

Bioservo Technologies AB

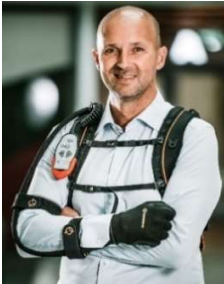
Annual Report

2020-01-01 – 2020-12-31



ANNUAL REPORT FOR BIOSERVO TECHNOLOGIES AB

CEO Petter Bäckgren comments on 2020



Sales during the year increased by 26% compared with the previous year, an outcome that is positive in the prevailing conditions with COVID-19 making our sales efforts more challenging. Sales for the fourth quarter amounted to SEK 2.0 million (SEK 2.4 million), which translates to sales of SEK 11.7 million (SEK 9.3 million) for the full year.

Sales during the quarter consisted largely of Ironhand systems to the Asian market, where tests now are initiated within various industries. The goal is to evaluate how Ironhand best could be implemented in the workplaces and merged into our partners' existing portfolio of products for sale and rental.

The clinical study with Carbonhand has been prioritized during the pandemic, results are expected in 2021

During the period, preliminary data were presented for 21% of the study population from the iHand study, a multicenter study in the Netherlands where patients with weakened grip, due to stroke or other trauma, use Carbonhand at home for 6 weeks. The results show a clear strength increase for the patients with an average of 3 kilos increased grip strength.

The study, which is expected to be completed in 2021, could open up a global market for Carbonhand. According to the World Health Organization, 10 million people worldwide survive a stroke each year. For stroke patients, impaired hand function is one of the most common consequences and disabilities in the hand or arm occurs acutely in up to 87% of all stroke patients.

The next generation of Ironhand is starting to take shape

During the period, we have continued to focus strongly on the development of the next generation of Ironhand. The upcoming version of Ironhand has a number of improvements which means that it will be able to help even more workers. One of the areas for improvement is the biomechanical function, i.e., how the force is transferred to the fingers to get a more natural and more efficient grip during different types of work tasks. In this project, we work closely with specialist expertise in hand surgery to ensure we consider all key aspects of the hand's function. The next version of Ironhand will also be faster, have a more intuitive control system and have more sensors for the glove to be activated and provide power for additional tasks and thus, broaden the area of use for the system.

Continued expansion of our commercial infrastructure in Asia

Our investment in Asia has gotten off to a good start and we have already sold approximately ten systems. Our distributors have conducted training both for their own staff and for potential customers, participated in trade fairs and started a number of interesting customer projects.

In addition to the investment in Asia, which is now beginning to have an effect, large companies in new industries have become aware of Ironhand and are evaluating the system for implementation. For example, companies within food and transport industries. One large global company working in transportation and mobility has conducted successful tests with Ironhand. The tests have attracted a great deal of attention within the company and extended tests are now planned at a number of the company's facilities in Europe and the USA. Our partner Loxam in France also rents out more and more systems to companies in new industries and applications.

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Covid-19

The COVID-19 pandemic has severely limited the opportunities to meet our partners and customers internationally, although it can to some extent be replaced by virtual meetings, it is difficult to conduct tests or train operators. Since the outbreak of the pandemic, the company has shifted its strategic focus towards accelerating our product development and upgrading the network of distributors. Our goal is that Bioservo will be even better prepared for continued commercialization as soon as the restrictions as a result of the pandemic are eased.

The pandemic has delayed the completion of long-term tests as access to factories and operators has been stopped. Our current goal is for the tests at General Motors to be completed during 2021 and to start follow-up tests at Toyota Motors in the USA during the second quarter.

Personal reflections

During the year, the product development has been successful, which will result in us introducing an upgraded version of Ironhand during 2021. A system which in several areas improves the user experience and opens up for using Ironhand in new areas of use and work tasks. My belief is that in the near future, our technology will be implemented in the automotive and construction industries, and later be used more widely in all industries with grip-intensive tasks.

In 2021, the company also plans to complete the iHand project, a clinical study for Carbonhand, a milestone that is expected to provide our technology with strong scientific support. If the results of the study are in line with the preliminary data already presented, the company is ready for a global commercialization of Carbonhand with scientific support and the possibility to also provide patients worldwide with rehabilitation in case of impaired hand function.

Bioservo is a world leader in soft, active power-reinforcing exoskeletons and the application areas and product portfolio we can apply our technology in are extensive. Bioservo is at the start of a growth journey and is well prepared to take advantage of its unique and leading position.

Kista 26 March

Petter Bäckgren
CEO

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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 2020. 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 Growth Market on 22nd May 2017.

Significant events during the fiscal year

- Bioservo launched a new version of Ironhand®, developed to provide an even better user experience. Ironhand® 1.6 enables the operator to adapt the glove settings via an app and is delivered with an updated glove with increased comfort and an alternative wearing solution for improved ergonomics.
- Loxam placed orders for 100 agreed Ironhand® systems, to a value of SEK 6.8 million. The systems will be available for rent in 19 cities across France, and are to be used to meet the need for safer workplaces.
- Ironhand® won the NASA Commercial Invention of the Year Award 2020. We are very proud to have received this award, which is a recognition of our hard and successful work in recent years. The award has been widely circulated internationally in the form of articles and posts on social media.
- Bioservo has further strengthened its distributor network to meet the growing interest in Ironhand from the US and Asia. During the last quarter, agreements have been signed with several well-established companies in the USA, South Korea and Germany.
- Successful completion of directed share issue on November 26, 2020 generating SEK 13.4 million net after transaction costs further strengthening the company's financial position.
- Bioservo received state support for short-term layoffs due to COVID-19. In total, during the year, support of SEK 4.7 million was accounted for and is reported under other operating income.
- Preliminary results in an ongoing clinical study are very promising and open up new markets for Carbonhand. The study examines the therapeutic effect of using Carbonhand in the home, i.e., that the use provides a lasting effect which is maintained even after the glove has been used. The results show both a strengthened grip and that the glove helps users in everyday life.

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Future outlook

In the coming year, Bioservo Technologies plans to continue with the commercialization 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 enhance production processes. Furthermore, we are also strengthening our marketing and sales activities for Ironhand® as well as continue to conduct the clinical study to evaluate the rehabilitative 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 to be a leader in the active exoskeleton and therefore continuously invests in developing the technology and improving the products.

Financials

Net turnover

Net turnover increased by 26 percent to 11.7 (9.3) MSEK for the year. The increase in sales during the year consisted largely of sales of Ironhand® to Loxam and expansion to the Asian market.

Operating expenses

Operating expenses amounted to 46.0 (47.8) MSEK for the year. The company saw a cost increase during the first quarter that was related to the global launch of the Ironhand® industrial glove, an increase in production capacity and for the implementation of the clinical study in the EU project. Costs were offset during the second, third and fourth quarters by cost-cutting measures implemented to address the consequences of COVID-19.

Operating profit

Operating profit before interest, tax, depreciation and amortisation (EBITDA) amounted to -20.6 (-19.4) MSEK for the year, and operating profit (EBIT) amounted to -26.3 (-23.2) MSEK.

Profit for the year

Profit for the year amounted to -26.3 (-23.2) MSEK representing earnings per share shares before and after dilution -1.82 (-2.35) SEK.

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Financials continued

Cash flow

Cash flow for ongoing operations for the year amounted to -4.4 (31.4) MSEK. Cash flow for operating activities amounted to -16.6 (-25.9), driven largely by improvement in working capital.

Financial position and investments

Total assets amounted to 70.6 (81.3) MSEK as per December 31, 2020. Cash and cash equivalents amounted to 52.6 (56.9) MSEK as per December 31, 2020. Solvency amounted to 88 (93) percent at the end of the year.

Personnel

The number of employees was 28 (29) persons as per December 31, 2020.

Shares

Bioservo Technologies AB has traded on Nasdaq First North Growth Market since May 22, 2017 under trading code "BIOS". The number of shares outstanding at closing date was 15,798,321 (14,298,321) with a quotient of 0.2 kr. The average number of shares throughout the year was 14,438,047 (9,876,615). The share value was 17.25 SEK per share as per December 31, 2020, equalling a total market capitalization of 272.5 million kronor.

Ownership

The company had approximately 2,740 shareholders at closing date. The company's three main shareholders as per December 31, 2020 were Tellacq Group AB with 20.81 percent, Anders Lundmark with 9.66 percent and Insurance company Avanza Pension with 5.5 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

Bioservo Technologies AB has received financing of SEK 5 million within the Horizon 2020 framework to develop the next generation of rehabilitative and assistive grip-enhancing gloves.

Bioservo terminated the short-term layoff due to COVID-19 on 1 January 2021 in order to accelerate the development of externally funded projects.

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

Before the outbreak of the COVID-19 pandemic, Bioservo initiated a broad launch of Ironhand® with distributors in the United States, France and Germany, with a strong focus on the automotive industry, aircraft manufacturing, the construction industry and its subcontractors.

During the period, these priority markets and industries have been completely or partially closed to external visitors, which has delayed Bioservo's ongoing launch of Ironhand® and ongoing evaluation projects carried out at various customers.

If the availability to customers in our priority markets within our focus areas continues to be limited for our distributors, Bioservo's sales will continue to be negatively affected.

As long as COVID-19 affects the business, Bioservo will continue to focus on running all commercial operations through digital channels and working intensively with product development to be even better prepared and able to capitalize on the business opportunities that will exist when industries and companies start up again.

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Multi-year financial review

	2020	2019	2018	2017
Net turnover	11 662	9 269	6 707	4 672
Profit after Financial expenses	-26 323	-23 246	-22 190	-19 307
Total assets	70 616	81 260	50 248	72 308
Solidity %	88	93	80	94
Earnings per share before dilution, SEK	-1,82	-2,35	-3,12	-0,24
Earnings per share after dilution, SEK	-1,82	-2,35	-3,12	-0,24
Average no. of shares before and after dilution	14 438 047	9 876 615	8 936 451	8 021 130
Total no. of shares outstanding	15 798 321	14 298 321	8 936 451	8 936 451

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 2020 according to the Board's recommendation.

Recommendation for profit distribution

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

Premium fond	191 516 598
Accumulated losses	-109 603 788
Annual loss	-26 323 189
	55 589 621
Distributed so that following are carried over to new calculation	55 589 621

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 1	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Operating revenues etc			
Net turnover		11 662	9 269
Other operating income	2	8 030	15 332
Sum of Operating revenues etc		19 692	24 601
Operating expenses			
Raw materials and consumables		-6 581	-4 146
Other external costs		-10 828	-17 447
Personnel costs	3	-22 919	-22 385
Depreciation of tangible and intangible assets		-4 041	-3 864
Other operating expenses		-1 649	-
Sum of Operating expenses		-46 018	-47 842
Operating Income		-26 326	-23 241
Financial income and expenses			
Interest expenses and similar expenses		3	-5
Sum of Financial income and expenses		3	-5
Income after financial expenses		-26 323	-23 246
Income before tax		-26 323	-23 246
Tax on annual income	4	-	-
ANNUAL NET INCOME		-26 323	-23 246

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BALANCE SHEET

Note 1 2020-12-31 2019-12-31

ASSETS

Fixed assets

Intangible assets

Balanced expenditure for development and related activities	5	7 203	10 592
Patent, trademark and other intellectual rights	6	2 813	2 119

Sum of Intangible assets		10 016	12 711
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Tangible assets

Inventories	7	355	504
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Sum of Tangible assets		355	504
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Financial assets

Long term receivables		-	40
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Sum of Financial assets			40
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Total Fixed assets		10 371	13 255
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Current assets

Inventories

Material and supplies		3 022	5 268
Prepared goods and goods for sale		93	-

Sum of Inventories		3 115	5 268
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Receivables

Accounts receivable		635	3 326
Other receivables		826	355
Pre-payments and accrued income		3 105	2 121

Sum of Receivables		4 566	5 802
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Cash and cash equivalents

Bank accounts	8	52 564	56 935
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Sum of Cash and cash equivalents		52 564	56 935
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Total Current assets		60 245	68 005
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TOTAL ASSETS		70 616	81 260
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BALANCE SHEET

Note 2020-12-31 2019-12-31

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital	3 160	2 860
Development expenditure fund	3 562	5 352

Sum of Restricted equity	6 722	8 212
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Unrestricted equity

Premium share fund	191 516	178 445
Balanced gain or loss	-109 604	-88 148
Annual profit	-26 323	-23 246

Sum of Unrestricted equity	55 589	67 051
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Total Equity	62 311	75 263
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Provisions

Other Provisions	315	-
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Summa avsättningar	315	-
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Current liabilities

Advance payment from customers	-	5
Accounts payable	2 549	1 837
Other liabilities	894	900
Accrued expenses and prepaid income	4 547	3 255

Sum of Current liabilities	7 990	5 997
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TOTAL EQUITY AND LIABILITIES	70 616	81 260
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Changes in Equity

	Share capital	Fund development costs	Premium fund	Balanced result	Annual result	Totalt
Opening equity Jan. 1, 2020	2 860	5 352	178 445	-88 148	-23 246	75 263
Change in development expenditure fund		-1 790		1 790		-
Rights issue	300		13 950			14 250
Issue costs			-879			-879
Distribution as per this year's AGM decision				-23 246	23 246	-
Annual profit					-26 323	-26 323
Closing equity Dec. 31, 2020	3 160	3 562	191 516	-109 604	-26 323	62 311

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CASH FLOW ANALYSIS

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Ongoing business		
Operating profit	-26 326	-23 241
Depreciation	4 041	3 864
Provisions for warranty	315	-
Interest paid	3	-5
Cash flow from operations before change in working capital	-21 967	-19 382
Change in working capital		
Change in inventory	2 152	-2 753
Change in operation	1 236	344
Change in operational debt	1 993	-4 107
Cash flow from Operation	-16 586	-25 898
Investing activities		
Investment in tangible fixed assets	-	-27
Investment in financial assets	40	-40
Investment in intangible fixed assets	-1 196	-1 025
Cashflow from Investing activities	-1 156	-1 092
Financial activities		
New issue of shares	14 250	64 342
Share emission costs	-879	-5 978
Warrents exercised	-	-
Cash flow from Financial activities	13 371	58 364
Total cash flow for the period	-4 371	31 374
Cash and cash equivalents at the beginning of the year	56 935	25 561
Cash and cash equivalents at end of year	52 564	56 935

NOTES

Note 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 Annual Report and Consolidated Accounts (K3). We follow BFNAR 2020: 1 for certain accounting areas due to the coronavirus.

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 years
Patent	5 years

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 years
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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 that are paid in advance are recognized as income in line with work performed that is part of the specific project to which the grant relates. In accordance with BFNAR 2020: 1, grants in the form of support for short-term layoffs have been reported as income in the financial year to which the support relates, when an assessment has been made that the support will be received with reasonable certainty.

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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.

Warrants

On 31 December 2020, there were 446,230 warrants outstanding. The warrants entitle holders to buy a total of 810,994 shares. The warrants are issued partly within the framework of a stock option program for key personnel and employees of the company.

Due to the fact that the subscription price in the directed share issue carried out on 26 November 2020 was determined on a market basis, there is no basis for recalculation of the subscription price and number of shares for which each warrant was subscribed, as holders of the warrants have not been disadvantaged in relation to other existing shareholders.

Series 2016-2023

The number of options issued amounts to 60,520 and 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

The number of options issued amounts to 385,710 and entitle holders to buy 455,137 shares. The price is SEK 25.51 per share. 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.

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ACCOUNTING POLICY FOR INDIVIDUAL BALANCE SHEET ITEMS

Note 2 Other revenues

Other operating income includes remuneration of TSEK 2,484 (14,623) received for the EU-funded development projects the company has participated in.

Other operating income includes support for short-term layoffs from the Swedish Agency for Economic and Regional Growth, with TSEK 4,669 (0).

Note 3 Employee and personnel costs

Average number of employees	2020	2019
Female	9	9
Male	19	20
Total	28	29

Salaries and other remuneration including social and pension costs	2020	2019
Salaries and other remuneration to the Board, CEO and senior executives	6 024	4 502
Salaries and remuneration to other employees	11 522	10 990
Social and pension costs *	4 895	5 981
* of which, pension costs	(1 448)	(1 623)

Total salaries, other remuneration, social and pension costs	22 441	21 473
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Gender diversities among senior executives

Percentage of women on the Board	6%	17%
Percentage of men on the Board	94%	83%
Percentage of women in senior management	0%	0%
Percentage of men in senior management	100%	100%

Staff costs of TSEK 0 (0) 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 7 (6). 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 remun- eration</i>	<i>Pension costs</i>	<i>Total</i>
Anders Lundmark	Chairman	200	-	-	200
Runar Bjørklund	Board member	80	-	-	80
Hans Von Holst	Board member	27	-	-	27
Karin Ruiz	Board member	27	-	-	27
Kunal Pandit	Board member	80	-	-	80
Nikolaj Sørensen	Board member	80	-	-	80
Claes Mellgren	Board member	53	-	-	53
Petter Bäckgren	CEO	2 066		367	2 433
Other leading positions		3 411		272	3 683
		6 024		639	6 663

<i>2018</i>	<i>Position</i>	<i>Basic salary/ Fees</i>	<i>Other remun- eration</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 Sørensen	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

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Note 4 Deferred tax

Bioservo has changed the principle 2018 of not activating deferred tax assets until the company reports a positive taxable profit. The total deferred tax asset amounts to TSEK 142,579 (116,302).

Note 5 Balanced expenditure on research etc.

	2020-12-31	2019-12-31
Initial costs	18 927	18 688
Purchasing	268	239
Outgoing accumulated acquisition costs	19 195	18 927
Initial depreciation	-8 336	-4 736
Annual depreciation	-3 656	-3 600
Outgoing accumulated depreciation	-11 992	-8 336
Outgoing reported balance	7 203	10 591

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.

	2020-12-31	2019-12-31
Initial costs	3 134	2 349
Purchasing	929	785
Outgoing accumulated acquisition costs	4 063	3 134
Initial depreciation	-1 015	-907
Annual depreciation	-235	-108
Outgoing accumulated depreciation	-1 250	-1 015
Outgoing reported balance	2 813	2 119

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Note 7 Equipment

	2020-12-31	2019-12-31
Initial costs	748	721
Purchasing		27
Outgoing accumulated acquisition costs	748	748
Initial depreciation	-244	-100
Annual depreciation	-149	-144
Outgoing accumulated depreciation	-393	-244
Outgoing reported balance	355	504

Note 8 Contingency

	2020-12-31	2019-12-31
Other liabilities	50	50
Sum of Pledged assets and contingent liabilities	50	50

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Note 9 Significant events after the end of the financial year

Bioservo Technologies AB has received financing of SEK 5 million within the Horizon 2020 framework to develop the next generation of rehabilitative and assistive grip-enhancing gloves.

Bioservo terminated the short-term layoff due to COVID-19 on 1 January 2021 in order to accelerate the development of externally funded projects.

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

Before the outbreak of the COVID-19 pandemic, Bioservo initiated a broad launch of Ironhand® with distributors in the United States, France and Germany, with a strong focus on the automotive industry, aircraft manufacturing, the construction industry and its subcontractors.

During the period, these priority markets and industries have been completely or partially closed to external visitors, which has delayed Bioservo's ongoing launch of Ironhand® and ongoing evaluation projects carried out at various customers.

If the availability to customers in our priority markets within our focus areas continues to be limited for our distributors, Bioservo's sales will continue to be negatively affected.

As long as COVID-19 affects the business, Bioservo will continue to focus on running all commercial operations through digital channels and working intensively with product development to be even better prepared and able to capitalize on the business opportunities that will exist when industries and companies start up again.

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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

Kista 26 March, 2021

Anders Lundmark
Styrelseordförande

Runar Bjørklund
Styrelseledamot

Kunal Pandit
Styrelseledamot

Claes Mellgren
Styrelseledamot

Nikolaj Sørensen
Styrelseledamot

Petter Bäckgren
Verkställande Direktör

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