



# BONESUPPORT Q1(2021)

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# Bonesupport – First quarter report 2021

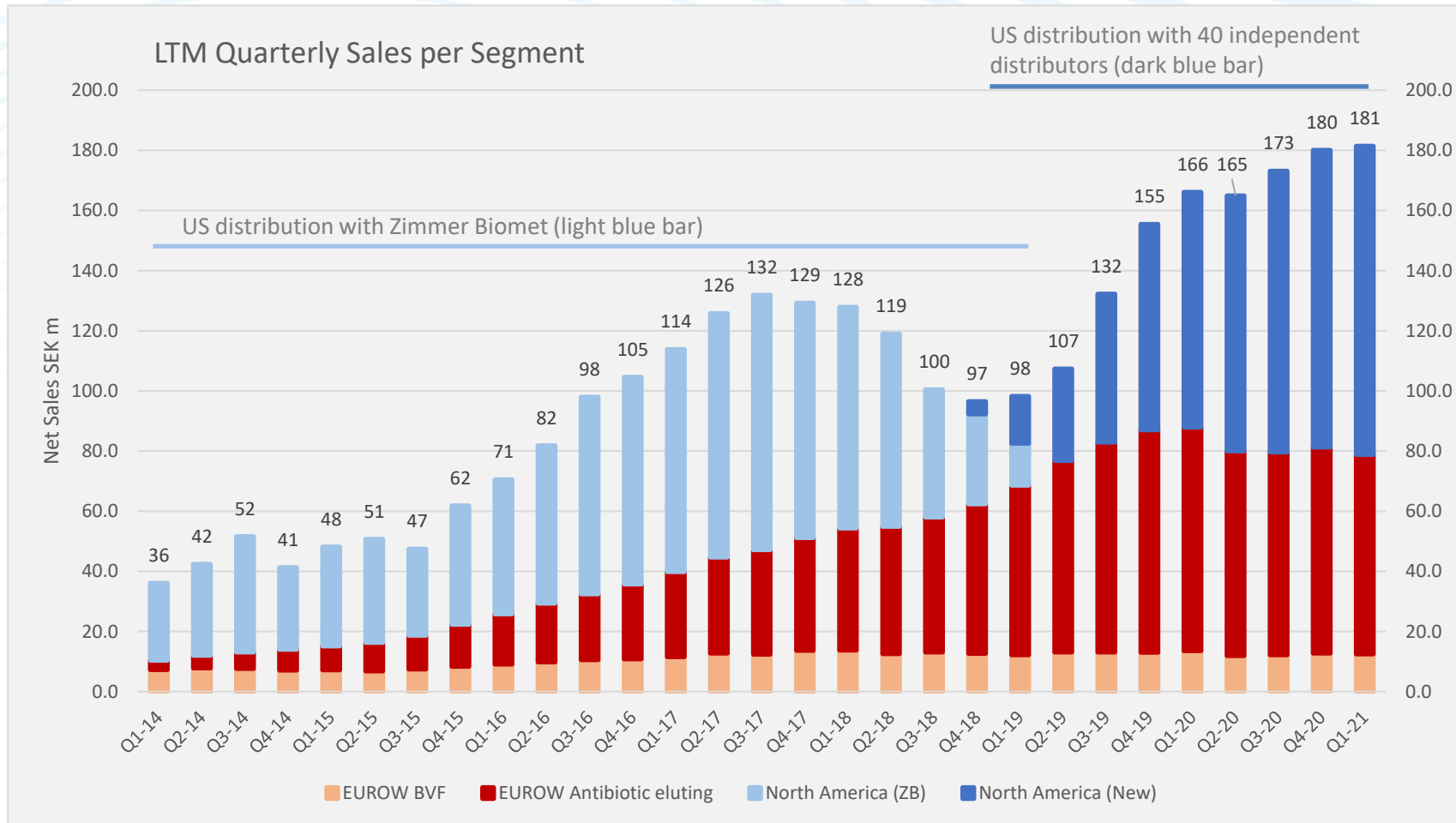
- Net sales SEK 45 m, growth: 3% versus Q1 2020, +14% in constant exchange rates
- EBIT: SEK -20 m (SEK -29 m)

- Signed contract with Premier and Veterans Affairs
- Influence from pandemic rising infection incidence
- Data mining related to request from FDA regarding DeNovo (CERAMENT G) initiated

# COVID-19 – Impact on market dynamics in orthopedic surgery

- Sharp rise in infection incidence at beginning of quarter brought a complete stop to surgeries in several regions
- CERAMENT sales tightly correlated to number of surgeries, in turn determined by pandemic impact
- Significantly reduced customer access:
  - Several sales teams with part time implemented
  - Further digital customer communication vehicles
- Record high back log of orthopedic surgeries in US and EU.  
Cumulation of orthopaedic surgeries to be cleared over the next 1-3 years
- First half of 2021 with material impact from pandemic, with gradual improvement until normalization H2 2021

# Continued progress in expanded US distribution build up, despite pandemic influence



- New US distribution model continuing to develop
- Market dynamics disrupted by COVID-19 pandemic
- Antibiotic eluting CERAMENT represents **83%** of EUROW sales

## North America – Premier contract opens additional access

### Q1 2021

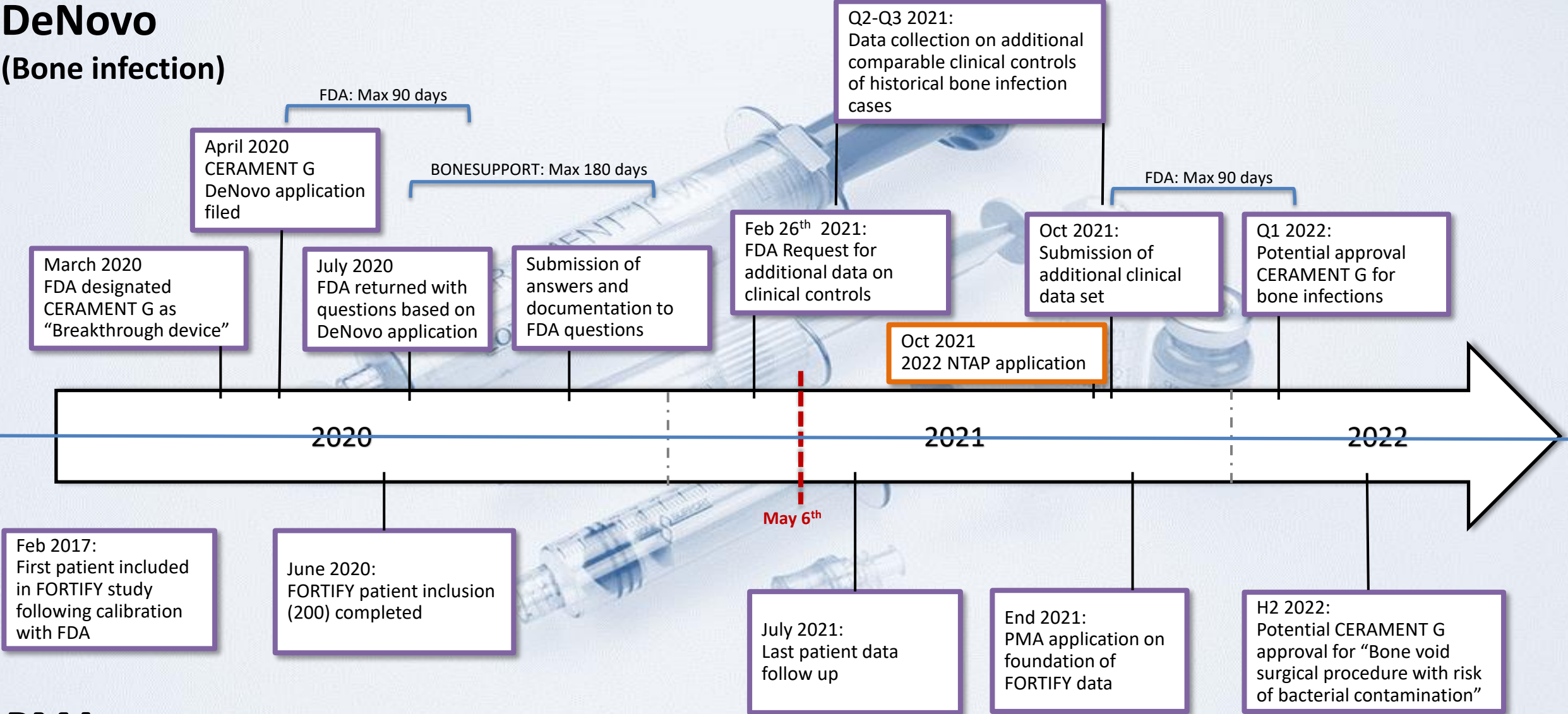
- Sales of SEK 25,1 m, reported growth of 18% over Q1 2020, +36% in constant exchange rates
- High surgery deferral rate at onset of quarter
- Premier contract, effective July 1<sup>st</sup>, providing access to 4100 hospitals
- Contract signed with Veterans Affairs, providing access to 170 medical centres (hospitals)

### CERAMENT G registration in the US

- Clarification meeting held with FDA in March
- Generation of additional data on special controls started:
  - Exploration of published studies with detailed patient data (EU+US)
  - Extraction of treatment data from university hospitals (US)
- FORTIFY proceeding as expected with last patient follow up in July 2021.

# CERAMENT G pathway to US market

## DeNovo (Bone infection)



## PMA (Broader set of indications, incl trauma)

# CMS has provided favorable ruling for NTAP (New Technology Additional Payment) for CERAMENT G – No impact on business 2021

-- Will be published on CMS.gov on May 11<sup>th</sup> 2021 --

- Centers for Medicare and Medicaid Services (CMS) has provided a favorable ruling on CERAMENT G
- CMS recognizes the status of CERAMENT G as a breakthrough device and awarded a 3 913 USD<sup>1</sup> increase on the DRG (Diagnostic Related Group) when used
- The consequence is that a DRG reimbursement, to the treating clinic, for a procedure of i.e. 20 400 USD, is raised to 24 313 USD when using CERAMENT G
- A CMS ruling is valid for 2 or 3 years from the effective date

**Favorable ruling from CMS comes into effect on October 1<sup>st</sup> based on final decision in August the same year.  
Only products approved by FDA ahead of July 1<sup>st</sup> will proceed to final ruling/ implementation**

**CERAMENT G is expected to be approved by FDA only by Q1 2022, which is why the favorable ruling will not come into effect Oct 2021. A new application for 2022 will be filed by BONESUPPORT Oct 2021**



# EUROW – High impact from surging pandemic

## Q1 2021

- Sales of SEK 19,7 m, a development of -11% vs Q1 2020, -8% in constant exchange rates
- Antibiotic eluting products represents 83% of sales

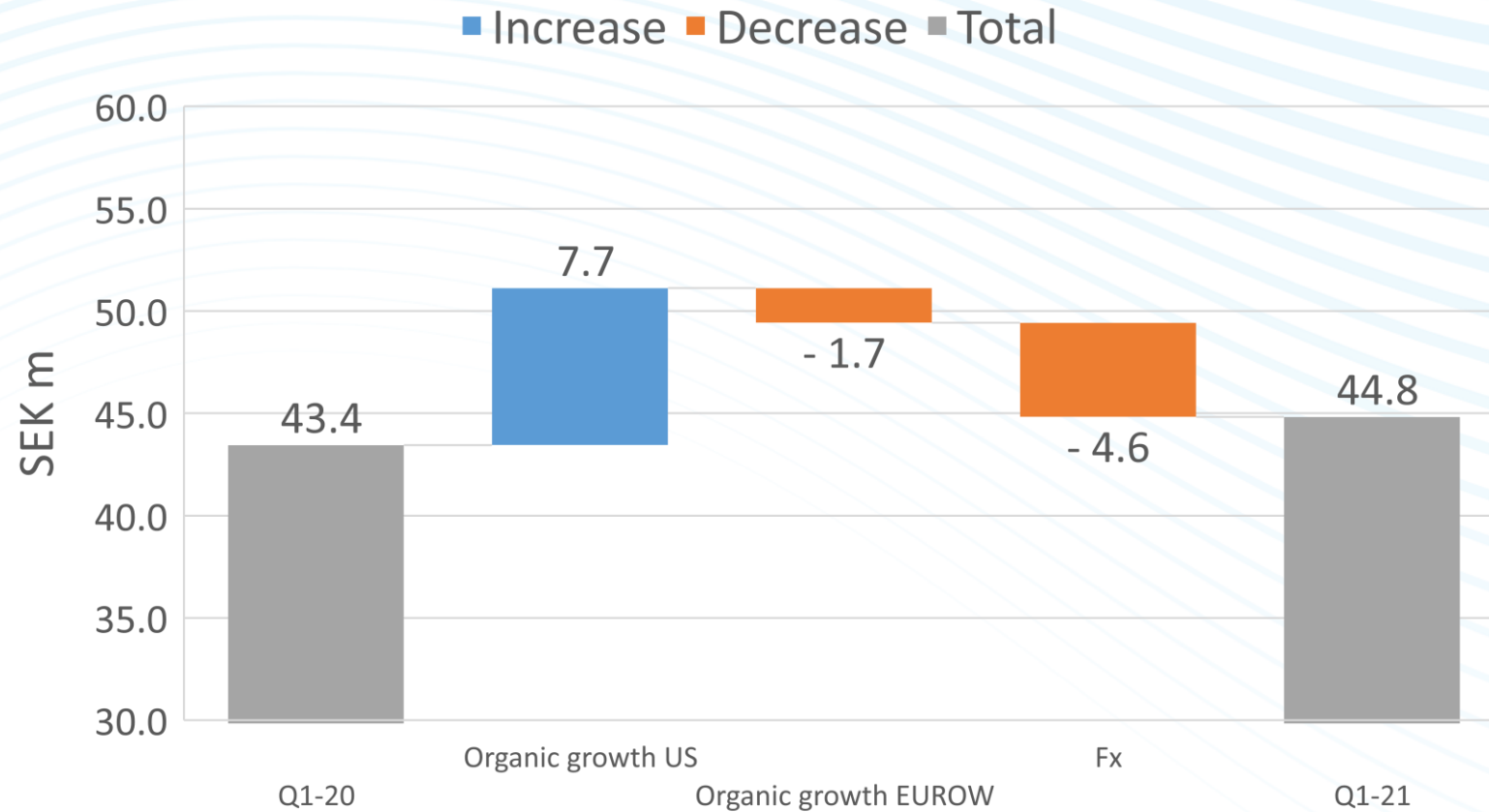
## Highlights

- Surgery departments shut down as many regions struggle with maintaining health care services during record infection incidence.
- Positive contribution from new market entries
- Organizational changes in Germany to boost market penetration when pandemic recedes
- Webinar with European Bone & Joint Infection Society



## Financial Review

# Q1 2021 net sales SEK 44.8 m

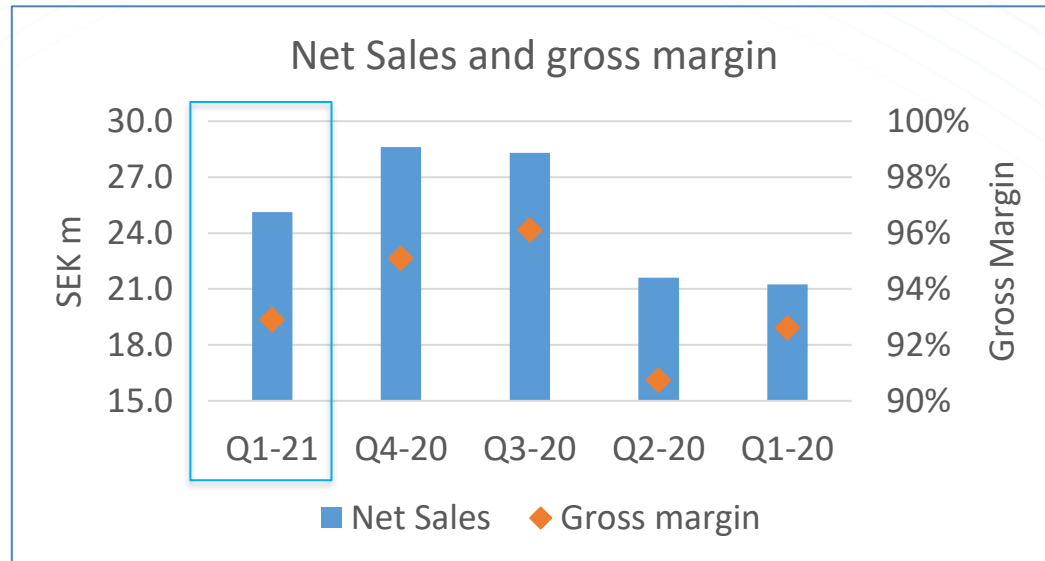


- A 36 percent growth CER in NA despite influence from the pandemic. 18% reported growth
- EUROW sales impacted by hard lock downs in key markets reporting a drop with 8% CER. -11 % reported growth

# North America

**+18%  
Net Sales  
Q1-21**

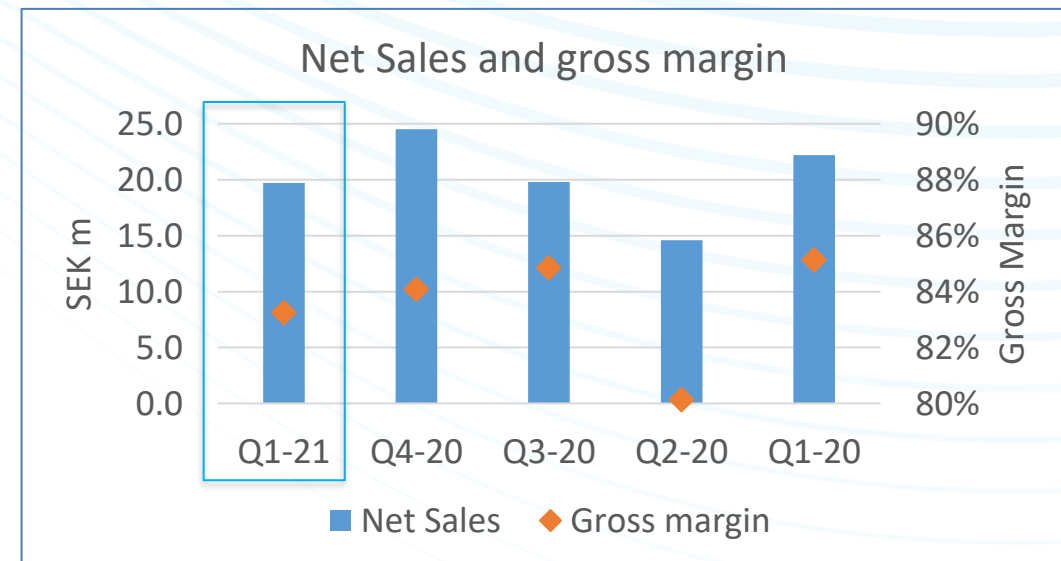
	2021		2020		
SEK m	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Net Sales	25.1	28.6	28.3	21.6	21.2
Gross profit	23.3	27.2	27.2	19.6	19.7
Contribution	-2.0	0.1	-0.6	-4.2	-12.2



# EUROW

**-11%  
Net Sales  
Q1-21**

	2021		2020		
SEK m	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Net Sales	19.7	24.5	19.8	14.6	22.2
Gross profit	16.4	20.6	16.8	11.7	18.9
Contribution	2.2	5.6	1.4	2.3	3.9



# Slow down in sales as the pandemic intensified

## - EBIT improved with SEK 9.5 m

Key Figures	2021	2020				2019		
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2 (i)
Net Sales	44.8	53.2	48.1	36.2	43.4	46.2	39.1	37.3
Gross Margin (%)	88.6	89.8	91.4	86.7	88.7	88.9	87.7	86.5
Operating Loss	-19.7	-26.7	-19.2	-23.5	-29.2	-38.6	-32.7	-47.8
Cash at period end	339.0	353.7	377.9	393.9	68.0	92.1	129.9	173.1

(i) The Operating Loss in the period were affected by a non-comparability item with a negative impact of SEK 11.0 m. The item is a provision related to product returns from the previous US distributor.

### Q1 Insights

- Despite an intensified pandemic, sales grew by 3 percent (14 percent at constant exchange rate) compared to the first quarter of 2020
- Gross margin remaining at same level as previous year, a minor drop from previous quarter following lower sales
- EBIT improved by SEK 9.5 m vs last year

## Expenses low following temporary savings

Key Figures	2021	2020				2019		
SEK m	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2 (i)
Selling expenses (less commissions)	31.2	33.9	32.0	23.0	35.0	41.3	33.5	47.9
Sales Commissions	7.9	8.4	9.2	6.9	7.1	8.0	6.0	4.8
Research and Development expenses	12.3	16.5	11.7	14.0	15.8	18.5	17.4	16.0
Administrative expenses	9.9	12.6	11.6	10.3	10.9	11.6	10.9	10.5
<b>Total expenses</b>	<b>61.2</b>	<b>71.4</b>	<b>64.5</b>	<b>54.2</b>	<b>68.7</b>	<b>79.4</b>	<b>67.8</b>	<b>79.2</b>

(i) The Selling expenses in Q2 2019 were affected by a non-comparability item with a negative impact of SEK 11.0 m. The item is a provision related to product returns from the previous US distributor.

### Q1 Insights

- Selling expenses reduced with SEK 3.8 m despite the investments made in a direct sales team in the Netherlands, mainly relating temporary work hour reductions and conversion from physical meetings and events to digital meetings and webinars.
- R & D expenses reported low as the FORTIFY study has recruited the last patient and thus entered a new phase and as the pace of implementation in other studies was affected by the pandemic.



Clear Corporate Strategy  
Driving Value Creation

# Strategic execution and situational adoption

## **Strong progress despite pandemic disruption**

- Focused distribution strategy driving increased customer base in the US
  - Premier and Veterans Affairs contracts
- CERAMENT G to the US market
  - De Novo pathway – submission of additional data Oct 2021
  - PMA application end of 2021 – Trauma indication
- Leveraging the value of clinical & health economic evidence
- New markets developing well

**Corporate target of an annual sales growth of 40%**





Q&A