



BONESUPPORT™

YEAR END REPORT JANUARI – DECEMBER 2021

Q4 STRONG SALES GROWTH, DESPITE OMICRON BREAK-OUT

OCTOBER - DECEMBER 2021

- Net sales increased by 15 percent (21 percent at constant exchange rates¹) and amounted to SEK 61.4 million (53.2).
- The North America (NA) segment reported a sales increase of 22 percent (30 percent at constant exchange rate¹).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 8 percent (9 percent at constant exchange rates).
- The gross margin amounted to 89.3 percent (89.8).
- Operating result amounted to SEK -21.8 million (-26.7).
- Earnings per share, before and after dilution, were SEK -0.38 (-0.43).

JANUARY - DECEMBER 2021

- Net sales increased by 18 percent (23 percent at constant exchange rates) and amounted to SEK 212.9 million (180.9).
- The North America (NA) segment reported a sales increase of 22 percent (31 percent at constant exchange rate).
- The Europe & Rest of the World (EUROW) segment reported a sales increase of 12 percent (13 percent at constant exchange rates).
- The gross margin amounted to 89.1 percent (89.4).
- Operating result amounted to SEK -80.7 million (-98.6).
- Earnings per share, before and after dilution, were SEK -1.34 (-1.72).

EVENTS DURING THE PERIOD

- In October, a kit with cannula and guide tubes was launched for application and use of CERAMENT for skeletal injuries in close proximity to joints. These products open up a market segment in the U.S. of approximately 20,000 additional procedures per year.
- In December, Michael Wrang Mortensen joined the company in the newly established role as Executive Vice President (EVP) Research & Development (R&D) and Operations.

EVENTS AFTER THE PERIOD

- In January 2022, the company announced that a distribution agreement had been signed with OrthoPediatrics Corp, a leading company in the orthopedic pediatric market. The distribution partnership expands BONESUPPORT's market access further as it gives CERAMENT BVF access to OrthoPediatrics' network of 250 children's hospitals.

| KEY FIGURES | Oct - Dec | | Jan - Dec | |
|---|-----------|--------|-----------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales, SEKm | 61.4 | 53.2 | 212.9 | 180.9 |
| Sales growth, % ¹ | 15.5 | 15.1 | 17.7 | 16.3 |
| Gross profit, SEKm | 54.8 | 47.8 | 189.7 | 161.6 |
| Gross margin, % ¹ | 89.3 | 89.8 | 89.1 | 89.4 |
| Operating loss, SEKm | -21.8 | -26.7 | -80.7 | -98.6 |
| Loss for the period, SEKm | -24.2 | -27.2 | -85.5 | -101.4 |
| Equity at period end, SEKm | 265.7 | 398.9 | 265.7 | 398.9 |
| Net debt, SEKm ¹ | -185.0 | -343.3 | -185.0 | -343.3 |
| Operating cash flow, SEKm | -16.3 | -21.5 | -83.0 | -100.3 |
| Cash at period end, SEKm | 206.5 | 353.7 | 206.5 | 353.7 |
| Earnings per share before and after dilution, SEK | -0.38 | -0.43 | -1.34 | -1.72 |

This information is such information as BONESUPPORT AB (publ) is obliged to make public pursuant to EU's regulation on market abuse (MAR).

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



CEO COMMENTS

Continued strong sales traction despite Omicron impact

Sales in the quarter started strongly before the increase of the new virus variant, Omicron, put the health care system in an all-too familiar and repeated situation of postponed non-acute surgeries to free up health care capacity. Indications suggest that Omicron does not lead to as severe sickness as previous virus variants, but despite this, the number of COVID patients in need of hospital care was at a record high at the end of the fourth quarter, among others in the U.S. and U.K. This, at the same time, as there was a shortage of health care professionals in almost all key markets.

Quarterly sales, of SEK 61 million, marked a new record level. With a growth of 21 percent (CER) in the quarter, we continued to take significant market share from other treatment options. Full-year sales of SEK 213 million correspond to growth of 23 percent (CER) compared to 2020 and 44 percent (CER) versus 2019, which is a strong confirmation of CERAMENT's clear benefits and our strong commercial model.

The supplementary material for our De Novo application for CERAMENT G, for the bone infection indication, was submitted to the FDA in September 2021. This was followed by an interactive review process. The supplementary control group data now contains over 200 patients. Announcement of possible market approval from the FDA is expected by the end of February.

In October, we launched an innovative concept of cannula and guidance tubes for the use of CERAMENT in skeletal injuries in close proximity to joints. The launch has gone according to plan and sales meet our internal estimates. These products open up a market segment in the U.S. of approximately 20,000 additional procedures per year, mainly in the field of sports medicine.

After the end of the fourth quarter, we were able to announce that we signed a distribution agreement with OrthoPediatics to distri-

bute CERAMENT BVF to children's hospitals in the U.S. OrthoPediatics' network of 250 children's hospitals represents an important strategic expansion for CERAMENT into a previously unaddressed network of hospitals. We have received the first orders and can state that there is a great need for our innovative technology.

Since 2018, we have established a strong commercial infrastructure with a broad and deep reach in the U.S. market, and in selected European markets. Strengthened by a positive momentum in Italy and Spain, we have decided to replicate our newly installed hybrid model also in Canada. In the U.S., we are switching up from ten regional managers to twelve regional managers, to advance our growing market penetration. Despite the impact of the pandemic on market dynamics, CERAMENT is strengthening its market share in key markets. The unique properties of CERAMENT mean that we are in a very strong position to address the orthopedic back log that has emerged during the pandemic. Our goal, given a more normalized post-pandemic market dynamic, is to grow sales by 40 percent per year.

Emil Billbäck, CEO

COVID-19 PANDEMIC'S IMPACT ON THE ORTHOPEDIC MARKET

Despite the increasing rate of fully vaccinated in the population, the pandemic has once again had a major impact on health care priorities and the number of postponed orthopedic surgeries. The impact of the pandemic was significant, as the Omicron variant led to record high infection rates. Below is a description of how the orthopedics market has been impacted during the quarter and the assessments that currently can be made for the beginning of 2022, as well as how BONESUPPORT is affected and acting to handle this situation.

EFFECTS IN THE FOURTH QUARTER

- With the latest COVID variant, Omicron, we have experienced continued local restrictions, to varying degrees and with large regional differences. The high infection rates in the U.S. as an example, have meant hospitalizations of patients with COVID-19 infection above previous peak levels. Overall, the pandemic has continued to impact non-acute orthopedic surgery, both in parts of the U.S. and in Europe. The health care back log for orthopedic procedures is at a record high.
- Local restrictions impacted the ability of BONESUPPORT's sales representatives to meet with new potential customers.

EXPECTED DEVELOPMENT

- Pending sustainable stabilization and reduced spread of infection, with reduced restrictions and normalized health care priorities, developments in the short term remain difficult to assess. The beginning of 2022 has been characterized by a continued high infection levels and very high load on health care systems.
- BONESUPPORT has relevant safety stock levels of both finished products and materials. Despite this, it is not possible to, along with global trends, exclude potential short-term disruptions in the availability of individual components.
- CERAMENT has shown positive health economic effects and shortened stay in hospital and can thus benefit from an increased focus on methods that help reduce the large orthopedic back log.

SELECTION OF MEASURES TO PROTECT STAFF AND ACTIVITIES

- BONESUPPORT follows the public health authorities' recommended hygiene practices including the ability to work from home.
- Increased frequency of digital communication and virtual customer meetings.

CLINICAL STUDIES

- As previously communicated, the recruitment rate in the SOLARIO study has been affected by the COVID-19 pandemic and the study is expected to end in the first quarter of 2023.
- The recruitment rate in other clinical studies is somewhat affected by the pandemic, but this has not, to date, impacted the communicated milestones for the studies.



NORTH AMERICA (NA)

The U.S. market is the world's largest for synthetic bone graft products and thus the company's most important market. The focus of the North America segment is increased market penetration through continued development of the distribution structure established in 2018. Work to prepare a market introduction of the company's antibiotic-eluting product CERAMENT G continues and includes the supplementary De Novo application data, potentially leading to a market approval for the indication bone infection in the first quarter of 2022.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 34.8 million (28.6), corresponding to a growth of 22 percent (30 percent in constant exchange rate). During the fourth quarter, we again saw a strong impact from COVID-19. The Omicron variant led to record high infection rates in the U.S. and a need of hospital care exceeding previous high levels, with additional constrain from high sick leave among doctors and other health care professionals.

Our investment in an independent distribution network with over 40 distributors means improved geographical coverage and enables a broader pursuit of various indications. The strengthened customer base together with the larger GPO contracts signed in previous periods continue to contribute to the strong sales increase. In October, we launched an innovative kit with cannula and guidance tubes.

Contribution¹

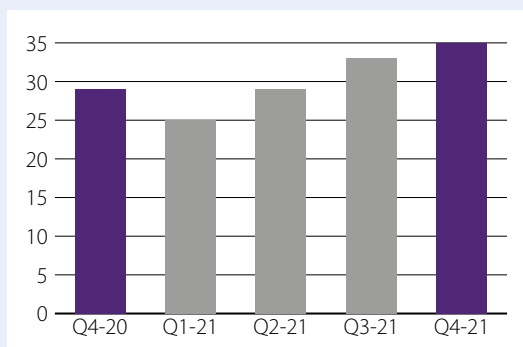
The contribution from the segment was SEK 3.7 million (0.1). The improved contribution relates to increased sales after effect from increased expenses. Sales and marketing expenses during the quarter amounted to SEK 26.5 million (21.5), of which sales commissions to distributors amounted to SEK 11.4 million (8.4). The increase in sales and marketing expenses is mainly due to a higher activity level. The contribution was also influenced by R&D costs related to studies amounting to SEK 2.5 million (5.5), as a result of phasing out the FORTIFY study.

JANUARY - DECEMBER

Net sales amounted to SEK 121.7 million (99.7), corresponding to a growth of 22 percent (a growth of 31 percent in constant exchange rate).

The contribution amounted to SEK 2.7 million (-16.8). The improved contribution mainly relates to the increase in sales.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

| | Oct - Dec | | Jan - Dec | |
|--------------|-----------|------|-----------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | 34.8 | 28.6 | 121.7 | 99.7 |
| Gross profit | 32.7 | 27.2 | 113.8 | 93.7 |
| Contribution | 3.7 | 0.1 | 2.7 | -16.8 |

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



EUROPE & REST OF THE WORLD (EUROW)

In Europe, CERAMENT is sold either by the company's own sales organization or by distributors. Germany, the U.K., Switzerland, Sweden, Denmark and the BENELUX countries are key markets where BONESUPPORT has its own sales representatives. In other European markets and in other parts of the world (ROW), the company cooperates with specialist distributors. In Italy and Spain, the company has established a hybrid model, with qualified local staff from BONESUPPORT working side by side with the local distributors' sales representatives. The focus is on accelerating the sales and the use of CERAMENT in established and new markets through market access and the provision of clinical and health economic evidence. During the fourth quarter, we have seen negative impacts from the pandemic as well as staff shortages among health care professionals, impacting the capacity to perform non-acute orthopedic surgery.

OCTOBER - DECEMBER

Sales

Sales for the period amounted to SEK 26.6 million (24.5), corresponding to a growth of 8 percent (9 percent in constant exchange rates). The pandemic continued to impact, as the Omicron variant led to record high infection rates and with high numbers of COVID patients in need of hospital care at the end of the quarter in the U.K., among others.

Sales in key direct markets accounted for 82 percent (86) of the segment's sales during the quarter. Sales of the antibiotic-eluting products CERAMENT G and CERAMENT V corresponded to 87 percent (85).

Contribution¹

The contribution from the segment amounted to SEK 5.0 million (5.6). The reduction of the contribution is explained by a low ex-

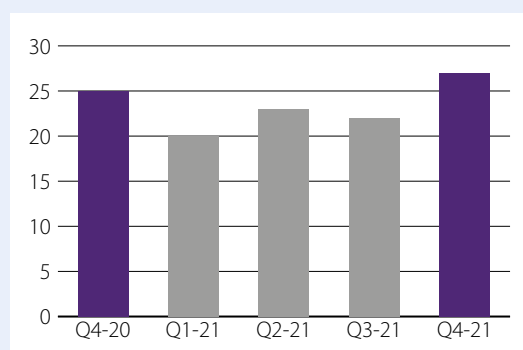
pense level last year because of the COVID-19 pandemic but is also related to a higher activity level in the period, including the set up of hybrid structures in Southern Europe. Sales and marketing expenses increased by SEK 2.1 million compared to the corresponding quarter last year and amounted to SEK 17.1 million (15.0).

JANUARY - DECEMBER

Net sales amounted to SEK 91.2 million (81.1), an increase of 12 percent compared to the previous year (13 percent in constant exchange rates). The growth in sales in the period is a direct effect of a gradual recovery from the pandemic.

The contribution amounted to SEK 12.6 million (13.2). The slightly lower contribution is explained by a lower cost level last year as an effect of the pandemic.

Net sales per quarter, SEKm



Net sales, gross profit and contribution, SEKm

| | Oct - Dec | | Jan - Dec | |
|--------------|-----------|------|-----------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | 26.6 | 24.5 | 91.2 | 81.1 |
| Gross profit | 22.1 | 20.6 | 75.9 | 67.9 |
| Contribution | 5.0 | 5.6 | 12.6 | 13.2 |

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, expanding 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 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.

Preclinical research has shown that the addition of zoledronic acid to CERAMENT can increase bone volume and improve the anchoring of screw implants. Further preclinical research has shown that

the combination CERAMENT, zoledronic acid and bone morphogenic protein-2 (BMP-2) can also be used in the reconstruction of large segment defects instead of bone transplantation.

CLINICAL EVIDENCE, A STRATEGIC CORNERSTONE

One of the three cornerstones of BONESUPPORT's 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 240 research publications and abstracts of preclinical and clinical studies with CERAMENT.

RESULTS FROM CERTIFY DRIVES CHANGED STANDARD OF CARE

CERTIFY¹ 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 the 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 lower patient-experienced post-operative pain and a significantly lower blood loss. BONESUPPORT expects the results of the study publis-

ONGOING RANDOMIZED CONTROLLED TRIALS

| | SOLARIO | CONVICTION |
|----------------------------|---|--|
| Indication | Osteomyelitis | Osteomyelitis |
| Purpose | Evaluate whether synthetic bone graft substitutes with antibiotics (CERAMENT G / V) can shorten treatment times | Evaluate the cost-effectiveness and treatment effect of CERAMENT G |
| Effect measure | <ul style="list-style-type: none"> • Treatment time • Antibiotic resistance • Side effects • Cost | <ul style="list-style-type: none"> • ICUR Reinfection • Complications • Amputations |
| Number of patients | 500 | 220 |
| Follow up time | 12 month | 24 month |
| Place | Europe | France, CRIOAc |
| Expected completion | Q1 2023 | 2025 |

hed in The Journal of Bone and 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 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 time 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 contribute to a paradigm shift in the protocol for treating bone infections.

THE CONVICTION STUDY

The French CRIOAc² 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. A research grant from BONESUPPORT to partially finance the products used in the study, has been awarded.

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 will arise in the French market and that improved reimbursement status is obtained.

1. Hofmann et al. Autologous Iliac Bone Graft Compared with Biphasic Hydroxyapatite and Calcium Sulfate Cement for the Treatment of Bone Defects in Tibial Plateau Fractures, The Journal of Bone and Joint Surgery: February 5, 2020 - Volume 102 - Issue 3 - p 179-193.
2. CRIOAc (Reference Center for Osteoarticular Infections) is a health care 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 health care treatment is to ensure that health care systems around the world understand the value of the treatment and include it in the care offered to the patient. BONESUPPORT undertakes a variety of activities to ensure that the company's products are included in the remuneration systems where our products are marketed.

One of the obvious health economic benefits that comes from the clinical benefits CERAMENT offers is a reduced utilization of health care 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 surgeries and, as a consequence, fewer hospital stays. Improved clinical outcomes also have a positive impact on society as a whole - such as reduced sick leave, 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 health care systems. Our teams therefore work closely with local expertise to increase our ability to include the CERAMENT platform more quickly in replacement systems in new markets.

HEALTH ECONOMIC MODEL OSTEOMYELITIS USA

One of the major projects that has been started in 2021 is a cost and benefit analysis of what a change of treatment regime to a one-step procedure with CERAMENT G could mean for the American health care system. The modeling, which is based on available clinical data and cost data from CMS, Centers for Medicare & Medicaid Services, takes place in collaboration with national expertise in health economics and clinical orthopedics.

REDUCED NUMBER OF RE-INFECTIONS REDUCES THE LENGTH OF STAY

The Nuffield Orthopaedic Center (NOC) has shown that they have been able to reduce the degree of re-infection in osteomyelitis patients by 56 percent compared to their previous standard of treatment. In an analysis involving approximately 25,000 patients who underwent surgical treatment for osteomyelitis in 2013-2017, the patient group treated at NOC after the introduction of CERAMENT G or CERAMENT V in a one-step procedure was compared with patients cared for at other hospitals in England. The results presented in *The Journal of Bone and Joint Infection*¹ showed that CERAMENT

G or CERAMENT V in a one-step procedure contributed to significantly improved patient outcomes. The hospital stay, in connection with osteomyelitis surgery and the following two years, were on average 16 days shorter for the group that received CERAMENT G and CERAMENT V at NOC. In addition, patients at NOC had a significantly lower risk of amputation (6.47 percent) compared to the Rest of England control group (12.71 percent). With the addition of CERAMENT G or CERAMENT V in the treatment of osteomyelitis, the total saving in the number of days of care associated with surgery and subsequent care, 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 health care 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 health care costs. In a Belgian study by Hoekstra et al² of 358 patients, the cost of tibial fractures was studied. The study showed that health care costs for patients affected by a deep infection were on average five times higher than for those who did not get an infection, resulting in the cost of treatment increasing from EUR 9,500 to EUR 48,700. 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 Aljawadi et al³ on 80 patients with severe open tibial fractures treated with CERAMENT G in a one-step procedure. In the study, one patient (1.3 percent) suffered from a deep infection compared with historical references of up to 52 percent incidence of infection. This shows that one-step treatment with antibiotic-eluting CERAMENT for open tibial fractures can effectively reduce the incidence of cost-driving infections.

1. Ferguson, J et al. A retrospective cohort study comparing clinical outcomes and health care resource utilisation in patients undergoing surgery for osteomyelitis in England: a case for reorganising orthopaedic infection services, *J Bone Joint Infect.* 6, 151-163.
2. Hoekstra et al. Economics of open tibial fractures: the pivotal role of length-of-stay and infection. *Health Econ Rev* 2017; 7:32.
3. Aljawadi, A et al. Adjuvant Local Antibiotic Hydroxyapatite Bio-Composite in the management of open Gustilo Anderson IIIB fractures. *Journal of Orthopaedics*, 2020; 18: 261-266.

FINANCIAL OVERVIEW

PROFIT AND LOSS

OCTOBER – DECEMBER 2021

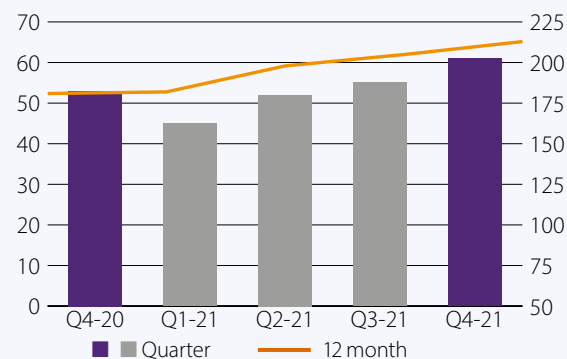
Net sales

Net sales amounted to SEK 61.4 million (53.2), an increase of 15 percent (21 percent at constant exchange rates) compared to the previous year.

In the North America segment, sales amounted to SEK 34.8 million (28.6), which corresponds to growth of 22 percent (30 percent at constant exchange rate). The strengthened customer base together with the major GPO (Group Purchasing Organization) contracts that have been signed previously contribute to the increase in sales.

Sales for the EUROW segment amounted to SEK 26.6 million (24.5), which corresponds to an increase of 8 percent (9 percent at constant exchange rates). The pandemic has continued to have a major impact on health care systems, but in the beginning of the period we have experienced a gradually increasing opportunity for physical meetings with existing and new customers.

Net sales per quarter, SEKm



The currency translation effect amounted to SEK +1.1 million (-1.8).

Cost of goods sold

Cost of goods sold amounted to SEK 6.6 million (5.4), giving a gross margin of 89.3 percent (89.8).

Selling expenses

Selling expenses including sales commissions amounted to SEK 50.0 million (42.3), an increase of 18 percent. Personnel costs decreased somewhat to SEK 20.2 million (22.6). Costs for sales commissions in NA increased to SEK 11.4 million (8.4). Other selling

expenses increased to SEK 18.4 million (11.3). The increase is partly due to sales related costs in line with the increase in net sales, and also the cost reductions made last year as a result of the impact of the COVID-19 pandemic and the lower activity level. The increase also involves significant demo kit replenishment.

The NA segment reported a cost increase to SEK 26.5 million (21.5). In EUROW, expenses amounted to SEK 17.1 million (15.0). Unallocated costs increased to SEK 6.4 million (5.8).

Research and development expenses

Research and development expenses amounted to SEK 14.4 million (16.5). Personnel costs amounted to SEK 7.8 million (7.3). Other expenses totaled SEK 6.6 million (9.2).

The NA segment reported research and development expenses amounting to SEK 2.5 million (5.5). The lower expenses are mainly due to the end of the FORTIFY study.

Administrative expenses

Administrative expenses amounted to SEK 14.8 million (12.6).

Administrative expenses excluding effects from the group's incentive programs amounted to SEK 10.0 million (10.8), of which personnel costs amounted to SEK 4.6 million (6.1).

Effects regarding incentive programs amount SEK 4.8 million, compared with SEK 1.8 million the previous year. The increase during the period is mainly due to the programs approved at the annual general meeting in May 2021 being included in the expense calculations.

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 -21,8 million (-26.7), where the reduced loss is mainly explained by improved gross profit.

Loss for the period

For the reasons described above, the loss for the quarter amounted to SEK -24.2 million (-27.2), which corresponds to earnings per share before and after dilution of SEK -0.38 (-0.43).

JANUARY – DECEMBER 2021

Net sales

Net sales amounted to SEK 212.9 million (180.9), an increase of 18 percent (23 percent at constant exchange rates). The NA segment increased by 22 percent to SEK 121.7 million (99.7) and the EUROW segment increased by 12 percent to SEK 91.2 million (81.1).

Operating result

Operating result amounted to SEK -80.7 million (-98.6). The sales increase contributed to improved gross profit at the same time as

operating costs increased compared with previous year, which had higher pandemic cost reduction influence.

Loss for the period

For the reasons described above, the loss for the period amounted to SEK -85.5 million (-101.4), which corresponds to earnings per share before and after dilution of SEK -1.34 (-1.72).

FINANCIAL POSITION AND CASH FLOW

| SEKm | Dec 31 | |
|------------------------------------|--------|--------|
| Financial position | 2021 | 2020 |
| Cash and cash equivalents | 206.5 | 353.7 |
| Interest bearing debt ¹ | 21.5 | 10.5 |
| Net debt ¹ | -185.0 | -343.3 |
| Equity | 265.7 | 398.9 |

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

| SEKm | Oct - Dec | | Jan - Dec | |
|----------------------|--------------|--------------|---------------|--------------|
| Cash flow | 2021 | 2020 | 2021 | 2020 |
| Operating activities | -16.3 | -21.5 | -83.0 | -100.3 |
| Investing activities | -2.1 | -0.3 | -3.6 | -2.7 |
| Financing activities | -1.4 | -1.9 | -61.8 | 365.3 |
| Total | -19.8 | -23.7 | -148.4 | 262.4 |

Cash and cash equivalents at the end of the period amounted to SEK 206.5 million (353.7), a decrease of SEK 147.3 million since the beginning of the year. The change is mainly explained by cash flow from operating activities amounting to SEK -83.0 million (-100.3), mainly attributable to operating result; but also by a share swap agreement amounting to SEK -62.3 million. During the third quarter, BONESUPPORT's board of directors executed the mandate from the annual general meeting in 2021, entering into a share swap agreement with a third party bank, to ensure the commitments of performance shares to participants in the long-term in-

centive programs decided by the same annual general meeting. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

This also explain the larger part of the change in net debt since the beginning of the year. An extension has been made to the rent agreement for the premises in Lund, also affecting the net debt.

OTHER DISCLOSURES

PARENT COMPANY

The parent company, BONESUPPORT Holding AB (publ), is a holding company. The parent company generated SEK 10.5 million (6.0) in sales of internal services to subsidiaries during the quarter. The result for the quarter was SEK -1.3 million (1.3). No investments were made during the quarter.

During 2021, the parent company has given unconditional shareholders contributions of SEK 65 million to BONESUPPORT AB.

EMPLOYEES

On average, the group had 92 (86) employees (full-time equivalent) during the quarter, of whom 23 (21) worked within Research and development.

SIGNIFICANT EVENTS DURING THE QUARTER

For significant events, see page 1.

SIGNIFICANT EVENTS AFTER PERIOD END

For significant events after the period, see page 1.

SHARES AND RELATED PROGRAMS

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, 2021, the total number of ordinary shares amounted to 64,164,672, distributed among 7,454 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.

As of December 31, 2021, the total number of C-shares amounted to 1,290,000. BONESUPPORT Holding AB holds all C-shares.

BONESUPPORT has three employee stock option programs and six performance share programs. These are described in Note 8.

During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting in May 2021, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

Shareholders December 31, 2021

| Name | % of shares | % of votes |
|-----------------------------|-------------|------------|
| Avanza | 11.0% | 11.2% |
| HealthCap V LP | 10.1% | 10.3% |
| Swedbank Robur Fonder | 6.3% | 6.4% |
| Stiftelsen Industrifonden | 5.8% | 5.9% |
| Tredje AP-Fonden | 5.6% | 5.7% |
| State Street Bank and Trust | 4.9% | 5.0% |
| Fjärde AP-Fonden | 4.8% | 4.9% |
| Other shareholders | 51.5% | 50.6% |

FINANCIAL CALENDAR

- April 2022 Annual report 2021
- May 4, 2022 Interim report Q1 2022
- May 19, 2022 Annual general meeting
- July 14, 2022 Interim report Q2 2022
- October 27, 2022 Interim report Q3 2022

NOMINATION COMMITTEE

The nomination committee is elected based on the principles decided at the AGM May 20, 2021. 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 on May 19, 2022. The members of the committee are:

- Lennart Johansson, Chairman of the Board
- Johan Brambeck, representing Stiftelsen Industrifonden
- Staffan Lindstrand, Chairman of the Committee, representing HealthCap VLP
- Caroline Sjösten, representing Swedbank Robur Fonder

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 year end 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. This year end report has not been reviewed by the company's auditors.

Lund February 17, 2022

Emil Billbäck
CEO

CONDENSED CONSOLIDATED INCOME STATEMENT

| SEKt | Note | Oct - Dec | | Jan - Dec | |
|---|----------|----------------|----------------|----------------|-----------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Net sales | 7 | 61 402 | 53 175 | 212 885 | 180 860 |
| Cost of sales | 7 | -6 581 | -5 418 | -23 181 | -19 256 |
| Gross profit | 7 | 54 821 | 47 757 | 189 704 | 161 604 |
| Selling expenses | | -38 524 | -33 884 | -139 274 | -123 818 |
| Sales commissions | 7 | -11 429 | -8 371 | -38 571 | -31 598 |
| Research and development expenses | | -14 395 | -16 467 | -53 009 | -57 898 |
| Administrative expenses | 3, 8 | -14 827 | -12 647 | -44 122 | -45 492 |
| Other operating income | | 5 175 | 1 594 | 11 308 | 12 188 |
| Other operating expenses | | -2 594 | -4 638 | -6 705 | -13 547 |
| Operating loss | 7 | -21 773 | -26 656 | -80 669 | -98 561 |
| Net financial items | 7 | -279 | 615 | -1 168 | -440 |
| Loss before income tax | 7 | -22 052 | -26 041 | -81 837 | -99 001 |
| Income tax | | -2 151 | -1 124 | -3 694 | -2 411 |
| Loss for the period | | -24 203 | -27 165 | -85 531 | -101 412 |
| Earnings per share before dilution, SEK | | -0.38 | -0.43 | -1.34 | -1.72 |
| Earnings per share after dilution, SEK | | -0.38 | -0.43 | -1.34 | -1.72 |
| Average number of shares, thousands | | 64 158 | 63 744 | 63 999 | 59 081 |

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKt | Oct - Dec | | Jan - Dec | |
|--|----------------|----------------|----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Loss for the period | -24 203 | -27 165 | -85 531 | -101 412 |
| <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 | 622 | -650 | 1 023 | -834 |
| Total comprehensive income for the period | -23 581 | -27 815 | -84 508 | -102 246 |

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 | |
|--|----------|----------------|----------------|
| | | 2021 | 2020 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | 8 365 | 8 840 |
| Tangible assets and right-of-use assets | | 27 078 | 15 003 |
| Total non-current assets | | 35 443 | 23 843 |
| Current assets | | | |
| Inventories | | 51 762 | 45 555 |
| Trade receivables | 6 | 38 413 | 32 108 |
| Other operating receivables | 6 | 11 837 | 9 975 |
| Cash and cash equivalents | 6 | 206 464 | 353 737 |
| Total current assets | | 308 476 | 441 375 |
| TOTAL ASSETS | | 343 919 | 465 218 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Parent | 4 | 265 704 | 398 899 |
| Non-current liabilities | | | |
| Leasing debt | 6 | 16 152 | 5 622 |
| Provisions | | 363 | 329 |
| Total non-current liabilities | | 16 515 | 5 951 |
| Current liabilities | | | |
| Leasing debt | 6 | 5 270 | 4 858 |
| Trade payables | 6 | 18 719 | 12 680 |
| Other operating liabilities | 6 | 37 711 | 42 830 |
| Total current liabilities | | 61 700 | 60 368 |
| TOTAL EQUITY AND LIABILITIES | | 343 919 | 465 218 |

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, 2020 | 32 826 | 100 | 1 191 775 | -60 | 3 552 | -1 103 884 | 124 309 |
| Loss January - December 2020 | | | | -834 | | -101 412 | -102 246 |
| Change in fund for development expenses | | | | | 1 800 | -1 800 | 0 |
| New share issue, employee stock options | 780 | -100 | 10 569 | | | | 11 249 |
| 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 January 1, 2021 | 40 625 | 0 | 1 557 639 | -894 | 5 352 | -1 203 823 | 398 899 |
| Loss January - December 2021 | | | | 1 023 | | -85 531 | -84 508 |
| Share swap ¹ | | | | | | -62 333 | -62 333 |
| Change in fund for development expenses | | | | | 138 | -138 | 0 |
| New share issue, employee stock options and warrants | 250 | | 6 031 | | | | 6 281 |
| New share issue and repurchase of own C-shares | 34 | | | | | -34 | 0 |
| Share-based payment transactions | | | | | | 7 365 | 7 365 |
| As at December 31, 2021 | 40 909 | 0 | 1 563 670 | 129 | 5 490 | -1 344 494 | 265 704 |

¹ During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting in May 2021, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

| SEKt | Oct - Dec | | Jan - Dec | |
|---|----------------|----------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating loss | -21 773 | -26 656 | -80 669 | -98 561 |
| Non-cash adjustments: | | | | |
| -Share-based payments | 4 020 | 803 | 7 365 | 3 729 |
| -Depreciation regarding right of use assets | 1 482 | 3 345 | 5 786 | 8 497 |
| -Unrealized exchange rate differences | -2 909 | 5 141 | -8 130 | 8 531 |
| -Other | 510 | -1 284 | 2 603 | 24 |
| Interests received | 0 | 1 | 0 | 5 |
| Interests paid | -1 048 | -3 | -1 168 | -6 |
| Income tax paid | -2 560 | -1 499 | -3 099 | -4 970 |
| Net cash flows from operating activities before changes in working capital | -22 278 | -20 152 | -77 312 | -82 751 |
| Changes in working capital | 5 970 | -1 394 | -5 711 | -17 524 |
| Net cash flows from operating activities | -16 308 | -21 546 | -83 023 | -100 275 |
| Investments in intangible assets | -328 | -548 | -808 | -2 312 |
| Investments in equipment and tools | -1 763 | 219 | -2 771 | -346 |
| Net cash flows from investing activities | -2 091 | -329 | -3 579 | -2 658 |
| Share swap ¹ | 0 | 0 | -62 333 | 0 |
| New share issue, employee stock options and warrants | 344 | 773 | 6 281 | 11 248 |
| Directed share issue | 0 | 0 | 0 | 378 000 |
| Transaction costs, directed share issue | 0 | 0 | 0 | -16 142 |
| Repayments of leasing debt | -1 775 | -2 641 | -5 743 | -7 768 |
| Net cash flows from financing activities | -1 431 | -1 868 | -61 795 | 365 338 |
| Net cash flows | -19 830 | -23 743 | -148 397 | 262 405 |
| Cash and cash equivalents as at beginning of period | 225 497 | 377 877 | 353 737 | 92 065 |
| Net exchange difference | 797 | -397 | 1 124 | -733 |
| Cash and cash equivalents as at end of period | 206 464 | 353 737 | 206 464 | 353 737 |

¹ During the third quarter of 2021, BONESUPPORT, in accordance with a resolution from the annual general meeting in May 2021, entered into a share swap agreement to secure the commitments in the group's incentive programs LTI 2021. A total of 786,000 shares were hedged during the third quarter at an average value of SEK 79.30 per share, a total value of SEK 62,333 thousand.

CONDENSED CONSOLIDATED INCOME STATEMENT PER QUARTER

| SEKt | 2021 | | | | 2020 | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 61 402 | 54 877 | 51 777 | 44 829 | 53 175 | 48 078 | 36 175 | 43 432 |
| North America | 34 798 | 32 670 | 29 068 | 25 121 | 28 633 | 28 281 | 21 565 | 21 248 |
| EUROW | 26 604 | 22 207 | 22 709 | 19 708 | 24 542 | 19 797 | 14 610 | 22 184 |
| Cost of sales | -6 581 | -6 051 | -5 448 | -5 101 | -5 418 | -4 125 | -4 813 | -4 900 |
| Gross profit | 54 821 | 48 826 | 46 329 | 39 728 | 47 757 | 43 953 | 31 362 | 38 532 |
| Gross margin, % | 89.3% | 89.0% | 89.5% | 88.6% | 89.8% | 91.4% | 86.7% | 88.7% |
| Selling expenses | -38 524 | -35 507 | -34 090 | -31 153 | -33 884 | -31 982 | -22 957 | -34 995 |
| Sales commissions | -11 429 | -10 017 | -9 256 | -7 869 | -8 371 | -9 230 | -6 916 | -7 081 |
| Research and development expenses | -14 395 | -11 326 | -15 031 | -12 257 | -16 467 | -11 654 | -13 994 | -15 783 |
| Administrative expenses | -14 827 | -5 401 | -13 991 | -9 903 | -12 647 | -11 641 | -10 341 | -10 863 |
| Other operating income | 5 175 | 1 447 | 1 187 | 3 499 | 1 594 | 4 173 | 1 971 | 4 450 |
| Other operating expenses | -2 594 | -1 302 | -1 088 | -1 721 | -4 638 | -2 845 | -2 598 | -3 466 |
| Operating loss | -21 773 | -13 280 | -25 940 | -19 676 | -26 656 | -19 226 | -23 473 | -29 206 |
| Net financial items | -279 | -519 | -32 | -338 | 615 | -832 | -195 | -28 |
| Loss before income tax | -22 052 | -13 799 | -25 972 | -20 014 | -26 041 | -20 058 | -23 668 | -29 234 |
| Income tax | -2 151 | -269 | -1 073 | -201 | -1 124 | -1 171 | 34 | -150 |
| Loss for the period | -24 203 | -14 068 | -27 045 | -20 215 | -27 165 | -21 229 | -23 634 | -29 384 |

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

CONDENSED PARENT COMPANY INCOME STATEMENT

| SEKt | Oct - Dec | | Jan - Dec | |
|-------------------------------------|---------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | 10 456 | 5 956 | 43 646 | 39 371 |
| Administrative expenses | -12 052 | -6 767 | -49 542 | -47 462 |
| Other operating income | 30 | -570 | 121 | 1 642 |
| Other operating expenses | -911 | 1 809 | -1 659 | -331 |
| Operating loss | -2 477 | 428 | -7 434 | -6 780 |
| Net financial items | 1 339 | 913 | 4 293 | 3 658 |
| Result after financial items | -1 138 | 1 341 | -3 141 | -3 122 |
| Income tax | 0 | 0 | 0 | 0 |
| Result for the period | -1 138 | 1 341 | -3 141 | -3 122 |

Parent company result for the period equals comprehensive income.

CONDENSED PARENT COMPANY BALANCE SHEET

| SEKt | Note | Dec 31 | |
|-------------------------------------|----------|------------------|------------------|
| | | 2021 | 2020 |
| ASSETS | | | |
| Non-current assets | | | |
| Non-current financial assets | 6 | 1 128 672 | 964 079 |
| Total non-current assets | | 1 128 672 | 964 079 |
| Current assets | | | |
| Other receivables | | 47 | 0 |
| Prepaid expenses | 6 | 660 | 633 |
| Cash | 6 | 181 275 | 338 114 |
| Total current assets | | 181 982 | 338 747 |
| TOTAL ASSETS | | 1 310 654 | 1 302 826 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Restricted equity | 4 | 40 909 | 40 625 |
| Unrestricted equity | | 1 227 419 | 1 224 563 |
| Total equity | | 1 268 328 | 1 265 188 |
| Non-current liabilities | | 35 043 | 27 411 |
| Current liabilities | 6 | 7 283 | 10 227 |
| TOTAL EQUITY AND LIABILITIES | | 1 310 654 | 1 302 826 |

NOTE 1 GENERAL INFORMATION, ACCOUNTING PRINCIPLES

This year end 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 2020 have also been applied in this year end report. New or amended standards or interpretations of standards effective as of January 1, 2021 have not had any significant impact on BONESUPPORT's financial statements.

Estimates, assumptions and assessments

When preparing the company's financial statements, a number of assessments and estimates are made, as well as assumptions which 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.

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 2020.

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 | 2021 | 2020 | 2021 | 2020 |
| Route 2 Advisors Ltd (Simon Cartmell, previous Board member) | Consultancy | 0 | 101 | 61 | 407 |
| Odlander, Fredrikson & Co AB (Björn Odlander, Board Member) | Travelling expenses | 0 | 0 | 0 | 9 |

NOTE 4 NUMBER OF SHARES AND POTENTIAL SHARES

| Ordinary shares | Number of shares | Potential shares |
|--------------------------------------|------------------|------------------|
| December 31, 2020 | 63 764 222 | 657 135 |
| Converted employee stock options | 39 354 | -39 354 |
| Converted warrants | 361 096 | -361 096 |
| Adjustment of employee stock options | 0 | 10 000 |
| December 31, 2021 | 64 164 672 | 266 685 |

| Series C-shares | Number of shares | Potential shares |
|-------------------|------------------|------------------|
| December 31, 2020 | 1 235 000 | 55 000 |
| Issued shares | 55 000 | -55 000 |
| December 31, 2021 | 1 290 000 | 0 |

NOTE 5 PLEGGED SECURITIES AND CONTINGENT LIABILITIES

The U.S. subsidiary BONESUPPORT Inc. has provided a guarantee of USD 56 thousand (56), corresponding to SEK 506 thousand (460) 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 in accordance with the cost method. During 2021, the parent company has given unconditional shareholders contribution to BONESUPPORT AB amounting to SEK 65 million.

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 and 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 2.0 million (2.4) in the quarter. For the year to date, the corresponding amount was SEK 7.9 million (7.9). U.S. and U.K. were the only markets that delivered more than ten percent of the consolidated net sales.

| SEKt | Oct - Dec 2021 | | | | Oct - Dec 2020 | | | |
|---|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Profit and loss items | NA | EUROW | Other | Total | NA | EUROW | Other | Total |
| Net sales | 34 798 | 26 604 | 0 | 61 402 | 28 633 | 24 542 | 0 | 53 175 |
| <i>of which CERAMENT BVF</i> | 33 952 | 3 554 | 0 | 37 506 | 27 558 | 3 739 | 0 | 31 297 |
| <i>of which CERAMENT drug eluting¹</i> | 0 | 23 050 | 0 | 23 050 | 0 | 20 790 | 0 | 20 790 |
| <i>of which other</i> | 846 | 0 | 0 | 846 | 1 075 | 12 | 0 | 1 087 |
| Cost of sales | -2 062 | -4 519 | 0 | -6 581 | -1 476 | -3 942 | 0 | -5 418 |
| Gross profit | 32 736 | 22 085 | 0 | 54 821 | 27 157 | 20 600 | 0 | 47 757 |
| Sales commissions | -11 429 | 0 | 0 | -11 429 | -8 371 | 0 | 0 | -8 371 |
| Other operative costs | -17 639 | -17 131 | 0 | -34 770 | -18 670 | -15 049 | 0 | -33 719 |
| Contribution | 3 668 | 4 954 | 0 | 8 622 | 116 | 5 551 | 0 | 5 667 |
| Other operating items | 0 | 0 | -30 395 | -30 395 | 0 | 0 | -32 323 | -32 323 |
| Operating result | 3 668 | 4 954 | -30 395 | -21 773 | 116 | 5 551 | -32 323 | -26 656 |
| Net financial items | 0 | 0 | -279 | -279 | 0 | 0 | 615 | 615 |
| Result before income tax | 3 668 | 4 954 | -30 674 | -22 052 | 116 | 5 551 | -31 709 | -26 041 |

| SEKt | Jan - Dec 2021 | | | | Jan - Dec 2020 | | | |
|---|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|
| Profit and loss items | NA | EUROW | Other | Total | NA | EUROW | Other | Total |
| Net sales | 121 657 | 91 228 | 0 | 212 885 | 99 727 | 81 133 | 0 | 180 860 |
| <i>of which CERAMENT BVF</i> | 119 427 | 12 453 | 0 | 131 880 | 97 451 | 12 808 | 0 | 110 259 |
| <i>of which CERAMENT drug eluting¹</i> | 0 | 78 775 | 0 | 78 775 | 0 | 68 313 | 0 | 68 313 |
| <i>of which other</i> | 2 229 | 0 | 0 | 2 229 | 2 275 | 12 | 0 | 2 288 |
| Cost of sales | -7 881 | -15 300 | 0 | -23 181 | -6 070 | -13 186 | 0 | -19 256 |
| Gross profit | 113 776 | 75 928 | 0 | 189 704 | 93 657 | 67 947 | 0 | 161 604 |
| Sales commissions | -38 571 | 0 | 0 | -38 571 | -31 598 | 0 | 0 | -31 598 |
| Other operative costs | -72 492 | -63 328 | 0 | -135 820 | -78 880 | -54 785 | 0 | -133 665 |
| Contribution | 2 713 | 12 600 | 0 | 15 313 | -16 821 | 13 162 | 0 | -3 659 |
| Other operating items | 0 | 0 | -95 982 | -95 982 | 0 | 0 | -94 902 | -94 902 |
| Operating result | 2 713 | 12 600 | -95 982 | -80 669 | -16 821 | 13 162 | -94 902 | -98 561 |
| Net financial items | 0 | 0 | -1 168 | -1 168 | 0 | 0 | -440 | -440 |
| Result before income tax | 2 713 | 12 600 | -97 150 | -81 837 | -16 821 | 13 162 | -95 342 | -99 001 |

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 and six performance share 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. 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 (21.6) options were fully vested before the end of the period.

Performance share programs

There are four programs for employees and two programs for two board members.

The programs run as follows with the below end dates:

- The program for employees decided at the annual general meeting in 2018 runs until 31 December 2021;
- The program for two board members decided at the annual general meeting in 2018 runs until 31 December 2021;
- The program for employees decided at the annual general meeting in 2019 runs until 31 December 2022;
- The program for employees decided at the annual general meeting in 2020 runs until 31 December 2023;
- The program for employees decided at the annual general meeting in 2021 runs until 31 December 2023; and
- The program for two board members decided at the annual general meeting in 2021 runs until the date of the annual general meeting in 2024.

In each program for employees decided at the annual general meetings in 2018, 2019 and 2020, 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. In the program for two board members decided at the annual general meeting in 2018, each savings share gives the opportunity to be allotted a maximum of two performance shares without payment depending on share price development. 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.

In the program for employees decided at the annual general meeting in 2021, each savings share gives the opportunity to be allotted a maximum of six 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.

In the program for two board members decided at the annual general meeting in 2021, each savings share gives the opportunity to be allotted a maximum of three performance shares without payment depending on share price development.

The annual general meeting in May 2021 authorized the board to enter a share swap-agreement with a third party bank to fulfil the company's commitments under the incentive programs LTI 2021 and LTI 2021 Board and to secure social security charges for these programs. The mandate was exercised during the third quarter.

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. At the end of the vesting period, a reduction in staff turnover is assumed, which entails an increased cost. 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 program

All of the warrants within the warrant program that was executed in 2018 and that gave the holder the right to acquire one share per warrant, have been exercised during 2021.

Further information on these programs is presented in Notes 12 and 23 in the Annual Report 2020.

NOTE 8
CONT'D

| Employee stock option programs | No. of options¹ | Equal to no. of shares | WAEP² |
|---------------------------------------|-----------------------------------|-------------------------------|-------------------------|
| Balance January 1, 2021 | 1 480 187 | 296 039 | 9.35 |
| Adjustment | 50 000 | 10 000 | 26.50 |
| Exercised | -196 771 | -39 354 | 2.67 |
| Balance December 31, 2021 | 1 333 416 | 266 685 | 9.40 |

| Performance share programs | Right to no. of shares |
|---|-------------------------------|
| Balance January 1, 2021 | 1 195 000 |
| Granted in this year's program | 606 000 |
| Returned due to terminated employment or assignment | -10 000 |
| Balance December 31, 2021 | 1 791 000 |

| Warrant program | No. of warrants | Equal to no. of shares | WAEP² |
|---------------------------|------------------------|-------------------------------|-------------------------|
| Balance January 1, 2021 | 361 096 | 361 096 | 15.94 |
| Exercised | -361 096 | -361 096 | 15.94 |
| Balance December 31, 2021 | 0 | 0 | 0.00 |

1 Not allocated options amounted to 4,069,547 (4,119,547).

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 7,365 thousand (3,729). The social security contributions amounted to a reduced expense of SEK 1,810 thousand, compared to an expense of SEK 4,926 thousand previous year. The effect on earnings for the period is primarily due to expenses for the new programs LTI 2021 and LTI 2021 Board. Liability for social security contributions at the end of the period amounts to SEK 6,290 thousand (8,100).

DEFINITIONS - ALTERNATIVE PERFORMANCE MEASURES

BONESUPPORT uses Alternative Performance Measures (APM) to enhance understandability of the information in the financial reports, both for external analysis and 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:

Net sales growth

The difference in net sales between two periods in relation to net sales for the earlier period. Shows the operations' sales performance. BONESUPPORT's objective is to grow sales with 40 percent per year once the pandemic recedes.

Net sales growth in constant exchange rates, CER

The difference in net sales between two periods in relation to net sales for the earlier period. The net sales for the current period is recalculated using the earlier period's exchange rates. 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, divided by net sales. Shows the gross profit in relation to net sales and the margin to cover other expenses and profit margin.

Contribution

Net sales minus cost of sales, minus directly attributable selling expenses and research and 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 | |
|--|--------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| SEKm | | | | |
| Net sales | 61.4 | 53.2 | 212.9 | 180.9 |
| Sales growth, % | 15.5 | 15.1 | 17.7 | 16.3 |
| Cost of sales | -6.6 | -5.4 | -23.2 | -19.3 |
| Gross profit | 54.8 | 47.8 | 189.7 | 161.6 |
| Gross margin, % | 89.3 | 89.8 | 89.1 | 89.4 |
| Directly attributable selling expenses | -43.7 | -37.8 | -159.8 | -142.0 |
| Selling expenses, not directly attributable | -6.3 | -4.5 | -18.1 | -13.4 |
| <i>Selling expenses including commissions</i> | <i>-50.0</i> | <i>-42.3</i> | <i>-177.8</i> | <i>-155.4</i> |
| Directly attributable research & development expenses | -2.5 | -5.5 | -14.6 | -23.3 |
| Research & development expenses, not directly attributable | -11.9 | -11.0 | -38.4 | -34.6 |
| <i>Research & development expenses</i> | <i>-14.4</i> | <i>-16.5</i> | <i>-53.0</i> | <i>-57.9</i> |
| Contribution | 8.6 | 4.5 | 15.3 | -3.7 |

| | Dec 31 | |
|------------------------------|---------------|---------------|
| | 2021 | 2020 |
| SEKm | | |
| Non-current borrowings | 16.2 | 5.6 |
| Current borrowings | 5.3 | 4.9 |
| Interest bearing debt | 21.5 | 10.5 |
| Cash and cash equivalents | 206.5 | 353.7 |
| Net debt | -185.0 | -343.3 |

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 with gentamicin

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 health care 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

GPO. (Group Purchasing Organisation). An entity with the purpose to realize savings and efficiencies by aggregating purchasing volumes.

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.

ICUR. Incremental Cost-Utility Ratio

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. 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

Tibial plateau fracture. Fracture of the upper part of the tibia

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

Our soul & our heart



MISSION

Restoring health to improve the quality of life for patients with bone disorders

BONESUPPORT's unique product technology has properties with the potential to revolutionize the care of patients with skeletal injuries, by enabling faster rehabilitation, limiting the number of surgical procedures and reducing the risk of severe infections. For patients, this means that they can return to a normal life more quickly. Since its foundation, BONESUPPORT's products have been used in approximately 70,000 surgical procedures in more than 20 countries. The most common procedures are tibia, foot and ankle surgery and single-stage surgery in connection with bone infection.



VISION

To become a global orthobiologics leader

BONESUPPORT's unique technology means that over time, the company's injectable bio-ceramic bone graft substitutes remodel to natural bones and have the ability to release drugs. This enables new treatment standards in the treatment of bone diseases/skeletal injuries. The company's ambition is to grow sales by 40 percent a year after the pandemic, including through a rapid expansion in the U.S., which is the world's largest health care market.



STRATEGY

The strategy is based on three pillars:

Innovation – BONESUPPORT has the most innovative solution for the treatment of skeletal injuries on the market.

Clinical and Health Economic Evidence – The clinical evidence for the CERAMENT platform continues to grow and now amounts to more than 240 publications and abstracts. An important milestone is CERTIFY, which shows that CERAMENT is at least as good as autograft.

Effective commercial platform – BONESUPPORT's commercial and medical organization provides health care with products, information, service and education.

ABOUT BONESUPPORT

BONESUPPORT Holding AB (publ), org.nr. 556802-2171, based in Lund, is the parent company of BONESUPPORT AB. BONESUPPORT is a commercial orthobiology company primarily aimed at the orthopedic markets in the U.S. and Europe. BONESUPPORT has its registered office in Lund and wholly owned subsidiaries in the U.S., the U.K., Germany, Sweden, Denmark, Switzerland, Spain, the Netherlands and Italy.

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 has well-documented safety and efficacy experience and estimates, based on sales data, that more than 70,000 treatments have been performed with its products worldwide. There is great market potential in trauma, chronic osteomyelitis, revision arthroplasty and oncology, as well as bone and foot infections due to diabetes.

The CERAMENT portfolio is currently commercially available in the largest European markets, as well as in a number of markets outside Europe. In addition, CERAMENT BVF is commercially available in the United States and CERAMENT G in Canada and CERAMENT BVF and CERAMENT G in Australia.

PRESENTATION OF YEAR END REPORT JANUARY – DECEMBER 2021

The company invites investors, analysts and media to a web conference (in English) on February 17, 2022 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 availa-

ble 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, 2022. 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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