

Bioservo Technologies AB

Interim Report January – June 2021



Second quarter 2021 in brief

- Net sales SEK 1.0 M (4.8)
- EBITDA amounted to SEK -9.6 M (-3.8)
- EBIT amounted to SEK -10.9 M (-4.8)

Interim report, 1 January to 30 June 2021

Second quarter in figures

- Net sales of SEK 1.0 M (4.8)
- EBITDA of SEK -9.6 M (-3.8)
- EBIT of SEK -10.9 M (-4.8)
- Earnings for the period amounted to SEK -10.9 M (-4.8)
- Earnings per share before and after dilution amounted to SEK -0.69 (-0.34)
- Cash flow from operating activities for the period amounted to SEK -10.8 M (-6.0)

First half-year in figures

- Net sales of SEK 2.5 M (7.8)
- EBITDA of SEK -17.4 M (-10.4)
- EBIT of SEK -19.9 M (-12.4)
- Earnings for the period was SEK -19.9 M (-12.4)
- Earnings per share before and after dilution amounted to SEK -1.26 (-0.87)
- Cash flow from operating activities for the period amounted to SEK -18.4 M (-12.3)
- On 30 of June, cash and cash equivalents were SEK 34.5 M (44.2)

Significant events during the period

- EUROPE TECHNOLOGIES' GOBIO signed an agreement for purchasing 100 Ironhand® systems at an order value of 4.2 MSEK over a period of ten months. The order will secure the delivery of Ironhand® systems to meet the growing demand in the French market. Bioservo and GOBIO have worked closely together since 2019 and have concluded many successful projects leading to an increasing demand from several industry segments.
- Bioservo launched a new and improved version of the groundbreaking exoskeleton glove on the 7th of June, 2021 – Ironhand® 2.0, complete with improved activation, better grip, advanced data collection and much more in order to reduce the occurrence of hand-related repetitive strain injuries (RSIs) in industrial workplaces.
- Loxam Rental France placed orders for 10 Ironhand® 2.0 systems at an order value of 0.6 MSEK. The order is part of the continuing cooperation between Loxam and Bioservo to reduce strain injuries in French industries.

Events after the end of the period

- No significant events after the period

Financial overview

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales, SEK 000s	956	4 820	2 459	7 822	11 662
EBITDA, SEK 000s	-9 551	-3 788	-17 361	-10 371	-20 636
EBIT, SEK 000s	-10 893	-4 833	-19 883	-12 380	-26 326
Earnings for the period, SEK 000s	-10 893	-4 833	-19 883	-12 377	-26 323
Earnings per share before dilution, SEK	-0,69	-0,34	-1,26	-0,87	-1,82
Earnings per share after dilution, SEK	-0,69	-0,34	-1,26	-0,87	-1,82
Cash and cash equivalents, SEK 000s	34 455	44 186	34 455	44 186	52 564
Cash flow from operating activities for the period, SEK 000s	-10 751	-6 011	-18 407	-12 251	-16 586
Equity, SEK 000s	43 143	62 886	43 143	62 886	62 311
Total assets, SEK 000s	51 616	67 853	51 616	67 853	70 616
Equity/assets ratio, %	84	93	84	93	88
Total no. of shares	15 798 321	14 298 321	15 798 321	14 298 321	15 798 321
Average no. of shares	15 798 321	14 298 321	15 798 321	14 298 321	14 438 047
R&D employees	13	16	13	16	13
Average no. of employees	28	28	28	28	28

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



CEO Petter Bäckgren comments on the second quarter of 2021

Bioservo is still strongly impacted by the effects of the pandemic, not least due to the entry restrictions to one of our most important markets, the United States, and in addition, the company-specific restrictions that exist at our customer and partner sites.

However, it is with satisfaction that I can state that during the quarter we introduced the next generation of Ironhand, which has already generated orders for more than SEK 5 million that will be delivered over 12 months, starting during the 3rd quarter of 2021.

The work to develop a new generation of Carbonhand within the Life science segment has started, with the goal of launching a new product in 2022. The launch is planned to coincide with the publication of final clinical data from the iHand study which is expected to be completed by the end of 2021.

Sales for the second quarter were lower than our expectations due to covid-19 which continues to complicate sales work for our partners and for the industry as a whole. Sales for the period amounted to SEK 1.0 million (SEK 4.8 million), the comparison period included a major order to LOXAM that was signed before the pandemic broke out.

The next generation of Ironhand® is now launched

I am pleased with how we, during the pandemic, successfully have developed the next generation of Ironhand. Our guiding principle in the development work has always been user-centric design and to increase the number of work tasks where the product can be used. Extensive tests have been carried out, both in our internal laboratory environment and in external workshop environments, to ensure that the changes and new functions we have introduced have the desired effects, such as reducing strain injuries and making the system easy to use, intuitive and comfortable.

With Ironhand 2.0 we introduce a number of new functions that improve the user experience, such as more sensors have been placed in the palm and on the middle phalanges of the fingers so that Ironhand is easier to activate and can be used for more work tasks. Ironhand also has 60% faster motors to help with quick grasps, and machine learning which means that the glove learns from the user and after a couple of grips can repeat the movement when the user initiates the grasp.

To further improve the product as an aid to prevent strain injuries, IronConnect Pro, a mobile app for both iOS and Android, was also launched in parallel. Ironhand 2.0 is connected to the Internet via 4G or Wi-Fi and collects information from the glove during use and compiles the information in ergonomic risk assessment reports to track the risk of injury and prevent it.

Ironhand 2.0 is developed to effectively prevent strain injuries, which may require long-term sick leave and expensive rehabilitation. When an injury has occurred, it is sometimes too late to intervene, and it is difficult to regain full use of the impaired hand.

The French market

During the period, we signed an agreement with our partner in the French market, GOBIO, to purchase 100 Ironhand® systems worth SEK 4.2 million. Deliveries of the first 10 systems will start during the third quarter and will continue for the next 10 months. The order is a testament to the growing demand for power-reinforcing gloves from several leading industrial companies in the French market that now want to start implementing our products.

The collaboration with LOXAM is also intensified in connection with the introduction of the new Ironhand 2.0, and in the first step, some rental locations will be provided with a total of 10 units in addition to the 100 systems that Loxam acquired in 2020. The product gives Loxam opportunities to reach more customers within more industry segments and strengthens Loxam's vision to make workplaces safer and provide increased protection against strain injuries.

Field tests of Ironhand® at General Motors and Toyota Motors

We continue with field tests of Ironhand together with General Motors and have during the quarter also started tests at Toyota Motors in the USA, where a number of operators for about 6 weeks will use Ironhand in different work tasks. The results from the tests are expected to provide more information on where Ironhand can reduce the risk of strain injuries. The tests are conducted in collaboration with our partners in the US since our own staff are prevented from traveling to the US due to the prevailing pandemic.

Carbonhand®

The clinical study iHand, which is a multicenter study that is being carried out in the Netherlands, is expected to be completed in 2021, despite delays. The recruitment of patients has been delayed as the Netherlands has been heavily affected by the pandemic and the clinics where the study is being conducted have at times had to switch to covid-19 care. To compensate for the delays, more clinics have now been included and the current timeplan is, despite the pandemic, that the study will be completed during the year.

The clinical study is intended to provide Carbonhand® with the indication rehabilitation based on results that will confirm the positive therapeutic effect. The study has great potential to change how healthcare views the possibility of using force-strengthening gloves and thereby open up for sales in a worldwide market.

Personal reflections

The COVID-19 pandemic continues to negatively impact our distributors' ability to carry out effective sales work and for our own staff to travel to our most important markets, which in turn has negatively affected sales of our industrial product.

While the pandemic is negatively impacting order intake, our distributors are receiving more and more inquiries and interest in our power-reinforcing gloves and the number of applications where our products can be beneficial is increasing with increasing knowledge of Ironhand. This strengthens my belief that the implementation of power-reinforcing exoskeletons will occur in the not-too-distant future

Bioservo is now introducing a completely new product in the form of Ironhand 2.0 that takes the user experience to a new level. Through 60% faster motors, more sensors and a "smart assist" function, Ironhand will be relevant for even more workplaces. The feedback from users in long-term tests is very promising and I am convinced that companies will initiate implementations of Ironhand as soon as the access to our customers has normalized.

Bioservo is facing a growth journey and is well prepared to take advantage of its unique and leading position. I look forward to introducing exciting news in the future together with the extremely competent and committed team at Bioservo.

Kista, August 12, 2021

Petter Bäckgren
CEO

Financial overview

April – June 2021

Net Sales

Net sales decreased by 79% to SEK 1.0 M (4.8) for the second quarter. Sales were negatively affected by the global pandemic during the second quarter of 2021 with reduced order intake. Sales consisted largely of sales of Ironhand® to the French market.

Operating expenses

Operating expenses amounted to SEK 11.9 M (10.9) for the second quarter. The company has continued with its cost-containment measures to protect the company's assets during the ongoing COVID-19 pandemic. The cost increase is mainly related to investments behind the launch of Ironhand® 2.0 and the implementation of the company's new performance-based long-term incentive program.

EBITDA/EBIT

EBITDA amounted to SEK -9.6 M (-3.8), while EBIT amounted to SEK 10.9 M (-4.8).

Earnings for the period

Earnings for the period were SEK -10.9 M (-4.8). Corresponding to earnings per share of SEK -0.69 (-0.34).

Cash flow

Cash flow during the second quarter amounted to SEK -10.2 M (-6.1).

January – June 2021

Net Sales

Net sales decreased by 68% to SEK 2.5 M (7.8) for the first half of the year. Sales were negatively affected by the global pandemic during the first half of 2021 with reduced order intake. Sales consisted largely of sales of Ironhand® to the French market.

Operating expenses

Operating expenses amounted to SEK 23.1 M (24.5) for the half-year. The company has continued with its cost-containment measures to protect the company's assets during the ongoing COVID-19 pandemic.

EBITDA/EBIT

EBITDA amounted to SEK 17.4 M (-10.4) while EBIT amounted to SEK -19.9 M (-12.4).

Earnings for the period

Earnings for the period was SEK -19.9 M (-12.4). Corresponding to earnings per share of SEK -1.26 (-0.87).

Cash flow

Cash flow during the first half year amounted to SEK -18.1 M (-12.7).

Financial position and investments

On 30 June 2021, total assets amounted to SEK 51.6 M (67.9).

On 30 June 2021, cash and cash equivalents were SEK 34.5 M (44.2). The equity/assets ratio was 84% (93) at the end of the period.

Employees

On 30 June 2021, the number of employees was 28 (28).

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

At 30 June 2021, there were 731,230 warrants outstanding. The warrants entitle holders to buy a total of 1,095,994 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.

2016-2023 plan

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.

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

2018-2023 plan

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.

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

2021-2024 plan

The number of options issued amounts to 285,000 and entitle holders to buy 285,000 shares. The price is SEK 21,93 per share.

The warrants can be exercised from 10 May 2024 until 10 June 2024. Upon exercise of all issued warrants, the number of shares and votes in the company will increase by 285,000, each with a par value of SEK 0.20, meaning the Company's share capital will increase by a maximum of 57,000 SEK.

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/Annual-Report-2020.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 12 August 2021

Bioservo Technologies AB (publ)

Anders Lundmark

Chairman of the Board

Runar Bjørklund
Board member

Kunal Pandit
Styrelseledamot

Nikolaj Sørensen
Board member

Kerstin Valinder Strinholm
Board member

Margit alt Murphy
Board member

Petter Bäckgren
Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Net sales	956	4 820	2 459	7 822	11 662
Own work capitalised	-	-	-	-	-
Other operating income	67	1 244	758	4 306	8 030
	1 023	6 064	3 217	12 128	19 692
Operating expenses					
Raw materials and consumables	-359	-2 170	-1 442	-4 179	- 6 581
Other external costs	-2 828	-2 189	-5 899	-6 128	- 10 828
Employee benefit expenses	-7 387	-5 492	-13 238	-12 191	- 22 919
Other operating expenses	-294	-	-440	-	- 1 649
Amortisation and depreciation of tangible and intangible assets	-1 048	-1 045	-2 081	-2 009	- 4 041
Total operating costs	-11 916	-10 896	-23 100	-24 507	- 46 018
EBIT	-10 893	-4 832	-19 883	-12 379	- 26 326
Interest expense and similar loss items	-	-	-	3	3
Total financial items	-	-	-	3	3
Earnings before tax	-10 893	-4 833	-19 883	-12 377	- 26 323
Tax	-	-	-	-	-
Earnings for the period	-10 893	-4 833	-19 883	-12 377	- 26 323

BALANCE SHEET (SEK 000s)	2021-06-30	2020-06-30	Full-year 2020
Asset			
Fixed assets			
Intangible assets	8 427	11 315	10 016
Tangible assets	280	429	355
Financial assets	-	-	-
Total fixed assets	8 707	11 744	10 371
Current assets			
Inventories	5 498	3 826	3 115
Accounts receivable	442	4 261	635
Current receivables	2 514	3 836	3 931
Cash and cash equivalents	34 455	44 186	52 564
Total current assets	42 909	56 109	60 245
Total assets	51 616	67 853	70 616
Equity and liabilities			
Equity	43 143	62 886	62 311
Liabilities			
Warranty provision	377	-	315
Payables	2 581	532	2 549
Current liabilities	5 515	4 435	5 441
Total liabilities	8 096	4 967	8 305
Total equity and liabilities	51 616	67 853	70 616

CHANGE IN EQUITY (SEK 000s)	2021-06-30	2020-06-30	Full-year 2020
Equity at the beginning of the period	62 311	75 263	75 263
Issue costs	-	-	- 879
Rights Issue	-	-	14 250
Warrants	715	-	-
Earnings for the period	- 19 883	- 12 377	- 26 323
Equity at the end of the period	43 143	62 886	62 311

CASH FLOW STATEMENT (SEK 000s)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Operating activities					
EBIT	-10 893	-4 833	-19 883	-12 380	- 26 326
Depreciation/amortization	1 048	1 045	2 081	2 009	4 041
Warranty	23	-	62	-	315
Interest received	-	-	-	-	-
Interest paid	-	-	-	3	3
Cash flow from operating activities before changes in working capital	- 9 822	- 3 788	- 17 740	- 10 368	- 21 967
Changes in inventories	-1 851	1 759	-2 383	1 442	2 152
Change in operating receivables	-1 104	-4 198	1 610	-2 295	1 236
Changes in operating liabilities	2 026	216	106	-1 030	1 993
Cash flow from operating activities	-10 751	-6 011	-18 407	-12 251	5 381
Investing activities					
Investment in tangible assets	-	-	-	-	-
Investment in financial assets	-	-	-	40	40
Investment in intangible assets	-179	-133	-417	-538	-1 196
Cash flow from investing activities	-179	-133	-417	-498	- 1 156
Financing activities					
Rights issue	-	-	-	-	14 250
Issue costs	-	-	-	-	- 879
Warrants	715	-	715	-	-
Cash flow from financing activities	715	-	715	-	13 371
Cash flow for the period	-10 215	-6 144	-18 109	-12 749	-4 371
Cash and cash equivalents at the beginning of the period	44 670	50 330	52 564	56 935	56 935
Cash and cash equivalents at the end of the period	34 455	44 186	34 455	44 186	52 564

Financial Calendar

Third quarter, 2021
Year-end report 2021

09 November 2021
17 February 2022

Contact details

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