



Bioservo Technologies AB

Interim Report January – March 2023

Interim report, 1 January to 31 March 2023

First quarter in figures

- Net sales of SEK 4.6 M (2.9)
- EBITDA of SEK -8.9 M (-11.0)
- EBIT of SEK -9.4 M (-12.1)
- Earnings for the period amounted to SEK -9.4 M (-12.1)
- Earnings per share before and after dilution amounted to SEK -0.49 (-0.64)
- Cash flow from operating activities for the period amounted to SEK -12.8 M (-12.4)

Significant events during the period

- In January 2023, the new Carbonhand was delivered to the first patients in Sweden, Norway, and Germany. The order backlog at year-end 2022 amounted to approximately 40 units.
- Waupaca Foundry, Bioservo and Rhino Tool House conclude a successful partnership project where 30 Ironhand systems have been used over seven months. Waupaca decides to continue a rollout at three more facilities. The additional 30 Ironhand systems to be used in phase 2 of the rollout are sold at an order value of SEK 1.8 million.
- During the period, the transition was completed to prepare the company for higher production volumes by fully establishing manufacturing with our production partners, a transition that also entails cost savings by reducing the organization by approximately 25%.

Events after the end of the period

- Bioservo signs distribution agreement for Carbonhand with Assistive Innovations BV in the Netherlands, an important market with good knowledge of and great interest in Carbonhand.
- Bioservo signs distribution agreement for Carbonhand with Anatomical Concepts Ltd in the UK, a company with long experience in rehabilitation and a wide network of carefully selected partner therapists and clinicians.
- Bioservo announces that the company has registered Carbonhand® as a medical device under 510(k) exemption in the FDA's database for medical devices in the United States. Thus, Carbonhand is available for sale in the US.

Financial overview

	Jan-March 2023	Jan-March 2022	Full year 2022
Net sales, SEK 000s	4 625	2 940	9 643
EBITDA, SEK 000s	-8 934	-11 001	-47 580
EBIT, SEK 000s	-9 391	-12 121	-50 572
Earnings for the period, SEK 000s	-9 381	-12 121	-50 499
Earnings per share before dilution, SEK	-0,49	-0,64	-2,56
Earnings per share after dilution, SEK	-0,49	-0,64	-2,56
Cash and cash equivalents, SEK 000s	12 054	38 642	25 009
Cash flow from operating activities for the period, SEK 000s	-12 756	-12 351	-50 594
Equity, SEK 000s	28 052	50 647	37 463
Total assets, SEK 000s	41 608	58 245	52 537
Equity/assets ratio, %	67	87	71
Total no. of shares	28 436 977	18 957 985	28 436 977
Average no. of shares	28 436 977	18 957 985	19 747 901
R&D employees	11	12	12
Average no. of employees	28	28	29

Definitions

Net sales

Revenue from the sale of goods related to the company's core operations.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBIT

Earnings before interest and taxes.

Cash and cash equivalents

Assets that are cash or can be converted into cash immediately.

Cash flow from operating activities

Cash flow before cash flow from investing and financing activities.

Equity/assets ratio

Equity expressed as a percentage of total assets.

Average number of employees

Calculated as the total number of hours worked divided by the number of normal working hours during the period.

Earnings (profit or loss) per share before and after dilution

Earnings divided by the weighted average number of shares during the period before and after dilution. If the earnings are negative, the number of shares before dilution is also used for the calculation after dilution.

About Bioservo Technologies

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 University Hospital. Bioservo Technologies is a Swedish public limited company with headquarters in Stockholm.

For more information, please visit www.bioservo.com



Petter Bäckgren comments on the first quarter 2023

2023 begins with a strong sales start for the new Carbonhand® in Europe and a volume order for Ironhand in the US.

Bioservo summarizes a first quarter with strong sales growth, driven by both Carbonhand, which was recently approved for sale in Europe, and by volume orders for Ironhand from the foundry company Waupaca in the US after a positive outcome of a longer test. Sales for the first quarter amounted to SEK 4.63 million (SEK 2.93 million), which is an increase of about 58% compared to the previous year.

Launch of Carbonhand in Europe and Australia initiated

Since the approval of Carbonhand in December 2022, the product has now been introduced in 8 markets in Europe and Australia. In Europe, Carbonhand has been launched in Norway, Germany, France, the UK, Switzerland, Italy and the Netherlands. In the Swedish market, the company conducts its own sales.

During the period, over 50 systems were delivered, which corresponds to the entire production capacity for the period. More than 30 units have been prescribed to patients and the remaining units have been sold to distributors for demonstration equipment in their launch and sales work. There is an accumulated order backlog, and the company has activities in place to expand the manufacturing capacity in collaboration with our manufacturing partners.

The acceptance of Carbonhand by partners, healthcare professionals, and patients is beyond expectations. We are also very pleased to see that there is a willingness to pay for Carbonhand in the countries where it has been launched, for example in Sweden where patients have had Carbonhand financed by the employment service, the Swedish Social Insurance Agency and the healthcare regions. The assessment is that Carbonhand will be an important aid for patients who are currently limited in performing activities in their everyday lives due to reduced grip strength.

Carbonhand is registered as a medical device in the US

Getting the opportunity to present Carbonhand to the US market has been one of the most important milestones in the company's history. Therefore, it is with extra great satisfaction that we, earlier than planned, can announce that we have registered Carbonhand as a medical device under a 510(k) exempt in the FDA's database for medical devices. Thus, Carbonhand is now available for sale in the United States.

The US accounts for about 43% of the world market for medical devices and the assessment is that Carbonhand has great potential to help many patients. The company has already presented a comprehensive analysis that states that there are about 4.5 million patients in the US who are relevant for the use of Carbonhand. If reducing the 4.5 million to include only patients with stroke and a limited number of other neurological diagnoses, it is conservatively estimated that the market potential exceeds 30,000 patients, which corresponds to a sales value of approximately USD 250 million. In addition to the already identified patients, it is worth noting that there are about 1 million patients in the US with Multiple Sclerosis, a patient group that has been shown to have particularly large benefits from using Carbonhand.

Now that Carbonhand can be marketed in the US, work is initiated to establish a commercial infrastructure of partner companies targeting relevant patient groups and healthcare providers. Talks have been initiated with several companies that have shown interest in marketing Carbonhand through their established sales channels, and a partner structure for the US is planned to be established by the end of 2023.

The work will also look for companies that currently have established sales to the Veterans Health Administration (VA), a US government agency responsible for providing health care and other benefits to US veterans and their families. The VA has 9 million individuals enrolled with full coverage of healthcare costs.

In parallel with establishing the commercial partner structure, the company is working on developing a strategy for cost coverage of Carbonhand through established reimbursement codes, so-called HCPCS (Healthcare Common Procedure Coding System) codes.

For Carbonhand to receive full funding in the United States in accordance with the product's area of use as grip strengthening and rehabilitation, the assessment is that unique reimbursement codes need to be established for the product group to which Carbonhand is expected to belong. This is a long-term effort that can take from a few months to several years.

Ironhand® is established in specific industries as an important tool to avoid injuries.

The tests at the foundry company Waupaca, which resulted in another volume order worth 1.8 MSEK, have received a lot of attention and several companies in the foundry industry have now initiated their own tests to investigate the benefits of Ironhand in their environments.

Results from OSHA Incident Rating reports (Occupational Safety and Health Administration) show that accidents related to hand injuries decreased by 75% where Ironhand is used. This highlights the benefits of investing in Ironhand, as the cost of a hand injury to an employee in the US is on average about 270,000 SEK. The results of the tests have meant that within Waupaca, management is considering introducing Ironhand as mandatory protective equipment for certain tasks.

Continued focus on commercialization and cost efficiencies

During the period, the transition was completed to prepare the company for higher manufacturing volumes by fully establishing manufacturing with our production partners, a transition that also means a cost saving by reducing the organization by about 25%. The cost savings give full effect from the second quarter of 2023 and are estimated to amount to approximately SEK 7 million on an annual basis.

Personal reflections

The acceptance of the new Carbonhand has been overwhelming. Discussions with healthcare providers, patients, and partners confirm the potential to completely revolutionize the lives of patients with reduced grip strength. Our highest priority now is to support our distributors to get started as quickly as possible with effective sales work and establish financing for Carbonhand. At the same time, intensive work is underway to increase the manufacturing capacity of gloves at our partner.

Of the approximately 30 Carbonhand systems delivered to patients during the first quarter, all have been to our established markets, Norway, Sweden and Germany. Now, in a short time, the company has managed to start the sales work in another 6 markets and is reached by reports that there are already several patients who are in prescription processes in these markets.

The fact that Carbonhand is already registered for sale in the US several months earlier than planned means that the work of establishing a commercial partner solution can already start with the hope that sales can start early next year.

Bioservo has a completely unique leading position in grip-strengthening gloves and is in a very exciting phase where the entire company is now organized and focused on achieving commercial success. The important and exciting mission for me and my colleagues to make our technology available to thousands of users worldwide has started, a mission that I am really looking forward to.

Kista April 25, 2023,

Petter Bäckgren, CEO

Financial overview

January - March 2023

Net Sales

Net sales increased by 58% to SEK 4.6 M (2.9) for the first quarter. The result reflects the increased interest in Carbonhand 2.0, primarily in the Norwegian and Australian markets, as well as sales of Ironhand 2.0 to the US market.

Operating expenses

Operating expenses amounted to SEK 14.3 M (16.3) for the first quarter. The reduction in operating expenses is mainly attributable to lower external consultancy costs and lower personnel costs as a result of the reorganization.

EBITDA/EBIT

EBITDA amounted to SEK -8.9 M (-11.0), while EBIT amounted to SEK -9.4 M (-12.1).

Earnings for the period

Earnings for the period were SEK -9.4 M (-12.1) corresponding to earnings per share of SEK -0.49 (-0.64).

Cash flow

Cash flow during the third quarter amounted to SEK -13.0 M (-12.9). Cash flow from operating activities amounted to SEK -12.8 M (-12.4).

The cash flow impact during the first quarter is attributable to inventory build-up to secure product supply corresponding to approximately SEK 3.0 M.

Financial position and investments

On 31 March 2023, total assets amounted to SEK 41.6 M (58.2).

On 31 March 2023, cash and cash equivalents were SEK 12.1 M (38.6). The equity/assets ratio was 67% (87) at the end of the period.

Employees

On 31 March 2023, the number of employees was 22 (29).

Accounting policies applied in the interim report

The same accounting policies were applied in Bioservo's interim report as in the most recent annual report: the Swedish Annual Accounts Act, and BFNAR 2012:1 Annual

Accounts and Consolidated Financial Statements (K3).

We follow BFNAR 2020: 1 Certain accounting issues due to the coronavirus.

Warrants

As of 2022-12-31, there are 806,230 outstanding warrants. Altogether, the warrants entitle the holder to subscribe for a total of 1,170,944 shares. The warrants are issued partly within the framework of an option program for key persons and employees in the company. The subscription program is subject to customary conversion conditions in connection with issues etc.

Series 2016-2023

The number of options issued amounts to 60,520, which gives the right to subscribe for a maximum of 355,857 shares. The subscription price is between SEK 23.39 and SEK 37.00 depending on when during the subscription period the subscription takes place. The warrants can be exercised from 25 January 2017 to 31 December 2023.

If all issued warrants are fully exercised, the number of shares and votes in the Company increases by 355,857 shares, each with a quota value of SEK 0.20, resulting in the Company's capital increasing by a maximum of SEK 71,171.40.

Series 2018-2023

The number of options issued amounts to 385,710, which gives the right to subscribe for a maximum of 455,137 shares. The subscription price is SEK 25.51 per share and can be used from the first quarter of 2023 until December 15, 2023. If all issued warrants are fully exercised, the number of shares increases by 455,137 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 91,027.40.

Series 2021-2024

The number of issued options amounts to 285,000, which gives the right to subscribe for a maximum of 285,000 shares. The subscription price is SEK 21.93 per share. The warrants can be used from 10 May 2024 to 10 June 2024. Upon full exercise of all issued warrants, the number of shares and votes in the Company increases by 285,000 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 57,000.00.

Series 2022-2025 A

The number of issued options amounts to 30,000, which gives the right to subscribe for a maximum of 30,000 shares. The subscription price is SEK 10.11 per share. The warrants can be used from 20 May 2025 to 20 June 2025. If all issued warrants are fully exercised, the number of shares and votes in the Company increases by 30,000 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 6,000.00.

Series 2022-2025 B

The number of issued options amounts to 45,000, which gives the right to subscribe for a maximum of 45,000 shares. The subscription price is SEK 3.71 per share. The warrants can be used from 25 November 2025 to 25 December 2025. If all issued warrants are fully exercised, the number of shares and votes in the Company increases by 45,000 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 12,000.00.

Series TO 2

The number of issued options amounts to 9,478,992. Two warrants entitle the holder to subscribe for one new share at a subscription price of 70% of VWAP during the measurement period 2023-08-21 through 2023-09-01, but minimum SEK 3.20 per share and maximum SEK 6.40 per share.

The useful period runs between 2023-09-04 to 2023-09-18. If all issued warrants are fully exercised, the number of shares and votes in the Company increases by 4 739 496 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 947 899,20.

The warrants are subject to customary recalculation terms in connection with issues, etc.

Risks

Bioservo's risk factors have not changed since its last annual report,

<https://www.bioservo.com/assets/documents/Arsredovisning-2022-Bioservo-Technologies-AB.pdf>

Audit

This interim report has not been audited.

Certified Adviser

FNCA Sweden AB is Bioservo's Certified Adviser.

Shares

Bioservo Technologies AB was listed on Nasdaq First North Growth Market on 22 May 2017.

Kista 25 April 2023

Bioservo Technologies AB (publ)

Anders Lundmark
Chairman of the Board

Runar Bjørklund
Board member

Nikolaj Sørensen
Board member

Kerstin Valinder Strinnholm
Board member

Margit alt Murphy
Board member

Petter Bäckgren
Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Jan-March 2023	Jan-March 2022	Full year 2022
Operating income			
Net sales	4 625	2 940	9 643
Own work capitalized	-	-	-
Other operating income	319	1 256	5 201
Total operating income	4 944	4 195	14 844
Operating expenses			
Raw materials and consumables	-2 938	-1 627	-7 643
Other external costs	-4 692	-6 563	-25 017
Employee benefit expenses	-6 084	-6 836	-29 141
Other operating expenses	-164	-170	-623
Amortisation and depreciation of tangible and intangible assets	-457	-1 120	-2 992
Total operating costs	-14 335	-16 316	-65 416
EBIT	-9 391	-12 121	-50 572
Interest income	13		83
Interest expense	-5	-	-10
Total financial items	8	-	73
Earnings before tax	- 9 381	-12 121	-50 499
Tax	-	-	-
Earnings for the period	-9 381	-12 121	-50 499

BALANCE SHEET (SEK 000s)	2023-03-31	2022-03-31	Full year 2022
Assets			
Fixed assets			
Intangible assets	5 666	7 280	5 916
Tangible assets	149	167	186
Financial assets	-	-	-
Total fixed assets	5 815	7 447	6 102
Current assets			
Inventories	15 689	6 906	12 709
Accounts receivable	3 962	2 768	5 517
Current receivables	4 088	2 482	3 200
Cash and cash equivalents	12 054	38 642	25 009
Total current assets	35 793	50 798	46 435
Total assets	41 608	58 245	52 537
Equity and liabilities			
Equity	28 052	50 647	37 463
Liabilities			
Warranty provision	1 006	219	938
Payables	5 784	2 369	6 310
Current liabilities	6 766	5 010	7 826
Total liabilities	13 556	7 598	15 074
Total equity and liabilities	41 608	58 245	52 537

CHANGE IN EQUITY (SEK 000s)	2023-03-31	2022-03-31	Full year 2022
Equity at the beginning of the period	37 463	62 768	62 768
Issue costs	-30	-	-2 573
Rights Issue	-	-	27 710
Warrants	-	-	57
Earnings for the period	-9 381	-12 121	- 50 499
Equity at the end of the period	28 052	50 647	37 463

CASH FLOW STATEMENT (SEK 000s)	Jan-March 2023	Jan-March 2022	Full year 2022
Operating activities			
EBIT	-9 390	-12 121	-50 572
Depreciation/amortization	457	1 120	2 992
Warranty	68	26	74
Adjustment of items that are not part of cash-flow			728
Interest received	13	-	83
Interest paid	-5	-	-10
Cash flow from operating activities before changes in working capital	-8 857	-10 975	-46 705
Changes in inventories	-2 980	-1 055	-6 858
Change in operating receivables	666	2 863	-603
Changes in operating liabilities	-1 585	-3 184	3 572
Cash flow from operating activities	-12 756	-12 351	-50 594
Investing activities			
Investment in tangible assets	-	-	-138
Investment in financial assets	-	-	-
Investment in intangible assets	-169	-527	-915
Cash flow from investing activities	-169	-527	-1 053
Financing activities			
Rights issue	-	-	27 710
Issue costs	-29	-	-2 573
Warrants	-	-	-
Cash flow from financing activities	-29	-	25 137
Cash flow for the period	-12 955	-12 878	-26 510
Cash and cash equivalents at the beginning of the period	25 009	51 520	51 520
Cash and cash equivalents at the end of the period	12 054	38 642	25 009

Financial Calendar

Second quarter, 2023	18 August 2023
Third quarter, 2023	7 November 2023
Year-end report 2023	20 February 2024

Contact details

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