, new share issue		-1,860			-1,860
Share-based payment transactions				2,879	2,879
<b>As at June 30, 2018</b>	<b>31,758</b>	<b>1,187,895</b>	<b>8</b>	<b>-838,452</b>	<b>381,209</b>
Loss July - December 2018			-183	-104,423	-104,606
New share issue	615				615
Share-based payment transactions				1,313	1,313
<b>As at January 1, 2019</b>	<b>32,373</b>	<b>1,187,895</b>	<b>-175</b>	<b>-941,562</b>	<b>278,531</b>
Loss January - June 2019			94	-87,021	-86,927
Share-based payment transactions				883	883
<b>As at June 30, 2019</b>	<b>32,373</b>	<b>1,187,895</b>	<b>-81</b>	<b>-1,027,700</b>	<b>192,487</b>

Reserves comprise exchange differences on translation of foreign operations.

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK t	Apr - Jun		Jan - Jun		Jan - Dec
	2019	2018	2019	2018	2018
Operating loss	-47,820	-37,820	-86,815	-70,950	-174,404
Non-cash adjustments:					
-Share-based payments	441	1,716	883	2,879	4,192
-Exceptional cost	11,000	0	11,000	0	0
-Other	2,074	-593	1,369	-679	-962
Interests received	7	0	31	0	46
Interests paid	-60	-5	-128	-859	-868
Other paid financial costs	0	0	0	558	558
Income tax paid	-298	-996	-400	-1,011	-2,151
<b>Net cash flows from operating activities before changes in working capital</b>	<b>-34,656</b>	<b>-37,698</b>	<b>-74,060</b>	<b>-70,062</b>	<b>-173,589</b>
Changes in working capital	-7,623	7,056	-9,998	3,142	1,964
<b>Net cash flows from operating activities</b>	<b>-42,279</b>	<b>-30,642</b>	<b>-84,058</b>	<b>-66,920</b>	<b>-171,625</b>
Investments in intangible assets	-1,514	-79	-1,758	-182	-997
Investments in tangible assets	-232	-52	-617	-130	-1,609
Investments/disposals of financial assets	57	-115	95	-78	-113
<b>Net cash flows from investing activities</b>	<b>-1,689</b>	<b>-246</b>	<b>-2,280</b>	<b>-390</b>	<b>-2,719</b>
New share issue	0	0	0	334	949
Transaction costs, new share issue	0	0	0	-1,860	-1,860
Allotted warrants	0	740	0	740	740
Repayments of borrowings	-1,284	0	-2,562	-98,620	-98,620
<b>Net cash flows from financing activities</b>	<b>-1,284</b>	<b>740</b>	<b>-2,562</b>	<b>-99,406</b>	<b>-98,791</b>
<b>Net cash flow</b>	<b>-45,252</b>	<b>-30,148</b>	<b>-88,900</b>	<b>-166,716</b>	<b>-273,135</b>
Cash and cash equivalents as at beginning of period	219,141	397,179	261,468	533,367	533,367
Net exchange difference	-793	1,326	528	1,706	1,236
<b>Cash and cash equivalents as at end of period</b>	<b>173,096</b>	<b>368,357</b>	<b>173,096</b>	<b>368,357</b>	<b>261,468</b>

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK t	Apr - Jun		Jan - Jun		Jan - Dec
	2019	2018	2019	2018	2018
Net sales	10,313	13,880	20,625	22,530	51,578
Administrative expenses	-13,933	-20,148	-27,821	-32,692	-66,756
Other income	149	63	254	63	528
Other expenses	-402	-49	-740	-484	-1,033
<b>Operating loss</b>	<b>-3,873</b>	<b>-6,254</b>	<b>-7,682</b>	<b>-10,583</b>	<b>-15,683</b>
Net financial items	226	779	10	1,229	2,105
<b>Loss after financial items</b>	<b>-3,647</b>	<b>-5,475</b>	<b>-7,672</b>	<b>-9,354</b>	<b>-13,578</b>
Income tax	0	0	0	0	0
<b>Loss for the period</b>	<b>-3,647</b>	<b>-5,475</b>	<b>-7,672</b>	<b>-9,354</b>	<b>-13,578</b>

Parent company loss for the period equals comprehensive income.

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK t	Note	30 Jun		31 Dec
		2019	2018	2018
<b>ASSETS</b>				
Non-current financial assets		704,652	503,912	704,652
Other receivables	6	68,143	84,450	153
Prepaid expenses	6	1,344	1,248	728
Cash	6	146,475	332,554	243,247
<b>TOTAL ASSETS</b>		<b>920,614</b>	<b>922,164</b>	<b>948,780</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity	4	32,372	31,757	32,372
Unrestricted equity		866,980	878,103	874,620
<b>Total equity</b>		<b>899,352</b>	<b>909,860</b>	<b>906,992</b>
<b>Current liabilities</b>	6	<b>21,262</b>	<b>12,304</b>	<b>41,788</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>920,614</b>	<b>922,164</b>	<b>948,780</b>

## CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEK t	2019		2018				2017	
	Q2 <sup>2</sup>	Q1	Q4	Corr Q3 <sup>1</sup>	Q2	Q1	Q4	Q3
Net sales	37,320	32,828	23,108	14,246	28,184	31,085	27,039	32,677
Cost of sales	-5,047	-4,631	-3,460	-2,587	-3,548	-5,562	-4,513	-3,989
<b>Gross profit</b>	<b>32,273</b>	<b>28,197</b>	<b>19,648</b>	<b>11,659</b>	<b>24,636</b>	<b>25,523</b>	<b>22,526</b>	<b>28,688</b>
<b>Gross margin %</b>	<b>86.5%</b>	<b>85.9%</b>	<b>85.0%</b>	<b>81.8%</b>	<b>87.4%</b>	<b>82.1%</b>	<b>83.3%</b>	<b>87.8%</b>
Selling expenses	-52,689	-40,833	-38,760	-35,086	-31,820	-27,645	-21,488	-24,368
Research and development expenses	-15,987	-16,915	-17,607	-16,426	-17,193	-14,838	-19,748	-12,834
Administrative expenses	-10,482	-10,358	-9,343	-17,531	-14,940	-16,531	-15,479	-11,149
Other operating income	2,434	2,176	1,251	1,818	2,530	2,931	2,112	1,007
Other operating expenses	-3,369	-1,262	-226	-2,851	-1,033	-2,570	-1,303	-1,457
<b>Operating loss</b>	<b>-47,820</b>	<b>-38,995</b>	<b>-45,037</b>	<b>-58,417</b>	<b>-37,820</b>	<b>-33,130</b>	<b>-33,380</b>	<b>-20,113</b>
Net financial items	-53	-44	41	-4	-5	-497	-17,369	-2,373
<b>Loss before income tax</b>	<b>-47,873</b>	<b>-39,039</b>	<b>-44,996</b>	<b>-58,421</b>	<b>-37,825</b>	<b>-33,627</b>	<b>-50,749</b>	<b>-22,486</b>
Income tax	-67	-42	-629	-377	-379	-151	-601	-401
<b>Loss for the period</b>	<b>-47,940</b>	<b>-39,081</b>	<b>-45,625</b>	<b>-58,798</b>	<b>-38,204</b>	<b>-33,778</b>	<b>-51,350</b>	<b>-22,887</b>

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

1 Correction of error was published on February 13, 2019 regarding Q3 2018 for an error that arose in connection with the transition to a new ERP system. The error relates in its entirety to the EUROPE & REST OF WORLD segment. The error refers to internal profit calculation in inventories. Due to the error gross profit and profit for the third quarter of 2018, and inventories as of September 30, 2018, were overstated with 1.3 SEK m.

2 The period was affected by a non comparability with a negative impact of SEK 11.0 million. The item is a provision related to product returns from the previous US distributor, Zimmer Biomet.

## NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. Accounting principles have been applied as reported for the Annual Report per December 31, 2018. New or amended standards or interpretations of standards effective as of January 1, 2019 have not had any significant impact on BONESUPPORT's financial statements, except for IFRS 16 Leases described below.

IFRS 16 is applied from January 1, 2019 and replaces IAS 17. IFRS 16 implies that, in principle, all leases are recognized in the balance sheet, the right to use the leasing objects as tangible assets and the remaining lease payments as current and non-current debt. In the income statement, the leasing cost has been replaced by depreciation of the assets and interest expense on the lease liabilities. Key ratios such as equity ratio and debt/equity ratio have changed as liabilities in the balance sheet have increased. The leasing agreements that are reported in the balance sheet relate primarily to the leasing of premises. BONESUPPORT applies IFRS 16 according to a simplified method. This implies a calculation period based on the remaining payments, and that the comparison year is not recalculated. The right to use assets is valued at an amount equal to the leasing debt. Contracts shorter than 12 months have not been taken into account. As of January 1, 2019, the effect of transition to accounting in accordance with IFRS 16 means an increased balance sheet total of 14,416 SEK t.

## NOTE 2 SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various financial risks. The business is impacted by many factors that could affect the Group's result and financial position. It is BONESUPPORT's strategy to continuously identify and manage risks. Financial risk management is described in Note 2, Annual Report 2018.

## NOTE 3 TRANSACTIONS WITH RELATED PARTIES

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

SEK t	Related party	Service	Jan - Jun	
			2019	2018
	Route 2 Advisors Ltd (Simon Cartmell, board member)	Consultancy	289	0

## NOTE 4 NUMBER OF SHARES AND POTENTIAL SHARES

Ordinary shares	Number of shares	Potential shares
31 December 2018	51,795,917	2,951,250
30 June 2019	51,795,917	2,951,250

Series C shares	Number of shares
31 December 2018	0
Issued shares	505,000
30 June 2019	505,000

## NOTE 5 PLEGGED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of 56 USD t (520 SEK t) for rented premises. The parent company, BONESUPPORT HOLDING AB, guaranteed a corresponding amount.

The Group has pledged collateral for capital-invested direct pensions amounting to 979 SEK t (558).

## NOTE 6 FINANCIAL ASSETS AND LIABILITIES

Fair values of current financial assets and liabilities are assessed to agree with values accounted for.

## NOT 7 SEGMENT INFORMATION

The Group manages and monitors operations in the North America (NA) and Europe & Rest of World (EUROW) segments. Other comprise eliminations and other items, mainly costs for Group functions. Contribution per segment is calculated as net sales minus directly attributable operating costs. Such costs are related to cost of sales, selling expenses and research & development expenses. Assets and liabilities are not reported by segment, these are managed and monitored on Group level by management and the board of directors.

Net sales in Sweden (part of EUROW) was 2.6 SEK million (1.4) in Q2. US, Germany and UK were the only markets that delivered more than 10% of consolidated net sales.

SEK t	Apr - Jun 2019				Apr - Jun 2018			
<b>Profit and loss items</b>	<b>NA</b>	<b>EUROW</b>	<b>Other</b>	<b>Total</b>	<b>NA</b>	<b>EUROW</b>	<b>Other</b>	<b>Total</b>
Net sales	14,776	22,544	0	37,320	13,993	14,191	0	28,184
Cost of sales	-1,347	-3,700	0	-5,047	-1,544	-2,004	0	-3,548
<b>Gross profit</b>	<b>13,429</b>	<b>18,844</b>	<b>0</b>	<b>32,273</b>	<b>12,449</b>	<b>12,187</b>	<b>0</b>	<b>24,636</b>
Operative costs	-36,838	-15,088	0	-51,926	-18,386	-13,212	0	-31,598
<b>Contribution</b>	<b>-23,409</b>	<b>3,756</b>	<b>0</b>	<b>-19,653</b>	<b>-5,937</b>	<b>-1,025</b>	<b>0</b>	<b>-6,962</b>
Other operating items	0	0	-28,167	-28,167	0	0	-30,858	-30,858
<b>Operating result</b>	<b>-23,409</b>	<b>3,756</b>	<b>-28,167</b>	<b>-47,820</b>	<b>-5,937</b>	<b>-1,025</b>	<b>-30,858</b>	<b>-37,820</b>
Net financial items	0	0	-53	-53	0	0	-5	-5
<b>Result after financial items</b>	<b>-23,409</b>	<b>3,756</b>	<b>-28,220</b>	<b>-47,873</b>	<b>-5,937</b>	<b>-1,025</b>	<b>-30,863</b>	<b>-37,825</b>

SEK t	Apr - Jun 2019			Apr - Jun 2018		
<b>Net sales per product group</b>	<b>NA</b>	<b>EUROW</b>	<b>Total</b>	<b>NA</b>	<b>EUROW</b>	<b>Total</b>
CERAMENT BVF	14,776	3,735	18,511	13,993	2,695	16,688
CERAMENT drug eluting <sup>1</sup>	0	18,809	18,809	0	11,496	11,496
<b>TOTAL</b>	<b>14,776</b>	<b>22,544</b>	<b>37,320</b>	<b>13,993</b>	<b>14,191</b>	<b>28,184</b>

SEK t	Jan - Jun 2019				Jan - Jun 2018			
<b>Profit and loss items</b>	<b>NA</b>	<b>EUROW</b>	<b>Other</b>	<b>Total</b>	<b>NA</b>	<b>EUROW</b>	<b>Other</b>	<b>Total</b>
Net sales	26,295	43,853	0	70,148	29,925	29,344	0	59,269
Cost of sales	-2,588	-7,090	0	-9,678	-4,007	-5,103	0	-9,110
<b>Gross profit</b>	<b>23,707</b>	<b>36,763</b>	<b>0</b>	<b>60,470</b>	<b>25,918</b>	<b>24,241</b>	<b>0</b>	<b>50,159</b>
Operative costs	-62,860	-32,070	0	-94,930	-33,819	-26,092	0	-59,911
<b>Contribution</b>	<b>-39,153</b>	<b>4,693</b>	<b>0</b>	<b>-34,460</b>	<b>-7,901</b>	<b>-1,851</b>	<b>0</b>	<b>-9,752</b>
Other operating items	0	0	-52,355	-52,355	0	0	-61,198	-61,198
<b>Operating result</b>	<b>-39,153</b>	<b>4,693</b>	<b>-52,355</b>	<b>-86,815</b>	<b>-7,901</b>	<b>-1,851</b>	<b>-61,198</b>	<b>-70,950</b>
Net financial items	0	0	-97	-97	0	0	-502	-502
<b>Result after financial items</b>	<b>-39,153</b>	<b>4,693</b>	<b>-52,452</b>	<b>-86,912</b>	<b>-7,901</b>	<b>-1,851</b>	<b>-61,700</b>	<b>-71,452</b>

SEK t	Jan - Jun 2019			Jan - Jun 2018		
<b>Net sales per product group</b>	<b>NA</b>	<b>EUROW</b>	<b>Total</b>	<b>NA</b>	<b>EUROW</b>	<b>Total</b>
CERAMENT BVF	26,295	6,956	33,251	29,925	6,065	35,990
CERAMENT drug eluting <sup>1</sup>	0	36,897	36,897	0	23,279	23,279
<b>TOTAL</b>	<b>26,295</b>	<b>43,853</b>	<b>70,148</b>	<b>29,925</b>	<b>29,344</b>	<b>59,269</b>

<sup>1</sup> CERAMENT drug eluting includes CERAMENT G and CERAMENT V

## NOTE 8

### WARRANTS AND EMPLOYEE STOCK OPTION PROGRAMS

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

#### Employee stock option programs

Of the three employee stock option programs, two run over ten years and expire 2022 and 2025 and one program runs over eight years and expires 2024. For the employee stock option programs, each stock option gives the holder the right to acquire 0.2 ordinary share of the company when exercising the option. The employee stock options are vested according to a schedule in each program. A condition for allotment of options is employment or a contractual relationship with the company at each vesting date. Of the allocated 25.7 million options at January 1, 2019, 20.4 million options were vested before 1 January 2019 and 0.4 million options were vested during the first six months of the year.

#### Performance share programs

There is one program for employees and one program for three Directors. Both programs run over four years until 2021. Each savings share gives the opportunity to be allotted a maximum of 2,3 or 4 performance shares without payment depending on share price development and the Company's development in terms of sales and EBITDA 2018-2021. The performance shares were issued in the form of class C-shares with a subscription price and quota value of 0.625 SEK per share.

Employee stock options and performance shares are valued at fair value at the date of allocation. The total cost is distributed over the vesting period. The cost is accounted for as personnel cost and is credited to equity. The social security cost is revalued at fair value. When the options are exercised, the company issues new shares. Payments received on behalf of the shares issued are credited to equity.

#### Warrant programs

There are three warrant programs where the latest program was executed in 2018. Warrants in the first two programs give the holder the right to acquire 0.2 ordinary shares and the third program 1 share.

Further information on these programs is presented in Notes 12, 23 and 25 in the Annual Report 2018.

<b>Employee stock option programs</b>	<b>No of options <sup>1</sup></b>	<b>Equal to no of shares</b>	<b>WAEP <sup>2</sup></b>
Balance January 1, 2019	6,180,190	1,236,038	9.92
Balance June 30, 2019	6,180,190	1,236,038	9.92

<b>Performance share programs</b>	<b>No of shares</b>	<b>Equal to no of shares</b>	<b>WAEP <sup>2</sup></b>
Balance January 1, 2019	505,000	505,000	0.00
Balance June 30, 2019	505,000	505,000	0.00

<b>Warrant programs</b>	<b>No of options</b>	<b>Equal to no of shares</b>	<b>WAEP <sup>2</sup></b>
Balance January 1, 2019	4,606,664	1,210,210	20.87
Balance June 30, 2019	4,606,664	1,210,210	20.87

1 Not allocated options amounted to 3 824 338

2 Weighted Average Exercise Price per share (SEK)

# DEFINITIONS

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

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

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

**BMA.** Bone marrow aspirate.

**BMP.** Bone Morphogenic Protein.

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

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

**CERAMENT BVF.** CERAMENT BONE VOID FILLER

**CERAMENT G.** CERAMENT G, CERAMENT with gentamicin

**CERAMENT V.** CERAMENT V, CERAMENT with vancomycin

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

**CF.** Cash Flow.

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

**DBM.** Demineralized bone matrix. A bone substitute biomaterial.

**DR.** Doctor.

**FDA.** US Food and Drug Administration.

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

**Hematoma.** A localized collection of blood outside the blood vessels.

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

**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 tissues.

**Osteomyelitis.** A bacterial infection affecting bones.

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

**SOLARIO** is a randomized unblinded European multicenter study with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment times compared to systemic antibiotics.

**Toxicity.** The degree to which substance (a toxin or poison) can harm humans or animals.

**12M.** 12 Months (shows economic turn out during the latest 12 months before period end).

# DEFINITIONS - ALTERNATIVE PERFORMANCE MEASURES

**BONESUPPORT uses Alternative Performance Measures (APM) to enhance understandability of the information in the financial reports, both for external analysis, comparison and internal performance assessment.**

Alternative Performance Measures are key figures not defined in financial reports prepared according to IFRS. The following key figures are used:

## Sales growth

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

## Gross profit

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

## Gross margin

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

## Contribution

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

## Interest bearing debt

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

## Net debt

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

	Apr - Jun		Jan - Jun		Jan - Dec
	2019	2018	2019	2018	2018
Net sales, SEK million	37.3	28.2	70.1	59.3	96.6
<b>Sales growth, %</b>	<b>32.4</b>	<b>-24.0</b>	<b>18.4</b>	<b>-14.8</b>	<b>-25.3</b>
Cost of sales, SEK million	-5.0	-3.5	-9.7	-9.1	-15.2
<b>Gross profit, SEK million</b>	<b>32.3</b>	<b>24.6</b>	<b>60.5</b>	<b>50.2</b>	<b>81.5</b>
<b>Gross margin, %</b>	<b>86.5</b>	<b>87.4</b>	<b>86.2</b>	<b>84.6</b>	<b>84.3</b>
Directly attributable selling expenses, SEK million	-45.5	-25.3	-81.9	-48.9	-112.6
Selling expenses, not directly attributable, SEK million	-7.2	-6.5	-11.6	-10.6	-20.7
<i>Selling expenses, SEK million</i>	<i>-52.7</i>	<i>-31.8</i>	<i>-93.5</i>	<i>-59.5</i>	<i>-133.3</i>
Directly attributable research & development expenses, SEK million	-6.4	-6.3	-13.0	-11.0	-23.6
Research & development expenses, not directly attributable, SEK million	-9.6	-10.9	-19.9	-21.0	-42.5
<i>Research &amp; development expenses, SEK million</i>	<i>-16.0</i>	<i>-17.2</i>	<i>-32.9</i>	<i>-32.0</i>	<i>-66.1</i>
<b>Contribution, SEK million</b>	<b>-19.6</b>	<b>-7.0</b>	<b>-34.5</b>	<b>-9.7</b>	<b>-54.7</b>

	30 Jun		31 Dec
	2019	2018	2018
Non-current borrowings, SEK million	6.7	0.0	0.0
Current borrowings, SEK million	5.2	0.0	0.0
<b>Interest bearing debt, SEK million</b>	<b>11.9</b>	<b>0.0</b>	<b>0.0</b>
Cash and cash equivalents, SEK million	173.1	368.4	261.5
<b>Net debt, SEK million</b>	<b>-161.2</b>	<b>-368.4</b>	<b>-261.5</b>



## ABOUT BONESUPPORT

BONESUPPORT HOLDING AB (publ), reg id. 556802-2171, with registered office in Lund, is the parent company of BONESUPPORT AB. BONESUPPORT is a fast growing orthobiologics company in the commercial phase that targets the major orthopedic markets in the US and Europe. BONESUPPORT was founded in 1999 and has its registered office in Lund with wholly owned subsidiaries in the US, UK, Germany, Sweden, Denmark, Switzerland, Spain and the Netherlands and a branch office in France.

BONESUPPORT is active in orthobiological products, developing and commercializing innovative injectable bioceramic bone graft substitutes which remodel to host bone and have the capability of eluting drugs directly into the bone void. BONESUPPORT's marketed synthetic bone graft substitutes are CERAMENT BVF, CERAMENT G and CERAMENT V, all of which are based on the novel and proprietary CERAMENT technology platform. To date, all BONESUPPORT's marketed products have undergone the medical device approval process in the markets in which they are currently available. The company is not aware of any other commercially available products with the same properties as CERAMENT G and CERAMENT V, i.e. an injectable antibiotic-eluting bone graft substitute with proven rapid remodeling into host bone.

BONESUPPORT's products represent an innovative technology backed by an intellectual property portfolio of approximately 100 registered and/or pending patents.

BONESUPPORT has 13 years of documented experience of safety and efficacy and, based on sales data, estimates that more than 35,000 treatments have been performed with its products worldwide. There is a great market potential in trauma, chronic osteomyelitis, revision arthroplasty, bone tumors and diabetic foot infections. The company's research focuses on continuing to further develop and refine the current technology and extend it to further indications by the release of other drugs.

CERAMENT BVF is currently commercially available in several markets in Europe, the US, India, Malaysia, Oman and Singapore. CERAMENT G and CERAMENT V are available in the same European markets, as well as in Malaysia and Oman. CERAMENT G is also available in 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 INTERIM REPORT APRIL – JUNE 2019

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The company invites investors, analysts and media to a web conference (in English) on July 25 at 13.00 CEST, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will be avail-

able on BONESUPPORT's website from 08.00 CEST on the same day and the presentation from the webcast will be uploaded during the day on July 25. For further details regarding participation, see the investor pages at [www.bonesupport.com](http://www.bonesupport.com)

## FORWARD LOOKING STATEMENTS

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The report contains certain forward looking information that reflects BONESUPPORT's current views of future events and financial and operational performance. Words such as "intends", "anticipates", "expects", "can", "plans", "estimates" and similar expressions regarding indications or forecasts of future developments or trends, and which are not based on historical facts, constitute forward looking information. Forward looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events

and circumstances. Forward- looking information is not a guarantee of future results or developments and actual results may differ materially from results referred to in forward looking information. Forward looking information in the report is only applicable on the date of issue of the report. BONESUPPORT does not commit to publishing updates or revision of any forward- looking statements as a result of new information, future events or similar circumstances other than those required by applicable legislation.

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