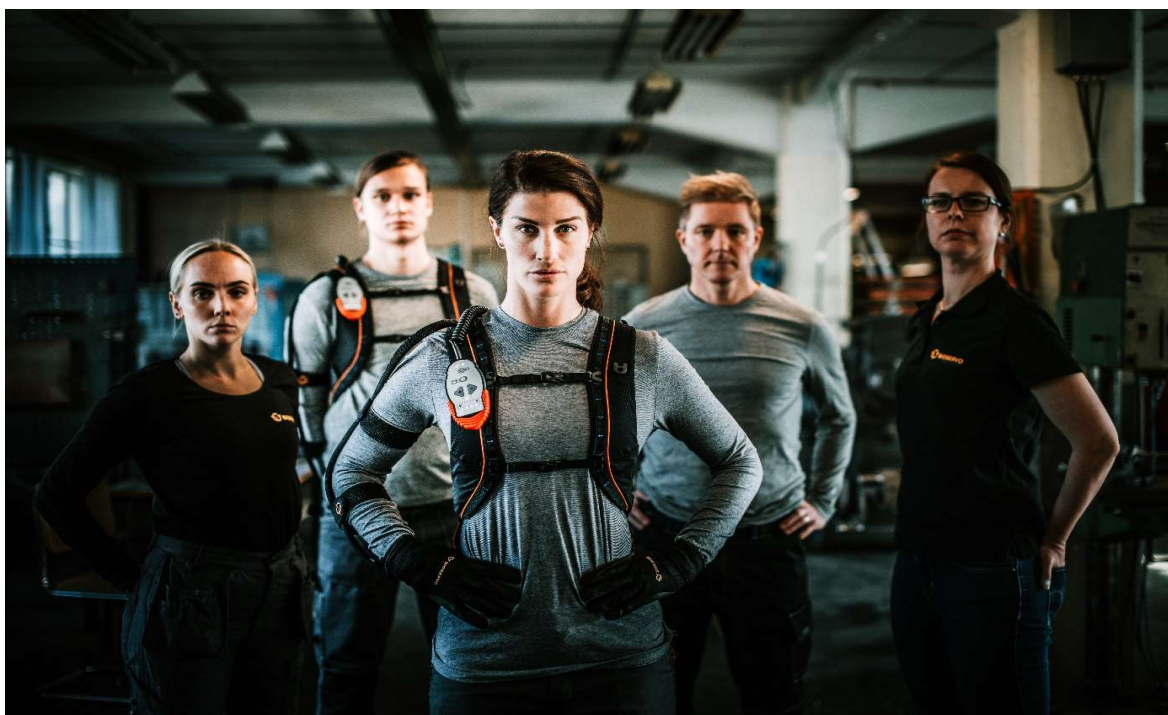


Bioservo Technologies AB

Annual Report

2019-01-01 – 2019-12-31



ANNUAL REPORT FOR BIOSERVO TECHNOLOGIES AB

CEO Petter Bäckgren comments on 2019



COVID-19

It feels important to start by commenting on the ongoing COVID-19 pandemic and how we within the management team at Bioservo work preventively to minimize the adverse effects. The welfare of the Company's staff and customers is our main priority, and we take all appropriate measures to mitigate the effects of COVID-19 in accordance with the recommendations from the authorities.

We also work proactively to protect Bioservo's financial assets through an extensive savings program, partly with the help of the various government subsidies such as shortening working hours and reduced employers' fees now being offered. Through early and proactive cost savings, our goal is to have a strong financial position when our customers restart their operations and the commercialization of Ironhand® can be resumed.

Fiscal year 2019

A successful year for Bioservo, which culminated in the biggest order so far of 100-Ironhand®-units. 2019 has been an eventful year for Bioservo where the commercialization of Ironhand® has had the highest priority. During the year a distributor network has been successfully established on the most important markets for Ironhand®. The distributors have now implemented Ironhand® as a part of their respective product portfolios.

After extensive tests of Ironhand® and comprehensive improvement efforts together with leading edge companies Bioservo was able to introduce an even better product during 2019. The product now offers an improved user experience, that intuitively and intelligently provides power when needed. The new generation of Ironhand® was very well received and companies in the construction, automotive and aerospace industries are now starting to test, evaluate and in some cases implement Ironhand®.

The new generation of Ironhand® has undergone significant improvements in terms of robustness, comfort, user friendliness, new sensors, new carry solution, and improved power transmission in the glove. All this combined has created a strong interest for our technology. Ironhand® which imitates the body's own functions, is adaptive and intelligent, e.g. the glove optimizes its settings during use to constantly improve the user experience. Our new sales infrastructure including a distribution network in our core markets has already positively contributed to increased sales and significantly increased the number of product demonstrations of Ironhand® globally.

Our core markets have been USA, Germany and France. The interest for Ironhand® has been large in all markets. In France, both our distributor Gobio and Loxam, contracted for the rental market, are reporting a substantial increase in interest from companies to invest in or rent Ironhand®. The French market has from an early stage showed interest in Ironhand® and it is one of the countries that has progressed the furthest in actively working on reducing work related injuries.

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Bioservo Technologies has for a number of years collaborated with Eiffage, a leading European construction company, that has a clear agenda to reduce strain injuries. Together with Eiffage, we held a large launch event in Paris where Bioservo had the opportunity to introduce Ironhand®. At the event Eiffage also presented the results from extensive tests including 75 workers using Ironhand® during the last 2 years. Both objective and subjective results from the tests indicate clear benefits of using Ironhand® and supports broader use and implementation. The collaboration with Loxam, a leading company within the machine and equipment rental sector in Europe, has after positive initial tests, resulted in Bioservo's largest business to date with the sale of 100 Ironhand® units, which is part of a nationwide introduction of Ironhand® in France.

Personal reflections

Bioservo is the only company that provides strengthening gloves for industrial use and it is clear that there is a great unmet need. Based on the positive feedback from the operators testing Ironhand® and the response from the industry, I am convinced that our solutions will be widely implemented among many industrial companies going forward. To meet this growing interest, we are preparing for a long-term expansion of our production capacity for both units and consumables.

We remain dedicated to our mission to offer grasp strengthening solutions and will continue to develop improvements focused on the user experience. Seeing the difference that our products can make by reducing work related injuries and strain, removing pain and retaining a high quality of life for people makes our work meaningful.

I feel confident that we are on the right path and are well equipped to meet the increasing demand of intuitive grip-strengthening gloves. Further, I feel confident that products like ours will become a natural part of workplaces with grasp intensive tasks in the near future.

Kista 2 April 2020

Petter Bäckgren
CEO

Management report

The Board and CEO of Bioservo Technologies AB located in Stockholm, Company number 556650-7264 present herein the annual report for the financial year of 2019. The annual report is presented in Swedish kronor, SEK.

Business operations

Bioservo Technologies AB (publ) is a world leading company in wearable muscle strengthening systems for people in need of extra strength and endurance. All our innovative products and systems are designed to keep people strong, healthy and efficient.

The company has a unique global position within soft exoskeleton technology for the hand, both for industrial applications to improve the health for workers and to improve quality of life for people with reduced muscle strength.

Bioservo Technologies was founded in 2006 in collaboration between researchers at the Royal Institute of Technology and a doctor at Karolinska Hospital. Bioservo Technologies is a Swedish publicly listed company with headquarters in Stockholm. Shares were registered on the Nasdaq First North on 22nd May 2017

Significant events during the fiscal year

Ironhand® for Industry

During the month of May, Bioservo launched the next generation of the industrial glove Ironhand® that includes top-to-bottom improvements regarding durability, comfort and usability through new sensors, new carrier as well as improved force transmission in the glove.

In conjunction with the launch of the new industrial glove Ironhand® Bioservo signed exclusive distributor deals for Ironhand® on prioritized markets:

- For the French market, Bioservo entered into an agreement with GOBIO, a brand within EUROPE TECHNOLOGIES Group. GOBIO has previous successful track-record with sales of exoskeleton for industrial use and have good connections with relevant customers in France.
- For the American market Bioservo has entered into an agreement with Rhino Assembly Ltd that focus on delivering the world's most innovative solutions within assembly industry. Rhino Assembly works with customers such as Ford, BMW, Boeing, Caterpillar as well as several others within the car-, air- and agriculture industries.
- For the German, Spanish, Portuguese, and Polish market Bioservo has entered into an agreement with ITURRI S.A. that has previous experience with successful sales of exoskeleton within the industrial market.
- Bioservo also entered into an agreement with Health2Work for sales of Ironhand® on the market for the Netherlands awb Schraubtechnik- und Industriebedarf GmbH for the Austrian market.

Bioservo also entered in a collaboration with Loxam, a leading company in the rental of equipment and machinery for the construction industry in Europe. The collaboration culminated, at the end of the year, with Loxam undertaking to purchase one hundred Ironhand® units from Bioservo Technologies in 2020 for a nationwide launch in France.

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Bioservo initiated a collaboration with Ericsson to primarily market and demonstrate Ironhand® at major international trade fairs to demonstrate in real time the possibilities of the future with connected products in fast and stable networks.

Bioservo completed a successful long-term test of Ironhand® in Toyota Motor North America's two factories located in Kentucky and West Virginia. The result from the test shows a clear reduction in the risk of strain injuries according to HAL / TLV, a scientific risk assessment method. Cooperation with Toyota continues and new tests with Ironhand® are expected to start at Toyota in 2020.

Bioservo's development partner Eiffage was awarded eight awards during the year for the work with Ironhand®. Since 2017, the companies have a close research collaboration for the development of Ironhand®, the world's first muscle-strengthening soft robotics system for industrial applications.

Carbonhand® for Healthcare

Bioservo has launched a collaboration with Roessingh research center in the Netherlands and initiated a clinical study focusing on the rehabilitative effects of Carbonhand® for patients with reduced hand function, as part of the iHand project, funded by the European initiative Horizon 2020. The aim of the study is to investigate the rehabilitative effect of the Carbon Hand glove and the primary outcome measure of effectiveness is the patient's maximum grip strength.

The benefits of Bioservo's patented and award-winning SEM™ technology were demonstrated in a scientific study. An article published in the scientific journal PLOS ONE ("Home rehabilitation supported by a wearable soft-robotic device for improving hand function in older adults: A pilot randomized controlled trial" (2019 PLOS ONE 14(8): e0220544)) shows that Carbonhand®, either as an aid or as a training tool, can counteract the deterioration of hand function associated with aging.

Other news

Bioservo successfully completed a new share issue with preferential rights for the shareholders, which ended on September 30, 2019. Interest was great and in total, the Rights Issue was subscribed to 156 percent. Net cash proceeds of SEK 58.4 million after issue costs strengthened the company's financial position. The rights issue has also been registered with the Swedish Companies Registration Office and paid subscribed shares ("BTA") were converted into shares as of Monday, October 28, 2019.

Lago Kapital Ltd was hired as a liquidity guarantor for the company's shares. The assignment as a liquidity guarantor is to ensure the possibility of trading in the company's share by continuously executing both buy and sell quotes in the stock. Lago Kapital Ltd quotes purchase and sales volumes corresponding to SEK 15,000 with a spread of a maximum of 4% between the purchase and the selling price, in line with the NASDAQ First North regulations. The purpose of the liquidity guarantee is to improve the liquidity of the share and reduce the difference between the buying and selling price during ongoing trading.

Future outlook

In the coming year, Bioservo Technologies plans to continue with the marketing of and the further development of the company's products and patented technology within both the industrial and the healthcare sectors. To secure sufficient long-term supply, the company will scale-up production and production processes. Furthermore, we are also strengthening our marketing and sales activities for Ironhand® as well as drive the clinical study of the rehabilitating effects of the Carbonhand® glove.

Significant risks and uncertainties

All businesses are naturally subject to some risk and a certain level of risk taking is a pre-condition for achieving the required economic growth. The Board holds the ultimate responsibility for Bioservo's risk strategy and risk management, while the operational management of any risk elements is spread across all levels of the company.

Bioservo, because of the nature of its operations, is exposed to a number of financial risks including exchange rate, interest, credit and liquidity risk factors. The company's present-day operations are primarily directed at developing and commercialising new technology. Development work and the setting up of processes for production and distribution are intrinsically coupled to both commercial risks, such as delays in product development, unexpectedly higher costs, or loss of key company personnel, as well as market and regulatory risk factors.

Research and development

During the year, the company has conducted research and development in the following areas:

- Development of mechanics, electronics, textiles and software
- Sensor technology with focus on robustness and wash-ability
- Improvement of power transmission and comfort of the glove
- Development of an app to configure Ironhand®
- Production processes and assembly processes
- Clinical study to prove the rehabilitating effect of Carbonhand®. All publications can be found on our webpage <https://www.bioservo.com/healthcare/clinical-studies>

Bioservo's ambition is to continue being the leader within the active exoskeleton market and invest continuously in developing technologies and improve products.

Financials

Net turnover

Net turnover increased by 38.8 percent to 9.3 (6.7) MSEK for the year. Growth has been driven by both the successful launch of the industry glove Ironhand®, as well as revenues from collaboration projects from developing Ironarm and continued stable revenues from Carbonhand®.

Operating expenses

Operating expenses amounted to 47.8 (38.3) MSEK for the year. The increase in costs is mainly due to the global launch of the industrial glove Ironhand® and for the execution of the clinical study within the EU-project iHand. Other external expenses comprise mainly investments in marketing and sales related costs.

Operating profit

Operating profit before interest, tax, depreciation and amortisation (EBITDA) amounted to -19.4 (-18.9) MSEK for the year, and operating profit (EBIT) amounted to -23.2 (-22.2) MSEK.

Profit for the year

Profit for the year amounted to -23.2 (-27.9) MSEK representing earnings per share shares before and after dilution -2.35 (-3.12) SEK.

Cash flow

Cash flow for ongoing operations for the year amounted to -25.9 (-16.8) MSEK.

Financial position and investments

Total assets amounted to 81.3 (50.2) MSEK as per December 31, 2019.

Cash and cash equivalents increased to 56.9 (25.6) MSEK as per December 31, 2019. Solvency increased to 92.6 (79.9) percent at the end of the year.

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Personnel

The number of employees was 29 (27) persons as per December 31, 2019.

Shares

Bioservo Technologies AB has traded on Nasdaq First North since May 22, 2017 under trading code "BIOS". The number of shares outstanding at closing date was 14,298,321 (8,936,451) with a quotient of 0.2 kr. The average number of shares throughout the year was 9,876,615 (8,936,451). The share value was 14.00 SEK per share as per December 31, 2019, equalling a total market capitalization of 200.2 million kronor.

Ownership

The company had approximately 2,200 shareholders at closing date. The company's three main shareholders as per December 31, 2019 were Tellacq AB with 23.0 percent, Anders Lundmark with 10.6 percent and Tomas Ward with 5.9 percent. Details of the company's main shareholders are available on the company website.

Certified Adviser

FNCA Sweden AB is Bioservo Technologies' Certified Adviser.

Significant events after the end of the financial year

- Loxam placed orders for their first 82 Ironhand® systems at an order value of MSEK 5.6. The systems will be available for rental in 15 cities across France, fulfilling the demand for increased safety of workers across the country.
- Launch of Ironhand® 1.6 for an optimized user experience. The new Ironhand® allows the operator to configure the glove to fit the work situation at hand, it comes with a new glove for improved comfort and additional carrying solutions for ergonomic adjustments.

Effects due to COVID-19 on Bioservo Technologies AB's operations

Bioservo has successfully initiated a large-scale launch of Ironhand® together with distributors in the US, France and Germany, with a strong focus on the automotive, aerospace, construction industries and its subcontractors. These priority markets and industries are now completely or partially temporarily shut down, which has an impact on Bioservo's ongoing launch of Ironhand® and ongoing validation projects carried out by several of our customers. Should the shutdowns last for a longer period of time, Bioservo's sales will be severely affected.

For this reason, Bioservo has immediately started work to reorganizing the business operations:

- Commercial operations have been switched to digital channels such as video conferencing.
- Alternative suppliers are evaluated to safeguard material supply.
- Short-term work allowance for permanent staff and dismissal of hourly staff in manufacturing and development.

By proactively implementing these measures, Bioservo will have a strong position to resume the launch of Ironhand® and the validation projects we have now paused and capitalize on the business opportunities that will emerge once industries and companies have restarted their operations again.

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Multi-year financial review

	2019	2018	2017	2016
Net turnover	9 269	6 707	4 672	3 756
Profit after Financial expenses	-23 246	-22 190	-19 307	-12 599
Total assets	81 260	50 248	72 308	38 069
Solidity %	92,6	79,9	93,7	79,4
Earnings per share before dilution, SEK	-2,35	-3,12	-0,24	-2,50
Earnings per share after dilution, SEK	-2,35	-3,12	-0,24	-2,50
Average no. of shares before and after dilution	9 876 615	8 936 451	8 021 130	5 025 377
Total no. of shares outstanding	14 298 321	8 936 451	8 936 451	6 259 310

Definition of key figures

Net turnover

Main income, invoiced expenses, other income and revenue adjustments.

Profit/loss after financial item

Profit/loss after financial items plus financial expenses.

Total assets

The company's total assets

Equity/asset ratio (Solidity %)

Equity at the end of the period as a percentage of total assets at the end of the period

Earnings per share before and after dilution

Total earnings divided by weighted average number of shares outstanding during the period before and after dilution

Dividend payment

No dividend to be paid for financial year 2019 according to the Board's recommendation.

Recommendation for profit distribution

The Board recommends that available profit (SEK) be assigned as follows:

Premium fond	178 445 474
Accumulated losses	-88 147 780
Annual loss	-23 246 282
	67 051 412
Distributed so that following are carried over to new calculation	67 051 412

The company's results and financial position are shown in the following income statement, balance sheet and cash flow statement with notes

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INCOME STATEMENT	Note	2019-01-01 2019-12-31	2018-01-01 2018-12-31
	1		
Operating revenues etc			
Net turnover		9 269	6 707
Activated work on own account		-	2 815
Other operating income	2	15 332	6 622
Sum of Operating revenues etc		24 601	16 144
Operating expenses			
Raw materials and consumables		-4 146	-3 601
Other external costs		-17 447	-11 583
Personnel costs	3	-22 385	-19 856
Depreciation of tangible and intangible assets		-3 864	-3 287
Sum of Operating expenses		-47 842	-38 327
Operating Income		-23 241	-22 183
Financial income and expenses			
Interest expenses and similar expenses		-5	-7
Sum of Financial income and expenses		-5	-7
Income after financial expenses		-23 246	-22 190
Income before tax		-23 246	-22 190
Tax on annual income	4	-	-5 700
ANNUAL NET INCOME		-23 246	-27 890

BALANCE SHEET

Note 1 2019-12-31 2018-12-31

ASSETS

Fixed assets

Intangible assets

Balanced expenditure for development and related activities	5	10 592	13 952
Patent, trademark and other intellectual rights	6	2 119	1 442

Sum of Intangible assets		12 711	15 394
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Tangible assets

Inventories	7	504	621
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Sum of Tangible assets		504	621
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Financial assets

Long term receivables		40	-
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Sum of Financial assets	8	40	
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Total Fixed assets		13 255	16 015
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Current assets

Inventories

Material and supplies		5 268	2 515
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Sum of Inventories		5 268	2 515
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Receivables

Accounts receivable		3 326	2 902
Other receivables		355	862
Pre-payments and accrued income		2 121	2 393

Sum of Receivables		5 802	6 157
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Cash and cash equivalents

Bank accounts		56 935	25 561
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Sum of Cash and cash equivalents		56 935	25 561
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Total Current assets		68 005	34 233
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TOTAL ASSETS		81 260	50 248
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BALANCE SHEET	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		2 860	1 787
Development expenditure fund		5 352	8 951
Sum of Restricted equity		8 212	10 738
Unrestricted equity			
Premium share fund		178 445	120 882
Balanced gain or loss		-88 148	-63 586
Annual profit		-23 246	-27 890
Sum of Unrestricted equity		67 051	29 406
Total Equity		75 263	40 144
Current liabilities			
Advance payment from customers		5	5
Accounts payable		1 837	2 223
Other liabilities		900	690
Accrued expenses and prepaid income		3 255	7 186
Sum of Current liabilities		5 997	10 104
TOTAL EQUITY AND LIABILITIES		81 260	50 248

Changes in Equity

	Share capital	Fund development costs	Premium fund	Balanced result	Annual result	Totalt
Opening equity Jan. 1, 2019	1 787	8 951	120 882	-63 586	-27 890	40 144
Adjustment of Share options premium 2018			271	-271		-
Change in development expenditure fund		-3 599		3 599		
Rights issue	1 073		63 270			64 343
Issue costs			-5 978			-5 978
Distribution as per this year's AGM decision				-27 890	27 890	-
Annual profit					-23 246	-23 246
Closing equity Dec. 31, 2019	2 860	5 352	178 445	-88 148	-23 246	75 263

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CASH FLOW ANALYSIS

	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Ongoing business		
Operating profit	-23 241	-22 183
Depreciation	3 864	3 287
Interest paid	-5	-7
Cash flow from operations before change in working capital	-19 382	-18 903
Change in working capital		
Change in inventory	-2 753	-1 364
Change in operation	344	-2 217
Change in operational debt	-4 107	5 558
Cash flow from Operation	-25 898	-16 926
Investing activities		
Investment in tangible fixed assets	-27	-504
Investment in financial assets	-40	-
Investment in intangible fixed assets	-1 025	-4 145
Cashflow from Investing activities	-1 092	-4 649
Financial activities		
New issue of shares	64 342	-
Share emission costs	-5 978	-
Warrents exercised	-	271
Cash flow from Financial activities	58 364	271
Total cash flow for the period	31 374	-21 304
Cash and cash equivalents at the beginning of the year	25 561	46 865
Cash and cash equivalents at end of year	56 935	25 561

NOTES

Note 1 Accounting and reporting policy

General information

The annual financial statements are prepared in accordance with Swedish Financial Reporting Standards and BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Foreign currency

Foreign currency transactions are booked at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into their functional currency at the rates ruling at the balance sheet date. Exchange differences are included in the income statement.

Revenue reporting

Revenue from the sale of goods is recorded in the consolidated statement of income when the control and significant risks and rewards related to the ownership of the goods have been transferred to the buyer.

Accounting currency

The annual report is conducted in Swedish krona and amounts are stated in TSEK if nothing else is named.

Financial instruments

Long-term receivables and long-term liabilities are reported at amortized cost, which corresponds to the present value of future payments discounted by the effective interest rate calculated at the time of acquisition. Current receivables are recognised at the lowest cost of acquisition and net realizable value. Current liabilities expected to be realised within 12 months are recognised at face value.

Depreciation

If an indication of an impairment of an asset exists, its recoverable amount is determined. If the asset's book value exceeds the recoverable amount, the asset is written down to this value. The recoverable amount is defined as the highest of the market value and value in use. Impairment losses are recognized in the income statement.

Employee remuneration – pensions

The company's pension plans comprise a defined contribution pension scheme managed by a third party pension provider. The only obligation of the company with respect to this scheme is to make the specified contributions. All pension plans are reported as defined contribution plans, which means that the premium paid is reported as a cost as pension is earned.

Intangible fixed assets

The company recognizes internally generated intangible assets according to the activation model. Development expenses that add functionality and value are recognized as intangible assets when the following criteria are met.

- it is technically and economically feasible to complete the asset
- the intention and condition is to sell or use the asset
- it is likely that the asset will generate revenue or lead to cost savings
- expenditure can be calculated satisfactorily

Directly attributable expenses, which are capitalized as part of an intangible asset, include expenses for employees and a fair share of indirect costs. Other development costs, which do not meet the above criteria, are expensed as incurred.

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Tangible fixed assets

Tangible fixed assets are reported at cost less accumulated depreciation and write-downs. In addition to the purchase price, the acquisition cost also includes expenses that are directly attributable to the acquisition.

Write-down of intangible and tangible fixed assets

Depreciation is calculated using straight-line depreciation based on the expected useful life of the asset to reflect the expected decrease of the asset's future monetary value. Depreciation is reported as an expense in the income statement.

Intangible assets

Depreciation is calculated as follows:

Development activities	5
Patent	5

For balanced development costs, depreciation is started as soon as the asset has been developed and can be used as intended.

Tangible assets

Depreciation is charged as follows:

Fixtures	5
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Leasing

The company reports all leasing agreements as operating leases which are charged to the income statement on a straight-line basis over the term of the relevant lease.

Inventory

Inventory is capitalised as the difference between the minimum acquisition cost and the net sales value at date of reporting. Net sales value is calculated as the estimated sales prices of the goods less cost of sales. The chosen method means that obsolescence has been taken into account.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year, except in cases where it relates to items recognized directly in equity. In such cases tax is reported as equity. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax is reported according to the balance sheet method on all material temporary differences.

Liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Government grants

The company has applied for and then participated in a number of EU-funded projects with European partners. In these projects, Bioservo receives cost coverage for 70 or 100% of costs incurred. These costs consist partly of hours worked but also direct costs.

Project progress reports and budget control reports are provided to the EU on a continual basis.

External grants are recognised at face value when it is reasonable and certain that the grant will be received, and the company will fulfil the conditions associated with the grant. Grants are paid in advance and are recognized as revenue in accordance with the work that is included in the specific project that the grant relates to.

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Important estimates and judgments for accounting purposes

In order to prepare financial reports, management makes assessments and estimates that affect the reported amounts of assets and liabilities, revenues and expenses. Actual outcomes may deviate from these estimates and assessments. The estimates and assumptions that may lead to the risk of material adjustments in the carrying amount are primarily the valuation of intangible fixed assets. Each year, it is tested whether there is any indication that the value of the assets is lower than the carrying amount. If there is an indication, the asset's recoverable amount is calculated, which is the higher of the asset's fair value less selling costs and value in use.

Share options

As per 2019-12-31, there are 449,230 unsubscribed share options. The share options entitle a total share subscription of 810,994. Share options may be issued as part of the option plan for key individuals and employees of the company.

Series 2016-2023

60,520 issued stock options entitle holders to buy a maximum of 355,857 shares. The price ranges from SEK 23.39-37.00 SEK per share, depending on when the shares are bought during the exercise period. The warrants can be exercised between 25 January 2017 and 31 December 2023.

Upon exercise of all issued warrants, the number of shares and votes in the company will increase by 355,857 each with a par value of SEK 0.20, meaning the Company's share capital will increase by a maximum of 71,171.40 SEK.

Series 2018-2023

385,710 issued stock options entitle holders to buy 455,137 shares.

The price is SEK 25.51 per share and the warrants can be exercised from first quarter of 2023 until 15 December 2023. Upon exercise of all issued warrants, the number of shares and votes in the company will increase by 455,137 each with a par value of SEK 0.20, meaning the Company's share capital will increase by a maximum of 91,027.40 SEK

The subscription programs are subject to customary recalculation terms in connection with issues, etc. Which means that the terms have been recalculated as a result of the rights issue that ended September 30, 2019.

ACCOUNTING POLICY FOR INDIVIDUAL BALANCE SHEET ITEMS

Note 2 Other revenues

Other operating income includes remuneration of TSEK 14,623 (6,146) received for the EU-funded development projects the company has participated in.

Note 3 Employee and personnel costs

Average number of employees	2019	2018
Female	9	8
Male	20	18
Total	29	26

Salaries and other remuneration including social and pension costs	2019	2018
Salaries and other remuneration to the Board, CEO and senior executives	4 502	4 954
Salaries and remuneration to other employees	10 990	9 346
Social and pension costs *	5 981	5 018
* of which, pension costs	(1 623)	(1 117)
Total salaries, other remuneration, social and pension costs	21 473	19 318

<i>Gender diversities among senior executives</i>		
Percentage of women on the Board	17%	17%
Percentage of men on the Board	83%	83%
Percentage of women in senior management	0%	20%
Percentage of men in senior management	100%	80%

Staff costs of TSEK 0 (2,815) have been capitalized as development costs.

Other senior executives are those individuals who together with the CEO constitute the company's management. The number of people in this group is 6 (7). Remuneration is paid to the chairman and members of the board as decided at the AGM. The table below shows the levels of compensation received.

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Total remuneration for Executive Directors

In cases where board fees are invoiced, the social cost is included in the reported amount

<i>2019</i>	<i>Position</i>	<i>Basic salary/ Fees</i>	<i>Other remuneration</i>	<i>Pension costs</i>	<i>Total</i>
Anders Lundmark	Chairman	200	-	-	200
Tomas Ward	Board member	33	-	-	33
Hans Von Holst	Board member	80	-	-	80
Runar Bjørklund	Board member	80	-	-	80
Karin Ruiz	Board member	80	-	-	80
Kunal Pandit	Board member	80	-	-	80
Nikolaj Sörensen	Board member	53	-	-	53
Petter Bäckgren	CEO	1 473	-	360	1 833
Other leading positions		2 423	-	246	2 669
		4 502	-	606	5 108

<i>2018</i>	<i>Position</i>	<i>Basic salary/ Fees</i>	<i>Other remuneration</i>	<i>Pension costs</i>	<i>Total</i>
Anders Lundmark	Chairman	200	-	-	200
Tomas Ward	Board member	80	-	-	80
Martin Gemvik	Board member	64	-	-	64
Hans Von Holst	Board member	80	-	-	80
Runar Bjørklund	Board member	80	-	-	80
Karin Ruiz	Board member	80	-	-	80
Kunal Pandit	Board member	16	-	-	16
Erik Landgren	CEO	1 224	-	189	1 412
Petter Bäckgren	CEO	572	-	100	672
Other leading positions		2 558	-	254	2 812
		4 954	-	543	5 496

Note 4 Deferred tax

Bioservo has changed the principle of not activating deferred tax assets until the company reports a positive taxable profit. In addition, the previously capitalized claim of MSEK 5.7 has been reversed. This does not affect the company's cash flow position.

Note 5 Balanced expenditure on research etc.

	2019-12-31	2018-12-31
Initial costs	23 556	19 752
Purchasing	239	3 804
Outgoing accumulated acquisition costs	23 795	23 556
Initial depreciation	-9 604	-6 824
Annual depreciation	-3 599	-2 780
Outgoing accumulated depreciation	-13 203	-9 604
Outgoing reported balance	10 592	13 952

Intangible assets mainly comprise capitalized development fees for the production of new products.

Costs are capitalized based on hours worked as these represent payroll costs for the development department.

Note 6 Patent, trademarks etc.

	2019-12-31	2018-12-31
Initial costs	2 349	2 007
Purchasing	785	342
Outgoing accumulated acquisition costs	3 134	2 349
Initial depreciation	-907	-482
Annual depreciation	-108	-425
Outgoing accumulated depreciation	-1 015	-907
Outgoing reported balance	2 119	1 442

Note 7 Equipment

	2019-12-31	2018-12-31
Initial costs	721	217
Purchasing	27	504
Outgoing accumulated acquisition costs	748	721
Initial depreciation	-100	-17
Annual depreciation	-144	-83
Outgoing accumulated depreciation	-244	-100
Outgoing reported balance	504	621

Note 8 Contingency

	2019-12-31	2018-12-31
Other liabilities	50	50
Sum of Pledged assets and contingent liabilities	50	50

Note 9 Significant events after the end of the financial year

- Loxam placed orders for their first 82 Ironhand® systems at an order value of MSEK 5.6. The systems will be available for rental in 15 cities across France, fulfilling the demand for increased safety of workers across the country.
- Launch of Ironhand® 1.6 for an optimized user experience. The new Ironhand allows the operator to configure the glove to fit the work situation at hand, it comes with a new glove for improved comfort and additional carrying solutions for ergonomic adjustments.

Effects due to COVID-19 on Bioservo Technologies AB's operations

Bioservo has successfully initiated a large-scale launch of Ironhand together with distributors in the US, France and Germany, with a strong focus on the automotive, aerospace, construction industries and its subcontractors. These priority markets and industries are now completely or partially temporarily shut down, which has an impact on Bioservo's ongoing launch of Ironhand and ongoing validation projects carried out by several of our customers. Should the shutdowns last for a longer period of time, Bioservo's sales will be severely affected.

For this reason, Bioservo has immediately started work to reorganizing the business operations:

- Commercial operations have been switched to digital channels such as video conferencing.
- Alternative suppliers are evaluated to safeguard material supply.
- Short-term work allowance for permanent staff and dismissal of hourly staff in manufacturing and development.

By proactively implementing these measures, Bioservo will have a strong position to resume the launch of Ironhand and the validation projects we have now paused and capitalize on the business opportunities that will emerge once industries and companies have restarted their operations again.

Bioservo Technologies AB
556650-7264

Undersigned affirm that the annual report have been conducted in accordance to sound accounting procedure and gives a true overview of the Company's positions and result, as well as Management report showing a true overview of the development of the organizations operation, position and result, as well as essential risks and insecurity factors the organisation stands before.

The income statement and balance sheet will be presented to the Annual General Meeting for approval

Stockholm 2 April 2020

 Runar Björklund Board member	 Anders Lundmark Chairman of the Board	
	 Hans Von Holst Board member	 Karin Ruiz Board member
 Nikolaj Sørensen Board member	 Kunal Pandit Board member	 Petter Bäckgren CEO

This document is a translation of the original Swedish Annual Report and has not been audited.