

BONESUPPORT™ - Pipeline Project Targeting Bioceramics Capable of Enhancing Bone Growth Awarded SEK 8 million Grant from Vinnova Sweden

Lund, Sweden, 12 July 2017– BONESUPPORT AB, an emerging leader in innovative injectable bioceramic bone substitute products to treat bone voids caused by trauma, infection, disease or related surgery, announced today that one of the components of its pipeline projects focused on developing a new CERAMENT™ product capable of enhancing bone growth has been awarded SEK 8 million in external funding from Sweden's innovation agency Vinnova.

The project titled *Developing Functionalized Biomaterials with Bone Active Molecules as Novel Strategies/Tools for Secondary Prevention and Treatment of Osteoporotic Fragility Fractures* will be conducted by an Indo-Swedish university research group. The project's Principal Investigators are:

- Professor Magnus Tägil, Department of Orthopedics, Lund University, Lund, Sweden
- Professor Ashok Kumar, Department of Biological Sciences and Bioengineering, Indian Institute of Technology Kanpur, UP

Professor Lars Lidgren, the founder of BONESUPPORT, and Professor Hanna Isaksson - both from Lund University - will be co-Principal Investigators of the project. Dr Eva Lidén, BONESUPPORT's Head of R&D, will also contribute her expertise.

The project will evaluate a combination of biphasic ceramics, bone active molecules and the body's own cells to regenerate bone and improve mechanical strength in osteoporotic subjects.

One of the goals is to assess the capability of CERAMENT™ |G, a bone graft substitute that elutes the antibiotic gentamicin, to deliver a combination of bone morphogenetic protein-2 to induce bone formation and zoledronic acid to decrease secondary bone resorption.

Richard Davies, CEO of BONESUPPORT said, "I am pleased that this Indo-Swedish research group, which is focused on developing novel CERAMENT products, has received this significant funding grant. If successful, this project will help us accelerate the development of products in our pipeline which is focused on delivering improved treatment options for osteoporotic fractures. We are confident that a new CERAMENT product which can deliver agents that enhance bone growth will be very attractive commercially."

About BONESUPPORT

BONESUPPORT is an innovative and rapidly growing commercial stage orthobiologics company, based in Lund, Sweden. The Company develops and commercializes innovative injectable bioceramic bone graft substitutes that remodel to the patient's own bone and have the capability of eluting drugs directly into the bone void. BONESUPPORT's marketed synthetic bone graft substitutes CERAMENT™ BONE VOID FILLER (BVF), CERAMENT™ G* and CERAMENT™ V* are all based on the Company's novel and proprietary CERAMENT technology platform.

The Company's products are targeting a large addressable market opportunity across trauma, chronic osteomyelitis (bone infection), revision arthroplasty (replacement of a joint prosthesis) and infected diabetic foot. The Company's research and development is focused on the continuing development and refinement of its existing technology to extend its use into additional indications by the elution of other drugs and therapeutic agents.

PRESS RELEASE



BONESUPPORT's products are based on an innovative technology backed by an intellectual property portfolio of approximately 100 registered and/or pending patents. BONESUPPORT has a nine year track record of safety and efficacy in treating patients with an estimated number of 30,000 procedures performed to date with its products worldwide based on sales data.

BONESUPPORT's total sales increased from SEK 41 million in 2014 to SEK 105 million in 2016, representing a compound annual growth rate of 60 percent.

The Company's financial target is to achieve revenue exceeding SEK 500 million in the financial year 2020, with a gross margin exceeding 85 percent and a positive operating profit.

BONESUPPORT was founded in 1999 by Prof. Lars Lidgren, an internationally respected scientist. The Company is listed on Nasdaq Stockholm and trades under the ticker "BONEX" (ISIN code: SE0009858152). Further information is available at www.bonesupport.com.

**CERAMENT G: Not available in the United States, for investigational use only. CERAMENT V: Not available in the United States.*

BONESUPPORT™ is a registered trademark.

Contact Information

BONESUPPORT AB

Richard Davies, CEO

Tel: +46 (0) 46 286 53 70

Björn Westberg, CFO

Tel: +46 (0) 46 286 53 60

Email: ir@bonesupport.com

Citigate Dewe Rogerson

David Dible, Mark Swallow, Marine Perrier

+44 (0)20 7638 9571

bonesupport@citigatedr.co.uk