

Q4 STRONG DEVELOPMENT DESPITE ONGOING PANDEMIC

CONTINUED RECOVERY IN EUROW

OCTOBER - DECEMBER 2020

- Net sales increased by 15 percent and amounted to SEK 53.2 million (46.2).
- The North America (NA) segment reported a sales increase of 23 percent.
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 7 percent.
- The gross margin improved to 89.8 percent (88.9). The gross margin was affected positively by the sales increase in NA.
- Operating result amounted to SEK -26.7 million (-38.6).
- Earnings per share, before and after dilution, were SEK -0.43 (-0.79).

JANUARY - DECEMBER 2020

- Net sales increased by 16 percent and amounted to SEK 180.9 million (155.5).
- The North America (NA) segment reported a sales increase of 47 percent.
- The Europe & Rest of the World (EUROW) segment reported a 7 percent decline in sales.
- The gross margin improved to 89.4 percent (87.4).
- Operating result amounted to SEK -98.6 million (-158.1).
- Earnings per share, before and after dilution, were SEK -1.72 (-3.10).

"We have built a strong foundation for our future market introduction of CERAMENT G in North America."

Emil Billbäck, CEO

EVENTS DURING THE REPORTING PERIOD

- BONESUPPORT announced in November that Simon Cartmell leaves BONESUPPORT's Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

- BONESUPPORT was moved from the Small Cap to the Mid Cap segment on Nasdaq Stockholm on January 4, 2021.
- The recruitment rate to ongoing studies has been influenced which has led to a changed end date for the SOLARIO study: Q1 2023.
- The start of 2021 has continued to be impacted by the COVID-19 pandemic, resulting in fewer trauma and elective surgeries.

KEY FIGURES	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Net sales, SEKm	53.2	46.2	180.9	155.5
Sales growth, % ¹	15.1	99.9	16.3	60.9
Gross profit, SEKm	47.8	41.1	161.6	135.9
Gross margin, % ¹	89.8	88.9	89.4	87.4
Operating loss, SEKm	-26.7	-38.6	-98.6	-158.1
Loss for the period, SEKm	-27.2	-40.8	-101.4	-161.1
Equity at period end, SEKm	398.9	124.3	398.9	124.3
Net debt, SEKm ¹	-343.3	-81.7	-343.3	-81.7
Operating cash flow, SEKm	-21.5	-37.8	-100.3	-163.8
Cash at period end, SEKm	353.7	92.1	353.7	92.1
Earnings per share, SEK	-0.43	-0.79	-1.72	-3.10

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

CEO COMMENTS ON THE FOURTH QUARTER

STRONG UNDERLYING DEMAND WAS SUPPRESSED BY THE PANDEMIC

The fourth quarter meant a new sales record of SEK 53 million for BONESUPPORT, which corresponds to an increase of 16 percent year over year. After a strong start to the quarter, there was a slowdown in the number of surgeries following a sharp increase in the hospital capacity utilization and a reprioritization of resources as a result of an accelerating pandemic.

Emil Billbäck
CEO BONESUPPORT



The fourth quarter began strongly in the North America segment, with healthcare making efforts to address parts of the healthcare debt that had accumulated during the late spring. Following a sharp increase in COVID-19 incidence, the number of surgeries slowed down, which had a negative effect on sales in densely populated areas, especially in the southwestern United States, where CERAMENT has established a strong presence. Despite this, sales for the quarter rose 23 percent compared to the previous year. Since transitioning to a new distribution structure in October 2018, we have a stronger representation towards important purchasing organizations (GPOs), which leads to improved market penetration and a strong foundation for a future market introduction of CERAMENT G.

In the spring, we received a so-called Breakthrough designation for CERAMENT G for the indication bone infection (osteomyelitis) from the US Food and Drug Administration (FDA) and shortly thereafter we submitted the CERAMENT G De Novo application to the authority. The application process is proceeding according to plan and we remain in the assessment that the application could lead to a market approval beginning of 2021.

Our intention is to broaden the indication for CERAMENT G in the future, to include trauma, among others. The FORTIFY study, which is expected to form the basis for a broader market approval, is proceeding according to plan and is expected to be completed by mid 2021.

The pandemic has also had a major impact on our sales in the Europe & Rest of the World (EUROW) segment. Non-critical or-

thopedic surgeries have increasingly been postponed to the future as the spread of infection increased during the second wave of the pandemic.

However, the EUROW segment showed a continued recovery during the fourth quarter and sales increased by 24 percent quarter over quarter and by seven percent year over year. The increase in sales in the quarter can mainly be attributed to an increased general patient frequency at larger, established clinics. New customer acquisition activities have been suppressed by the pandemic. A successful digital transformation of the entire organization has meant that we have been able to meet customers on new platforms. We have conducted a number of well-attended digital seminars and webinars and have thus succeeded in reaching both current and potential customers in an efficient manner. This has to some extent already been driving in sales, but above all it is an investment in the future.

For the full year, BONESUPPORT grew 16 percent, which, in comparison with the signals we received, was judged to be significantly stronger than the market (US + EU).

In addition to the pandemic, 2020 was dominated by the preparations of the market introduction of CERAMENT G in the US market. In 2021, I look forward to a positive announcement from the FDA regarding our De Novo application and towards the completion of the FORTIFY study. We estimate that the pandemic, during the beginning of 2021, will continue to have a major impact on the number of surgeries, but that during the second half of 2021 we can seriously accelerate our growth. A large healthcare debt with orthopedic surgeries has been built up and we see that CERAMENT's unique benefits that enable a one-step procedure can contribute to value for both patients and the healthcare system. In the long term, our goal of growing sales by 40 percent per year remains.

COVID-19 PANDEMIC'S IMPACT ON BONESUPPORT

Despite a strong start in the fourth quarter, the pandemic had a dampening effect on the company's sales with a clear slowdown at the end of the quarter, following an accelerating infection incidence in both North America and Europe. Below is a perspective of how BONESUPPORT was affected during the quarter and the assessments that can currently be made for the start of 2021, as well as how BONESUPPORT is acting to handle this serious situation.

EFFECTS DURING THE FOURTH QUARTER

- The pandemic has continued to have a large impact on non-critical orthopedic surgeries. Restrictions, government measures and a lower level of activity in the population have led to a reduced level of trauma operations.
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EXPECTED DEVELOPMENT

- The corresponding impact of the pandemic on BONESUPPORT, to that which was seen during 2020 and part of the fourth quarter, can be expected during the beginning of 2021, depending on the extent of the spread of infection, restrictions and healthcare priorities.
- In the longer term, the pandemic is expected to have a limited impact on the need that exists for BONESUPPORT's products, whether it concerns trauma or elective surgeries.

SELECTION OF MEASURES TAKEN TO PROTECT PERSONNEL AND OPERATIONS

- Recommended hygiene practices and enabling for the employees to work from home.
- During the quarter, there were no reductions in working hours or temporary voluntary wage reductions.
- A well-functioning manufacturing process in combination with maintaining high security stocks guarantees good delivery capacity over the coming quarters.

CLINICAL STUDIES

- FORTIFY has, in consultation with the FDA, terminated the recruitment of new patients prematurely and entered a new phase of patient follow-up.
- As communicated previously, the recruitment rate to ongoing studies has been influenced which has led to a changed end date for the SOLARIO study: Q1 2023.
- The recruitment rate to other clinical studies is somewhat affected by the pandemic, but this has, at present, not led to the need for revising communicated milestones for these studies.



NORTH AMERICA (NA)

The American market is the world's largest for synthetic bone graft products and is thereby the most important market for the company. The focus of the North America segment is the continued development of the distribution structure established during 2018. The preparations for a market introduction of the company's antibiotic eluting product CERAMENT G has been intensified following the submission of a De Novo application to the FDA for the indication osteomyelitis (bone infection) in April 2020. The application could potentially lead to a market approval at the beginning of 2021. Sales in the quarter grew by 23 percent compared to the fourth quarter of 2019.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 28.6 million (23.3), which corresponds to a growth of 23 percent. The new distribution structure means improved geographical coverage and allows for broader market penetration of different indications. The continuously strengthened customer base together with the larger GPO contracts (Group Purchasing Organisation) that were signed during last year, contribute to the sales increase. The quarter started strongly, but as the COVID-19 incidence increased, the number of operations slowed down, which had a negative effect on sales in densely populated areas such as the southwestern United States, where CERAMENT has established a strong market presence.

Contribution¹

The contribution from the segment was SEK 0.1 million (-9.3). The improved contribution is due to increased sales and lower costs. Sales and marketing expenses during the quarter amounted to SEK 21.5 million (25.7), of which sales commissions to the distributors amounted to SEK 8.4 million (8.0). The contribution was also burdened by R&D costs amounting to SEK 5.5 million (5.5).

JANUARY - DECEMBER

Net sales amounted to SEK 99.7 million (68.0), corresponding to an increase of 47 percent.

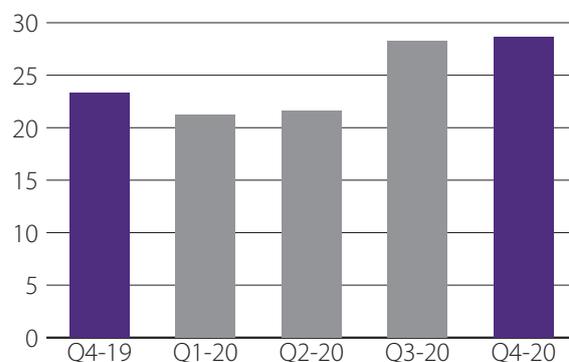
The contribution amounted to SEK -16.8 million (-56.5). The contribution has improved by SEK 28.7 million, excluding the item

affecting comparability last year². The improved contribution is mainly due to the increase in sales.

Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Net sales	28.6	23.3	99.7	68.0
Gross profit	27.2	21.8	93.7	62.4
Contribution	0.1	-9.3	-16.8	-56.5

Net sales per quarter, SEKm



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

² The period was affected by a non comparability item with a negative impact of SEK 11.0 million on the operating result. The item was related to repurchase of stock items from the previous US distributor.



EUROPE & REST OF THE WORLD (EUROW)

In Europe, CERAMENT is sold by both the company's own sales organization and by distributors. Germany, the United Kingdom, Switzerland, Sweden, Denmark and the BENELUX countries are key markets where BONESUPPORT has its own sales staff. In other European markets and in other parts of the world (ROW), the company cooperates with specialist distributors. The focus is on accelerating sales and use of CERAMENT in established and new markets through increased market access through, above all, the provision of published clinical and health economic evidence. Sales in the quarter continued to be affected by the COVID-19 pandemic. Non-critical orthopedic surgeries have largely been postponed to the future and, in addition, a generally lower level of activity in society has led to significantly fewer acute trauma surgeries.

OCTOBER – DECEMBER

Sales

Sales for the period amounted to SEK 24.5 million (22.9), which corresponds to growth of 7 percent. Sales for the segment showed a continued recovery and increased by 24 percent compared with the third quarter this year. The end of the period was marked by a market slowdown as an effect of the COVID-19 pandemic gaining new momentum with fewer emergency and planned operations as a result. Sales in key markets during the period accounted for 86 percent (84) of the segment's sales. Sales of the antibiotic-releasing products CERAMENT G and CERAMENT V increased by 5 percent.

Contribution¹

The contribution from the segment was SEK 5.6 million (-0.5). The increased contribution is explained by higher sales and lower costs. Sales and marketing expenses decreased by SEK 4.3 million compared with the corresponding period last year and amounted to SEK 15.0 million (19.3). The decrease is partly due to a transition to cost-effective meetings on digital platforms, as a direct effect of the pandemic and the restrictions on physical meetings that have been applied.

JANUARY – DECEMBER

Net sales amounted to SEK 81.1 million (87.4), a decrease of 7 percent compared with the previous year. The decreased sales during the period are a direct effect of a reduced number of orthopedic surgeries during the COVID-19 pandemic. Sales of the

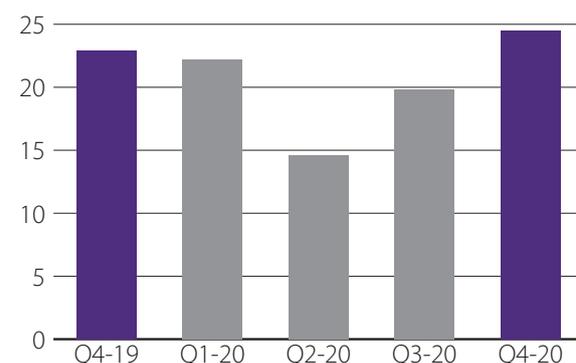
antibiotic release products CERAMENT G and CERAMENT V decreased by 8 percent.

The contribution amounted to SEK 13.2 million (8.0). Lower costs have led to a better contribution than last year.

Net sales, gross profit and contribution, SEKm

	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Net sales	24.5	22.9	81.1	87.4
Gross profit	20.6	19.3	67.9	73.5
Contribution	5.6	-0.5	13.2	8.0

Net sales per quarter, SEKm



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



RESEARCH AND DEVELOPMENT

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

Several different combinations with CERAMENT have been investigated to add osteoinductive properties, meaning the ability to actively stimulate bone healing. Among others, the company has conducted research in the form of preclinical candidates that have combined CERAMENT with bisphosphonates, bone morphogenic proteins (BMP), bone marrow aspirate (BMA) and demineralized bone matrix (DBM). Prioritized product candidates for own development are CERAMENT with bisphosphonate and CERAMENT with DBM, while CERAMENT with BMP is a candidate for potential partner development.

Bisphosphonate is a well-established substance in the treatment of osteoporosis and is used to limit the activity of osteoclasts, resulting in improved bone remodeling and bone density. Demineralized bone matrix (DBM) is based on allograft reduced on minerals. The material has been shown to have a wide use in conditions and situations where there is weak natural bone remodeling.

CLINICAL EVIDENCE, A STRATEGIC CORNERSTONE

One of the three cornerstones of the strategy is to provide industry-leading scientific and clinical evidence that validates the many benefits of CERAMENT. Already today there is a comprehensive database of more than 160 research publications and abstracts of preclinical and clinical studies with CERAMENT.

RESULTS FROM CERTIFY DRIVES CHANGED STANDARD OF CARE

CERTiFy is a randomized, controlled clinical trial conducted at 20 trauma centers in Germany with 135 patients. The study, which was done on tibia plateau fractures, shows that CERAMENT BVF can replace autograft as a standard of care. The study confirmed that CERAMENT has the ability to be converted to bone. In addition, treatment with CERAMENT BVF resulted in significantly low-

er patient-experienced post-operative pain and a significantly lower blood loss. BONESUPPORT expects the results of the study published in *The Journal of Bone & Joint Surgery* in December 2019 to represent a milestone in driving change in the standard of care and that more clinics in consultation with the patient will choose CERAMENT over autograft.

THE DE NOVO APPLICATION IN THE USA

In mid-March 2020, CERAMENT G received "Breakthrough Device" status by FDA, a category exclusively for therapies that provide more effective treatment or diagnosis of life-threatening or severely irreversible diseases and at the same time represent a breakthrough technology. In April, BONESUPPORT submitted a so-called De Novo application to the FDA, based on already published clinical evidence from the Nuffield Orthopaedic Centre, Oxford, among others, for the indication osteomyelitis. Studies from the Nuffield Orthopaedic Centre have shown that the use of CERAMENT G significantly reduces the frequency of re-infections and the need for further surgery. A De Novo application can be made when there is no comparable established alternative ("predicate device") on the market. The application could potentially lead to a market approval for the indication bone infection at the onset of 2021.

THE FORTIFY STUDY

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 study, which includes patients from both US and European clinics, will form the basis for supporting a planned application to the FDA, for a wide range of indications for CERAMENT G, including trauma. The patient enrollment to FORTIFY ended in June 2020 and the application is expected to be submitted by the end of 2021. This process continues according to plan regardless of the company's De Novo application.

THE SOLARIO STUDY

BONESUPPORT supports the SOLARIO study (Short or Long Antibiotic Regimes in Orthopaedics), with the aim of investigating if synthetic bone graft substitutes containing antibiotics can lead to shorter treatment times compared to systemic antibiotics and thereby reduce risk of antibiotic resistance, side effects and additional costs. The study is led by the Oxford University Hospital's NHS Foundation Trust in collaboration with EBJIS (European Bone and Joint Infection Society). SOLARIO is a randomized unblinded European multicenter study that is expected to include 500 patients. The first patient was recruited in February 2019 and the study is expected to be closed during Q1 2023. A positive result of the study may mean a paradigm shift in the protocol for treating bone infections.

THE CONVICTION STUDY

The French CRIOAc¹ Network has initiated CONVICTION, a randomized controlled trial to evaluate the efficacy of CERAMENT G in the treatment of osteomyelitis. The French Ministry of Health has decided to fund the study with a research grant from BONESUPPORT to partially finance the products used in the study.

The study will evaluate the effectiveness of CERAMENT G in the treatment of osteomyelitis. The study is a national multicenter study and will be conducted by clinics that are part of the CRIOAc network.

A positive outcome of the study would mean that a large commercial opportunity is enabled in the French market and that improved reimbursement status is obtained.

¹ CRIOAc (Reference Center for Osteoarticular Infections) is a healthcare network in France that is implemented through a nationwide health ministry program to improve outcomes in the management of bone and joint infections.

HEALTH ECONOMICS

One of the largest challenges when introducing new and innovative healthcare treatment is to ensure that healthcare systems around the world understand the value of the treatment and include it in the care offered. The value of a treatment is determined in various ways in different countries and BONESUPPORT undertakes a variety of activities to ensure that the company's products are included in the remuneration systems where our products are marketed. During the year, we strengthened our expertise in the area with an experienced project manager and established collaborations with local partners in strategic markets.

Some of the obvious health benefits that come from the clinical benefits CERAMENT offers are a reduced utilization of healthcare resources. A reduced number of re-infections as a result of treatment with CERAMENT G and CERAMENT V in a one-step procedure naturally leads to fewer return visits and fewer operations and, as a consequence, fewer hospital stays. Another way of looking at health economic benefits is from the patient and relative perspective - patients with good treatment results receive an improved quality of life and the opportunity for an active life. Improved clinical outcomes also have a positive impact on society as a whole - such as fewer sick leaves, reduced need for rehabilitation and care. The significance of health benefits and the calculation models for evaluating the cost-effectiveness of health benefits differ between different healthcare systems. The model we have now established will increase our opportunities to more quickly include the CERAMENT platform in replacement systems in new markets.

REDUCED NUMBER OF RE-INFECTIONS - REDUCES THE LENGTH OF STAY

When CERAMENT G was introduced in the Great Britain in 2013, the Nuffield Orthopaedic Centre was one of the first clinics to implement CERAMENT G into its treatment algorithm. Nuffield Orthopaedic Centre is one of the leading clinics in Europe for orthopedics and treatment of bone infections.

In 2016, Professor Martin McNally presented the clinical results of his first 100 osteomyelitis patients treated with single-stage surgery and CERAMENT G. The results showed an impressive 56 percent reduction in the degree of re-infection compared with results from previous treatment methods. The positive experience with CERAMENT led to a collaboration to study the health economic benefits of the positive clinical results.

The study is based on data from the official statistics database for healthcare in Great Britain, NHS's Hospital Episode Statistics (HES). All patients who underwent surgical treatment for osteomyelitis during 2013-2017 (over 25,000 patients) were analyzed.

Patients were followed for two years before and after surgical treatment. The analysis compared patients treated at Nuffield after the introduction of CERAMENT G or CERAMENT V in a single-stage procedure with all patients cared for at other hospitals in Great Britain.

The first preliminary results showed that the hospital stay associated with osteomyelitis surgery was reduced by a third - an aver-

age of five days per patient. The data also showed that patients treated at Nuffield Orthopaedic Centre had, on average, eleven days shorter hospital stay in the following two years after surgery. The average cost of care per patient per day at a hospital in Great Britain is GBP 437.

These preliminary data show significant health economic benefits in single-stage surgery with CERAMENT G or CERAMENT V in the treatment of osteomyelitis. The total savings in reductions in length of stay associated with surgery and subsequent care alone, could amount to approximately GBP 44 million annually, calculated on 6,250 treated patients per year.

REDUCED RISK OF DEEP INFECTIONS WITH CERAMENT G AND CERAMENT V

Another area where CERAMENT G and CERAMENT V could help reduce healthcare costs is in the treatment of open tibial fractures. Open tibial fractures represent about 15 percent¹ of all tibial fractures and have a high incidence of infection, with no bone healing as a result. Bone infections often lead to great suffering for the patient and very high healthcare costs.

In a Belgian study by Hoekstra et al¹ of 358 patients, the cost of tibial fractures was studied. The study showed that the healthcare costs for the patients who suffered from a deep infection were on average five times higher than for those who did not get an infection, which resulted in the costs increasing from EUR 9,500 to EUR 48,700.

FORTIFY is designed to create the highest possible level of evidence regarding CERAMENT G and effective management of open tibial fractures, but already today there are a number of studies that show that CERAMENT contributes to cost-effective care by reducing the number of deep infections. One of these is a study by Jahangir et al² on 51 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, no patient suffered from a deep infection. This shows that one-step treatment with antibiotic-eluting CERAMENT for open tibial fractures can effectively reduce the incidence of cost-driving infections.

The support for the Dutch registry study for fracture-related infections, that was previously announced, has been placed on hold, given changes in care priorities during the pandemic. Potential new sites for the study is being evaluated.

1. Hoekstra et al. Economics of open tibial fractures: the pivotal role of length-of-stay and infection. *Health Econ Rev* 2017; 7:32

2. Jahangir et al. "The use of adjuvant local antibiotic hydroxyapatite bio-composite in the management of open Gustilo Anderson type IIB fractures. A prospective review." *Journal of Orthopaedics* vol. 16.3 278-282.

FINANCIAL OVERVIEW

PROFIT AND LOSS

OKTOBER – DECEMBER 2020

Net sales

Net sales amounted to SEK 53.2 million (46.2), an increase of 15 percent compared to the previous year.

In the North America segment, sales amounted to SEK 28.6 million (23.3), which corresponds to growth of 23 percent. A number of larger clinics have had fewer operations in the quarter as a result of the ongoing pandemic. At the same time, the customer base in the US has expanded as a result of the company's strategy and growing success with the new distribution network, which offsets the temporary decline in sales seen at a number of established customers.

Sales for the EUROW segment showed a continued recovery and increased by 7 percent to SEK 24.5 million (22.9) and with 24 percent compared with the third quarter this year. The end of the period was marked by a market slowdown as an effect of the COVID-19 pandemic gaining new momentum with fewer emergency and planned operations as a result.

The currency translation effect amounted to SEK -1.8 million (0.0).

Cost of goods sold

Cost of goods sold amounted to SEK 5.4 million (5.1), giving a gross margin of 89.8 percent (88.9). Increased sales in the US had a positive impact on gross profit.

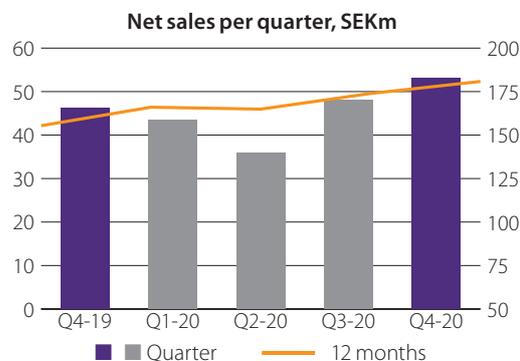
Selling expenses

Selling expenses including sales commissions amounted to SEK 42.3 million (49.3), a decrease of 14 percent. Personnel costs increased to SEK 22.6 million (21.2). Costs for sales commissions in NA also increased, to SEK 8.4 million (8.0). Other selling expenses were reduced to SEK 11.3 million (20.1), driven by reduced travel costs as well as canceled congresses and meetings, as an effect of the ongoing pandemic.

The NA segment reported a cost decrease to SEK 21.5 million (25.7). In EUROW, expenses amounted to SEK 15.0 million (19.3). Unallocated costs increased to SEK 5.8 million (4.3).

Research and development expenses

Research and development expenses amounted to SEK 16.5 million (18.5). Personnel costs increased to SEK 7.3 million (6.7) which



can partly be explained by the filling of vacancies. Other expenses totaled SEK 9.2 million (11.8) which is due to the fact that the FORTIFY study has recruited the last patient and thus entered a new phase and that the pace of implementation in other studies was affected by the pandemic.

The NA segment reported Research and development expenses amounting to SEK 5.5 million (5.5).

Administrative expenses

Administrative expenses amounted to SEK 12.6 million (11.6). Personnel costs excluding provisions within the framework of active incentive programs, amounted to SEK 6.1 million (6.1). Other expenses amounted to SEK 6.5 million (5.5).

Other operating income and expenses

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

Operating result

Operating result amounted to SEK -26.7 million (-38.6), where the decreased loss is mainly explained by higher sales and reduced operating costs.

Loss for the period

For the reasons described above, the loss for the quarter amounted to SEK -27.2 million (-40.8), which corresponds to earnings per share of SEK -0.43 (-0.79).

JANUARY – DECEMBER 2020

Net sales

Net sales amounted to SEK 180.9 million (155.5), an increase of 16 percent. The NA segment increased by 47 percent to SEK 99.7 million (68.0) and the EUROW segment decreased by 7 percent to SEK 81.1 million (87.4).

Operating result

Operating result amounted to SEK -98.6 million (-158.1), where the previous year was charged with an item affecting comparability of SEK 11 million related to repurchase of stock items

from the previous US distributor. The increase in sales contributed positively to improved gross profit while operating costs reduced as a result of the pandemic and implemented savings.

Loss for the period

For the reasons described above, the loss for the year amounted to SEK -101.4 million (-161.1), which corresponds to earnings per share of SEK -1.72 (-3.10).

FINANCIAL POSITION AND CASH FLOW

SEKm	Dec 31	
Financial position	2020	2019
Cash and cash equivalents	353.7	92.1
Interest bearing debt ¹	10.5	10.4
Net debt ¹	-343.3	-81.7
Equity	398.9	124.3

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

SEKm	Oct - Dec		Jan - Dec	
Cash flow	2020	2019	2020	2019
Operating activities	-21.5	-37.8	-100.3	-163.8
Investing activities	-0.3	-1.7	-2.7	-4.4
Financing activities	-1.9	2.2	365.3	-1.8
Total	-23.7	-37.4	262.4	-170.1

Cash and cash equivalents at the end of the period amounted to SEK 353.7 million (92.1), an increase of SEK 261.7 million since the beginning of the year. The change mainly consists of the cash flow from the directed share issue that was carried out in May, amounting to SEK 361.9 million after transaction costs. The

change is also explained by cash flow from operating activities amounting to SEK -100.3 million (-163.8), mainly attributable to operating result of SEK -98.6 million (-158.1). This also explains the change in net debt.

OTHER DISCLOSURES

PARENT COMPANY

The parent company BONESUPPORT HOLDING AB (publ) is a holding company. The parent company generated SEK 6.0 million (17.4) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK 1.3 million (-6.1). No investments were made during the quarter.

EMPLOYEES

On average, the Group had 86 (86) employees (full-time equivalent) during the quarter, of whom 21 (23) worked within Research and development.

SIGNIFICANT EVENTS DURING THE QUARTER

For significant events, see page 1.

SIGNIFICANT EVENTS AFTER YEAR END

For significant events after the year end, see page 1.

SHARES AND RELATED PROGRAMMES

The company has ordinary shares and C shares, see Note 4. The quotient value of the shares is SEK 0.625 per share. The ordinary shares entitle to one vote each and the C shares entitle to one tenth of a vote each. According to the Articles of Association, the number of shares shall be at least 29,000,000 and at most 116,000,000.

As of December 31, 2020, the total number of ordinary shares amounted to 63,764,222, distributed among 5,977 shareholders. The major shareholders are shown in the table below. During the year, the number of shares increased as a result of converted employee stock options and warrants, but mainly due to the directed share issue that was carried out in May.

As of December 31, 2020, the total number of C shares amounted to 1,235,000. BONESUPPORT HOLDING AB holds all C shares. During the year, the number of shares increased as a result of issued C shares.

BONESUPPORT has three employee stock option programs, four performance share programs and one warrant program. These are described in Note 8.

Shareholders December 31, 2020

HealthCap VLP	10.3%
Stiftelsen Industrifonden	7.5%
Swedbank Robur Fonder	7.1%
State Street Bank and Trust	6.4%
Tredje AP-fonden	5.6%
Avanza Pension	5.6%
Fjärde AP-Fonden	4.9%
Other shareholders	52.6%

FINANCIAL CALENDAR

- April 2021 Annual report 2020
- May 6, 2021 Interim report Q1 2021
- May 20, 2021 Annual general meeting
- July 15, 2021 Interim report Q2 2021
- November 4, 2021 Interim report Q3 2021

NOMINATION COMMITTEE

The nomination committee is elected based on the principles decided at the AGM May 19, 2020. These principles are described on BONESUPPORT's website. The task of the committee is to present a proposal to the AGM, which is planned to be held May 20, 2021. The members of the committee are:

- Jacob Gunterberg, Chairman of the Committee, representing HealthCap VLP
- Lennart Johansson, Chairman of the Board
- Caroline Sjösten, representing Swedbank Robur fonder
- Jonas Jendi, representing Stiftelsen Industrifonden

THIS REPORT

This report has been prepared in both a Swedish-language and an English-language version. If the versions do not conform, the Swedish-language version shall prevail.

DECLARATION OF THE CEO

The CEO assures that this full year 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 February 17, 2021

Emil Billbäck

CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKt	Note	Oct - Dec		Jan - Dec	
		2020	2019	2020	2019
Net sales	7	53,175	46,199	180,860	155,462
Cost of sales	7	-5,418	-5,114	-19,256	-19,587
Gross profit	7	47,757	41,085	161,604	135,875
Selling expenses		-33,884	-41,322	-123,818	-160,139
Sales commissions		-8,371	-7,970	-31,598	-22,184
Research and development expenses		-16,467	-18,527	-57,898	-68,878
Administrative expenses	3, 8	-12,647	-11,566	-45,492	-43,280
Other operating income		1,594	3,080	12,188	10,667
Other operating expenses		-4,638	-3,379	-13,547	-10,163
Operating loss	7	-26,656	-38,599	-98,561	-158,102
Net financial items	7	615	-64	-440	-177
Loss before income tax	7	-26,041	-38,663	-99,001	-158,279
Income tax		-1,124	-2,186	-2,411	-2,781
Loss for the period		-27,165	-40,849	-101,412	-161,060
Earnings per share before dilution, SEK		-0.43	-0.79	-1.72	-3.10
Earnings per share after dilution, SEK		-0.43	-0.79	-1.72	-3.10
Average number of shares, thousands		63,744	51,982	59,081	51,889

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKt	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Loss for the period	-27,165	-40,849	-101,412	-161,060
<i>Other comprehensive income:</i>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	-649	-153	-833	115
Total comprehensive income for the period	-27,814	-41,002	-102,245	-160,945

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

CONDENSED CONSOLIDATED BALANCE SHEET

SEkt	Note	Dec 31	
		2020	2019
ASSETS			
Non-current assets			
Intangible assets		8,840	7,679
Tangible assets		15,003	14,585
Other non-current assets	6	0	951
Total non-current assets		23,843	23,215
Current assets			
Inventories		45,555	39,331
Trade receivables	6	32,108	29,848
Other operating receivables	6	9,975	11,873
Cash and cash equivalents	6	353,737	92,065
Total current assets		441,375	173,117
TOTAL ASSETS		465,218	196,332
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent	4	398,899	124,309
Non-current liabilities			
Leasing debt		5,622	5,703
Provisions		329	305
Total non-current liabilities		5,951	6,008
Current liabilities			
Leasing debt	6	4,858	4,682
Trade payables	6	12,680	13,649
Other operating liabilities	6	42,830	47,684
Total current liabilities		60,368	66,015
TOTAL EQUITY AND LIABILITIES		465,218	196,332

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKt	Share capital	Paid but not registered share issue	Other paid in capital	Translation reserve	Fund for development expenses	Accumulated losses including loss for the period	Total equity
As at January 1, 2019	32,373	0	1,187,895	-175	1,801	-943,363	278,531
Loss January - December 2019				115		-161,060	-160,945
Change in fund for development expenses					1,751	-1,751	0
New share issue, employee stock options	137						137
New share issue under process, employee stock options		100	3,880				3,980
New share issue and repurchase of own C-shares	316					-316	0
Share-based payment transactions						2,606	2,606
As at January 1, 2020	32,826	100	1,191,775	-60	3,552	-1,103,884	124,309
Loss January - December 2020				-833		-101,412	-102,245
Change in fund for development expenses					1,800	-1,800	0
New share issue, employee stock options and warrants	780	-100	10,568				11,248
Directed share issue	6,563		371,437				378,000
Transaction costs, directed share issue			-16,142				-16,142
New share issue and repurchase of own C-shares	456					-456	0
Share-based payment transactions						3,729	3,729
As at December 31, 2020	40,625	0	1,557,638	-893	5,352	-1,203,823	398,899

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKt	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Operating loss	-26,656	-38,599	-98,561	-158,102
Non-cash adjustments:				
-Share-based payments	803	870	3,729	2,606
-Repurchase of items from previous distributor	0	0	0	11,000
-Depreciation regarding right of use assets	3,345	1,717	8,497	5,694
-Unrealized exchange rate differences	5,141	2,481	8,531	-1,601
-Other	-341	-430	967	-143
Interests received	1	35	5	98
Interests paid	-3	140	-6	-36
Income tax paid	-1,499	-4,188	-4,970	-5,210
Net cash flows from operating activities before changes in working capital	-19,209	-37,974	-81,808	-145,694
Changes in working capital	-2,337	186	-18,467	-18,134
Net cash flows from operating activities	-21,546	-37,788	-100,275	-163,828
Investments in intangible assets	-548	-1,012	-2,312	-2,915
Investments in equipment and tools	219	-714	-346	-1,510
Net cash flows from investing activities	-329	-1,726	-2,658	-4,425
New share issue, employee stock options and warrants	773	43	11,248	137
Directed share issue	0	0	378,000	0
Transaction costs, directed share issue	0	0	-16,142	0
Allotted warrants	0	3,980	0	3,980
Repayments of leasing debt	-2,641	-1,860	-7,768	-5,933
Net cash flows from financing activities	-1,868	2,163	365,338	-1,816
Net cash flows	-23,743	-37,351	262,405	-170,069
Cash and cash equivalents as at beginning of period	377,877	129,892	92,065	261,468
Net exchange difference	-397	-476	-733	666
Cash and cash equivalents as at end of period	353,737	92,065	353,737	92,065

CONDENSED PARENT COMPANY INCOME STATEMENT

SEKt	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
Net sales	5,956	17,353	39,371	48,290
Administrative expenses	-6,768	-25,030	-47,463	-65,568
Other operating income	-570	504	1,642	961
Other operating expenses	1,809	-25	-331	-1,357
Operating loss	427	-7,198	-6,781	-17,674
Net financial items	913	1,069	3,658	1,767
Result after financial items	1,340	-6,129	-3,123	-15,907
Income tax	0	0	0	0
Result for the period	1,340	-6,129	-3,123	-15,907

Parent Company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

SEKt	Note	Dec 31	
		2020	2019
ASSETS			
Non-current assets			
Non-current financial assets	6	964,079	726,652
Total non-current assets		964,079	726,652
Current assets			
Other receivables	6	0	125,245
Prepaid expenses	6	633	651
Cash	6	338,114	73,549
Total current assets		338,747	199,445
TOTAL ASSETS		1,302,826	926,097
EQUITY AND LIABILITIES			
Equity			
Restricted equity	4	40,625	32,926
Unrestricted equity		1,224,563	862,277
Total equity		1,265,188	895,203
Non-current liabilities		27,411	19,203
Current liabilities	6	10,227	11,691
TOTAL EQUITY AND LIABILITIES		1,302,826	926,097

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

SEKt	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2 ¹	Q1
Net sales	53,175	48,078	36,175	43,432	46,199	39,115	37,320	32,828
North America	28,633	28,281	21,565	21,248	23,256	18,462	14,776	11,519
EUROW	24,542	19,797	14,610	22,184	22,942	20,653	22,544	21,309
Cost of sales	-5,418	-4,125	-4,813	-4,900	-5,114	-4,795	-5,047	-4,631
Gross profit	47,757	43,953	31,362	38,532	41,085	34,320	32,273	28,197
Gross margin, %	89.8%	91.4%	86.7%	88.7%	88.9%	87.7%	86.5%	85.9%
Selling expenses	-33,884	-31,982	-22,957	-34,995	-41,322	-33,508	-48,011	-37,298
Sales commissions	-8,371	-9,230	-6,916	-7,081	-7,970	-6,001	-4,678	-3,535
Research and development expenses	-16,467	-11,654	-13,994	-15,783	-18,527	-17,449	-15,987	-16,915
Administrative expenses	-12,647	-11,641	-10,341	-10,863	-11,566	-10,874	-10,482	-10,358
Other operating income	1,594	4,173	1,971	4,450	3,080	2,977	2,434	2,176
Other operating expenses	-4,638	-2,845	-2,598	-3,466	-3,379	-2,153	-3,369	-1,262
Operating loss	-26,656	-19,226	-23,473	-29,206	-38,599	-32,688	-47,820	-38,995
Net financial items	615	-832	-195	-28	-64	-16	-53	-44
Loss before income tax	-26,041	-20,058	-23,668	-29,234	-38,663	-32,704	-47,873	-39,039
Income tax	-1,124	-1,171	34	-150	-2,186	-486	-67	-42
Loss for the period	-27,165	-21,229	-23,634	-29,384	-40,849	-33,190	-47,940	-39,081

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

¹ 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 repurchase of stock items from the previous US distributor.

NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This full year report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The parent company's reporting has been prepared in accordance with RFR 2, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles mentioned in the Annual Report for 2019 have also been applied in this full year report. New or amended standards or interpretations of standards effective as of January 1, 2020 have not had any significant impact on BONESUPPORT's financial statements.

In the condensed consolidated income statement, Sales commissions are reported separately on a separate line, unlike previous years' reports when they were included in the line Selling expenses. This amended principle is noted here in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors.

Estimates, assumptions and assessments

When preparing the company's financial statements, a number of assessments and estimates are made, as well as assumptions that affect the application of the accounting principles and the reported amounts in the income statement and balance sheet. The actual outcome may deviate from these estimates and assessments. Estimates and assessments are evaluated on the basis of historical experience and other factors, including expectations of future events.

The parent company examines annually or more frequently whether there is an indication of a decline in value and whether there is a need for impairment in shares in Group Companies. As a result of the COVID-19 pandemic, examination has been carried out in the quarterly financial statements showing that there is no need for impairment of shares in Group Companies. Testing has largely been done in the same way as in previous years (for description, see Note 3 in the Annual Report for 2019), with the exception that the forecast period has been reduced by one year and that an updated WACC (weighted average capital cost) has been calculated based on a benchmark study.

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 2019.

See page 3 regarding risks relating to COVID-19.

NOTE 3 TRANSACTIONS WITH RELATED PARTIES

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

SEKt		Oct - Dec		Jan - Dec	
Related party	Service	2020	2019	2020	2019
Route 2 Advisors Ltd (Simon Cartmell, previous Board member)	Consultancy	101	113	407	615
Seagles AB (Lars Lidgren, Board member)	Purchase of patent	0	0	0	900

NOTE 4 NUMBER OF SHARES AND POTENTIAL SHARES

Ordinary shares	Number of shares	Potential shares
December 31, 2019	52,016,342	2,205,614
New share issue	10,500,000	0
Converted employee stock options	660,532	-660,532
Converted warrants	587,348	-849,114
Returned employee stock options	0	-38,833
December 31, 2020	63,764,222	657,135
Series C shares		
December 31, 2019	505,000	730,000
Issued shares	730,000	-730,000
Potential performance shares	0	55,000
December 31, 2020	1,235,000	55,000

NOTE 5 PLEGGED SECURITIES AND CONTINGENT LIABILITIES

The US subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 460 thousand (523) for rented premises. The Parent Company, BONESUPPORT HOLDING AB, guarantees a corresponding amount.

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

NOTE 6 FINANCIAL ASSETS AND LIABILITIES

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

Participations in subsidiaries are accounted for in the Parent Company according to the cost method. During 2020, the Parent Company has given unconditional shareholders contribution to Bonesupport AB amounting to 105 SEKm.

NOTE 7 SEGMENT INFORMATION

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

Net sales in Sweden (part of EUROW) was SEK 2.4 million (1.8) in the quarter. For the full year, the corresponding amount was SEK 7.9 million (8.1). US, Germany and UK were the only markets that delivered more than ten percent of consolidated net sales.

SEKt	Oct - Dec 2020				Oct - Dec 2019			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	28,633	24,542	0	53,175	23,256	22,942	0	46,199
of which CERAMENT BVF	27,558	3,739	0	31,297	23,256	3,218	0	26,474
of which CERAMENT drug eluting ¹	0	20,790	0	20,790	0	19,724	0	19,724
of which other	1,075	12	0	1,087	0	0	0	0
Cost of sales	-1,476	-3,942	0	-5,418	-1,483	-3,631	0	-5,114
Gross profit	27,157	20,600	0	47,757	21,774	19,311	0	41,085
Operative costs	-27,041	-15,049	0	-42,090	-31,082	-19,801	0	-50,883
Contribution	116	5,551	0	5,667	-9,308	-489	0	-9,798
Other operating items	0	0	-32,323	-32,323	0	0	-28,802	-28,802
Operating result	116	5,551	-32,323	-26,656	-9,308	-489	-28,802	-38,599
Net financial items	0	0	615	615	0	0	-64	-64
Result before income tax	116	5,551	-31,709	-26,041	-9,308	-489	-28,866	-38,663

SEKt	Jan - Dec 2020				Jan - Dec 2019			
Profit and loss items	NA	EUROW	Other	Total	NA	EUROW	Other	Total
Net sales	99,727	81,133	0	180,860	68,013	87,448	0	155,462
of which CERAMENT BVF	97,451	12,808	0	110,259	68,013	13,512	0	81,525
of which CERAMENT drug eluting ¹	0	68,313	0	68,313	0	73,936	0	73,936
of which other	2,275	12	0	2,288	0	0	0	0
Cost of sales	-6,070	-13,186	0	-19,256	-5,654	-13,933	0	-19,587
Gross profit	93,657	67,947	0	161,604	62,360	73,515	0	135,875
Operative costs	-110,478	-54,785	0	-165,263	-118,889	-65,535	0	-184,424
Contribution	-16,821	13,162	0	-3,659	-56,529	7,981	0	-48,549
Other operating items	0	0	-94,902	-94,902	0	0	-109,553	-109,553
Operating result	-16,821	13,162	-94,902	-98,561	-56,529	7,981	-109,553	-158,102
Net financial items	0	0	-440	-440	0	0	-177	-177
Result before income tax	-16,821	13,162	-95,342	-99,001	-56,529	7,981	-109,730	-158,279

¹ CERAMENT drug eluting includes CERAMENT G and CERAMENT V.

NOTE 8

OPTION PROGRAMS AND PERFORMANCE SHARE PROGRAMS

At the period end, there are three different employee stock option programs, four performance share programs and one warrant program.

Employee stock option programs

Of the three employee stock option programs, two run over ten years and expire 2022 and 2025 and one program runs over eight years and expires 2024. Each stock option gives the holder the right to acquire 0.2 ordinary shares in BONESUPPORT when exercising the option. This at a price in the first two programs of SEK 0.125 per option, equivalent to SEK 0.625 per share, and in the third program of SEK 5.30 per option, equivalent to SEK 26.50 per share. The employee stock options are vested according to a schedule in each program. A condition for allotment of options is employment or a contractual relationship with the Company at each vesting date. Of the allocated 25.7 million options, 21.6 million (21.2) options were fully vested before the end of the period.

Performance share programs

There are three programs for newly recruited employees and one program for two directors. All programs run over four years; the one that is aimed for the directors runs until 2021, the other programs run until 2021, 2022 and 2023 respectively. Each savings share gives the opportunity to be allotted to the employees a maximum of two, three or four performance shares without payment depending on share price development and the Company's development in terms of sales and EBITDA during the duration of the program. The performance shares were issued in the form of class C shares with a subscription price and quota value of SEK 0.625 per share.

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 is one warrant program. It was executed in 2018 and gives the holder the right to acquire 1 share per warrant.

Further information on these programs is presented in Notes 12 and 23 in the Annual Report 2019.

Employee stock option programs	No of options ¹	Equal to no of shares	WAEP ²
Balance January 1, 2020	4,977,020	995,404	12.12
Exercised	-3,302,666	-660,532	25.41
Returned	-194,167	-38,833	23.17
Balance December 31, 2020	1,480,187	296,039	9.35

Performance share programs	Right to no of shares
Balance January 1, 2020	1,225,000
Granted in this year's program	110,000
Returned due to terminated employment or assignment	-140,000
Balance December 31, 2020	1,195,000

Warrant programs	No of warrants	Equal to no of shares	WAEP ²
Balance January 1, 2020	4,606,664	1,210,210	20.87
Exercised	-4,245,568	-849,114	26.50
Balance December 31, 2020	361,096	361,096	15.94

1 Not allocated options amounted to 4,119,547 (3,925,380).

2 Weighted Average Exercise Price per share (SEK).

During the year, the cost of employee stock option and performance share programs, excluding social security contributions, was recognized as operating expenses amounting to SEK 3,729 thousand (2,498). Accrued social security contributions amounts to SEK 8,100 thousand (3,475).

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

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

CONVICTION. A randomized controlled trial to evaluate the efficacy of CERAMENT G in the treatment of osteomyelitis (chronic bone infection).

CRIOAc. A healthcare network in France that is implemented through a nationwide health ministry program to improve outcomes in the management of bone and joint infections.

DBM. Demineralized bone matrix. A bone substitute biomaterial.

FDA. US Food and Drug Administration.

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

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.

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.

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

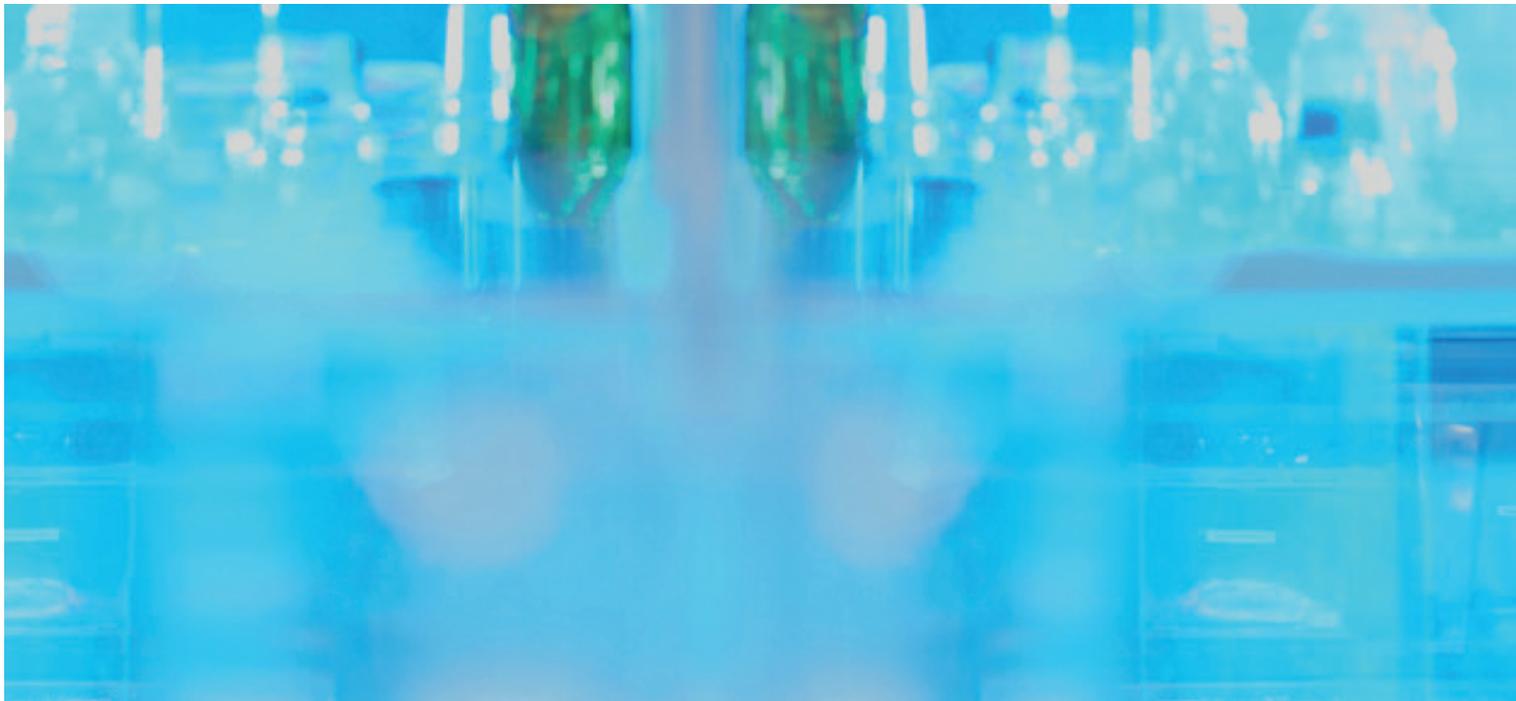
Borrowings from banks, financial institutions and lease liabilities, short and long term. Shows the debt level of the Group and forms the base for interest expenses.

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.

	Oct - Dec		Jan - Dec	
	2020	2019	2020	2019
SEKm				
Net sales	53.2	46.2	180.9	155.5
Sales growth, %	15.1	99.9	16.3	60.9
Cost of sales	-5.4	-5.1	-19.3	-19.6
Gross profit	47.8	41.1	161.6	135.9
Gross margin, %	89.8	88.9	89.4	87.4
Directly attributable selling expenses	-37.8	-45.3	-142.0	-159.6
Selling expenses, not directly attributable	-4.4	-4.0	-13.4	-22.7
Selling expenses including commissions	-42.3	-49.3	-155.4	-182.3
Directly attributable research & development expenses	-5.5	-5.5	-23.3	-24.8
Research & development expenses, not directly attributable	-11.0	-13.0	-34.6	-44.0
Research & development expenses	-16.5	-18.5	-57.9	-68.9
Contribution	4.5	-9.8	-3.7	-48.6

	Dec 31	
	2020	2019
SEKm		
Non-current borrowings	5.6	5.7
Current borrowings	4.9	4.7
Interest bearing debt	10.5	10.4
Cash and cash equivalents	353.7	92.1
Net debt	-343.3	-81.7



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 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 14 years of documented experience of safety and efficacy and, based on sales data, estimates that more than 55,000 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.

The CERAMENT portfolio is currently commercially available in several European markets, Colombia, Saudi Arabia, Oman and Singapore. In addition, CERAMENT BVF is commercially available in the US and CERAMENT G in Canada.

The company started as a research company in the early 2000s by Professor Lars Lidgren, with the vision of developing a synthetic product that could replace autograft. CERAMENT BVF received the CE mark in 2009, CERAMENT G in 2013 and CERAMENT V in 2015. BONESUPPORT's mission is to improve the quality of life for patients suffering from bone diseases that cause skeletal injuries and can lead to pain and a reduced quality of life.

PRESENTATION OF INTERIM REPORT JANUARY - DECEMBER 2020

The company invites investors, analysts and media to a web conference (in English) on February 17, 2021 at 10.00 CET, where CEO Emil Billbäck and CFO Håkan Johansson will present and comment on the report and also answer questions. The report will be available on BONESUPPORT's website from 08.00 CET

on the same day and the presentation from the webcast will be uploaded during the day on February 17, 2021. For further details regarding participation, see the investor pages at www.bonesupport.com

FORWARD LOOKING STATEMENTS

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

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

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