



Bioservo Technologies AB

Interim Report January – June 2023

Interim report, 1 January to 30 June 2023

April-June in figures

- Net sales of 1.2 MSEK (3.6)
- EBITDA of -11.4 MSEK (-11.0)
- EBIT of -11.9 MSEK (-11.8)
- Earnings for the period amounted to -11.9 MSEK (-11.8)
- Earnings per share before and after dilution amounted to SEK -0.42 (-0.62)
- Cash flow from operating activities for the period amounted to - 9.5 MSEK (-9.8)

January-June in figures

- Net sales of 5.8 MSEK (6.5)
- EBITDA of -20.3 MSEK (-21.8)
- EBIT of -21.3 MSEK (-23.9)
- Earnings for the period amounted to -21.3 MSEK (-23.9)
- Earnings per share before and after dilution amounted to SEK -0.75 (-1,26)
- Cash flow from operating activities for the period amounted to - 22.3 MSEK (-22.2)

Significant events during the period

- The board of directors of Bioservo Technologies AB announces that based on the authorization from the Annual General Meeting held on April 25, 2023, to carry out an issue of units of a maximum of approximately MSEK 37 with preferential rights for existing shareholders.
- Carbonhand is made available to the US market, and the process of establishing a commercial infrastructure of partner companies is initiated.
- Bioservo signs distribution agreement with Assistive Innovations for sales of Carbonhand® in the Netherlands as well as with Anatomical Concepts for sales of Carbonhand® in the UK.

Events after the end of the period

- Michael Forss is assigned as new interim CFO and member of the management team, Michael succeeds Madeleine Börjesson as CFO and starts on July 7, 2023. Michael has a background as an auditor and partner at EY with long and valuable experience of public companies in an international environment.
- Through a Rights Issue, registered on July 3rd, the share capital in the Company will increase by SEK 11,374,790.40, from SEK 5,687,395.40 to SEK 17,062,185.80, through the issue of 56,873,952 shares. The number of shares thus increases from 28,436,977 to 85,310,929 shares. The dilution amounts to 66.7 percent.
- Participants in the Rights Issue have the right to subscribe for newly issued shares through the warrants during the period December 6 - December 20, 2023. One (1) warrant of series TO3 entitles the holder to subscribe for one (1) new share in Bioservo, at a subscription price corresponding to 70 percent of the volume-weighted average price of the Company's share during the period November 22 - December 5, 2023, however not less than the share's quota value (currently SEK 0.20) and not more than SEK 2. Upon full exercise of all issued warrants of series TO3, the share capital will increase by an additional SEK 3,791,596.80 and the number of shares by 18,957,984. The Company can thus receive an additional maximum of MSEK 38 before issue costs of approximately MSEK 2.
- Bioservo signs a wholesale distribution agreement with Veterans Healthcare Supply Solutions for the sale of Carbonhand in the US. The initial intention of the agreement is to make Carbonhand available to Veterans Administration Facilities (VA) and Department of Defense Healthcare Facilities (DoD). The agreement can also be expanded to include other customer segments.

Financial overview

	Apr-Jun 2023	Apr-jun 2022	Jan-jun 2023	Jan-jun 2022	Full year 2022
Net sales, SEK 000s	1 201	3 561	5 832	6 500	9 643
EBITDA, SEK 000s	- 11 400	-10 973	- 20 333	-21 803	-47 580
EBIT, SEK 000s	- 11 898	-11 785	- 21 287	-23 906	-50 572
Earnings for the period, SEK 000s	- 11 917	-11 785	- 21 298	-23 906	-50 499
Earnings per share before dilution, SEK	-0,42	-0,62	-0,75	-1,26	-2,56
Earnings per share after dilution, SEK	-0,42	-0,62	-0,75	-1,26	-2,56
Cash and cash equivalents, SEK 000s	40 410	28 551	40 410	28 551	25 009
Cash flow from operating activities for the period, SEK 000s	- 9 538	-9 758	- 22 295	-22 158	-50 594
Equity, SEK 000s	48 288	38 862	48 288	38 862	37 463
Total assets, SEK 000s	69 445	50 717	69 445	50 717	52 537
Equity/assets ratio, %	70	77	70	77	71
Total no. of shares	28 436 977	18 957 985	28 436 977	18 957 985	28 436 977
Average no. of shares	28 436 977	18 957 985	28 436 977	18 957 985	19 747 901
R&D employees	11	12	12	12	12
Average no. of employees	20	28	24	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.se



Petter Bäckgren comments on the second quarter 2023

Bioservo summarizes a second quarter with sales that amounted to SEK 1.2 million (SEK 3.6 million). Sales of Ironhand did not reach our expectations and part of the explanation is that a larger order of 25 Ironhand systems corresponding to SEK 1.2 million from one of our main markets only came at the beginning of the third quarter. Carbonhand is still in the launch phase in several markets in Europe and Australia and the start of sales in each market is dependent on positive outcomes in the national reimbursement systems. This is expected to take time, but we see a continuous improvement in the subsidy in Sweden and Norway, which were the first markets where Carbonhand was introduced.

Carbonhand is now being launched in Europe, Australia and the USA.

The work of launching Carbonhand in our new markets is in full swing and all distributors are trained, have demonstration equipment and are working with specialists at various levels of the healthcare system to get the product approved for reimbursement.

In markets where the previous generation of Carbonhand was available, prescribing to patients has already started. In Sweden, 2 out of 21 healthcare regions have prescribed Carbonhand, and several regions are expected to initiate prescribing in the near future. In Sweden, a total of 12 patients have been prescribed Carbonhand since the beginning of the year, compared to eight during the whole of last year. In Sweden, we also see an increased interest from several regions to include Carbonhand as a recommended assistive device for patients with certain diagnoses.

Of the Swedish patients who have been prescribed Carbonhand, a majority have received the system via the Swedish Public Employment Service, who thanks to Carbonhand have been able to return to their jobs after a hand injury.

In the Norwegian market, 12 patients have been prescribed Carbonhand, which is the same number as in the whole of last year. The increasing prescription in both Sweden and Norway shows a promising sales potential in other European markets for Carbonhand, where the launch is now underway with high intensity. In Australia, too, there are great hopes that subsidies for Carbonhand will soon generate prescriptions to patients, a market that is considered to have great sales potential.

Since April 2023, Carbonhand has been registered in the United States as a medical device under 510(k) exemption in the FDA's database for medical devices, and intensive work is underway to make Carbonhand available to American patients. The company is initially focused on establishing a commercial infrastructure for the Veterans Health Administration (VA), a US government agency responsible for providing healthcare and other benefits to US veterans and their families. The VA has 9 million individuals enrolled with full coverage of healthcare costs. The work of signing agreements with partners to sell and deliver Carbonhand to VA patients is in the final phase and a first sale is expected to take place already in the fall.

In August 2023, Carbonhand was presented at a major medical congress organized by the Paralyzed Veterans of America (PVA) in Orlando, USA. During the congress, healthcare professionals gathered to learn the latest in the care of patients with spinal cord injury, MS or ALS, all of which are key indications for the use of Carbonhand.

The Veterans Health Administration (VA) is a well-organized healthcare organization consisting of 170 hospitals and over 1,000 patient clinics across the United States. By focusing on the VA, the company reaches the most important patient indications through partners, which also has full cost coverage. In addition to Carbonhand reaching relevant healthcare specialists and patients, VA is an important reference at a later stage to introduce Carbonhand more widely and obtain reimbursement within the US healthcare system, a long-term work that can take up to several years.

We are also pleased to announce that the company last week signed an agreement with Veterans Healthcare Supply Solutions (VHSS), which has over 30 years of experience in healthcare distribution and represents leading manufacturers to federal agencies. Through VHSS, Carbonhand will be included in the "Electronic Catalog Contract for Medical Equipment" (ECAT) within the next month and in the "Federal Supply Schedule 65 II A- Medical Equipment and Supplies" (FSS) in the near future.

Great interest in Ironhand, but sales volumes are slow to materialize

In the industrial segment, evaluation projects of Ironhand in the United States and France have not started to the extent we wanted and several projects have been postponed. At the same time, it is gratifying to be able to communicate that we start the third quarter with a major order of 25 Ironhand systems worth SEK 1.2 million from our distributor in the US, Rhino Tool House, which sees increased demand from several large international companies.

As previously communicated, Waupaca Foundry, a leading foundry company in the United States with 4,500 employees, conducted extensive testing of Ironhand in 2022. Objective results from OSHA Incident Rating reports (Occupational Safety and Health Administration) showed that where Ironhand was used, accidents related to hands were reduced by as much as 75%. Waupaca Foundry is focused on improving the demanding work environment with a clear goal of reducing employee turnover and reducing the number of hand injuries, which on average cost approximately \$270,000. As part of this effort, Waupaca Foundry management is considering introducing Ironhand as a mandatory piece of protective equipment for those tasks where Ironhand has proven to be most appropriate.

Waupaca Foundry has a unique position in the foundry industry and during and after the implementation of the project has received delegations of the Health & Safety Team from other foundries to show how they have implemented Ironhand and how it works in their daily work. Several of those companies plan to start their own tests with Ironhand in order to potentially carry out larger implementations in similar applications. Bioservo estimates the long-term potential of Waupaca Foundry to be about 150-200 Ironhand systems, of which about 65 systems are already implemented.

In Europe, the French market is prioritized where our distributor since 2020 has continuously sold and expanded the applications for Ironhand and in 2023 the demand has increased in France. Orders for Ironhand from the French market are expected to increase during the fall, partly thanks to investments in the accessories industry where, for example, Hermès has started to use Ironhand to a greater extent in leather sewing, but also thanks to a new investment in foundry companies that see great benefits in using Ironhand to avoid hand injuries.

Bioservo has a completely unique and leading position in force-enhancing gloves and is in a very exciting phase where the entire company is now focusing on achieving commercial success, but the sales successes have not yet materialized. Therefore, the board and management have also started to review the company's commercial strategy to optimize resource utilization in the company's business areas.

Personal reflections

The new Carbonhand has been well received. The sales successes in the Swedish and Norwegian markets show that Carbonhand makes a big difference for patients and that there is both demand and willingness to pay. The fact that Carbonhand has been introduced in Sweden as an effective aid to get employees back to work after a hand injury shows that there is a sales potential in the new markets where Carbonhand is now being launched in addition to traditional prescribing in healthcare.

The fact that the company is now also ready to introduce Carbonhand in the US and that the product is registered as 510(k) exempt via the FDA's registration database earlier than planned means new opportunities for the company. The interest from the US market for the launch has been above expectations and our technology has already been recognized by the American

Society of Hand Therapists, a leading organization with more than 4,000 hand therapists established throughout the United States.

Although sales of Ironhand are not developing in line with our expectations, interest in the product is increasing in both the US and France where we are working to establish sales through our partners. In addition to companies in the foundry industry that have shown interest, there is great interest in the aerospace, automotive and manufacturing industries. In both the US and France, our partners are currently working actively with a total of more than 50 large international customers who have started or shown interest in starting tests with Ironhand.

Having the opportunity to work with our unique technology and make it available to thousands of users around the world is a mission that I and my colleagues find both genuinely important and stimulating.

Kista August 18, 2023,

Petter Bäckgren, CEO

Financial overview

April – June 2023

Net Sales

Net sales decreased by 67% to SEK 1.2 M (3.6) for the second quarter compared to the same period last year. Sales were hampered by the fact that industrial evaluation projects for Ironhand have not taken off as expected in the US and France. Carbonhand accounted for about 60% of sales, of which systems for patients were sold in Norway, Sweden and Germany. On other European markets and in Australia, sales consisted of demonstration equipment.

Operating expenses

Operating expenses amounted to SEK 13.3 M (16.9) for the second quarter. The decrease in operating expenses is mainly due to lower external consultancy costs.

EBITDA/EBIT

EBITDA amounted to SEK -11.4 M (-11.0), while EBIT amounted to SEK -11.9 M (-11.8).

Earnings for the period

Earnings for the period were SEK -11.9 M (-11.8) corresponding to earnings per share of SEK -0.42 (-0.62).

Cash flow

Cash flow during the second quarter amounted to SEK 28.4 M (-10.1). Cash flow from operating activities amounted to SEK -9.5 M (-9.8).

The cash flow impact during the second quarter is attributable to a new share issue with a net effect on cash flow of SEK 32.2 M (0), proceeds from loans SEK 6.9 M (0) and inventory build-up to secure product supply corresponding to SEK -2.5 M (-2.0).

January – June 2023

Net Sales

Net sales decreased by 10% to SEK 5.8 M (6.5) compared to the same period last year. The decrease in net sales is attributed to delays in evaluation projects of Ironhand in the industry in the US and France. For Carbonhand 2.0, sales in new markets in Europe and Australia are in the initial launch phase and dependent on positive outcomes in national reimbursement systems that are expected to take time.

Operating expenses

Operating expenses amounted to SEK 27.7 M (33.3) for the period. The decrease in operating expenses is mainly due to lower external consultancy costs.

EBITDA/EBIT

EBITDA amounted to SEK -20.3 M (-21.8), while EBIT amounted to SEK -21.3 M (-23.9).

Earnings for the period

Earnings for the period were SEK -21.3 M (-23.9) corresponding to earnings per share of SEK -0.75 (-1.26).

Cash flow

Cash flow during the period amounted to SEK 15.4 M (-23.0). Cash flow from operating activities amounted to SEK -22.3 M (-22.2).

The cash flow impact during the period is attributable to a new share issue with a net effect on cash flow of SEK 32.1 M (0), proceeds from loans SEK 6.0 M (0) and inventory build-up to secure product supply corresponding to SEK -5.5 M (-3.1).

Financial position and investments

On 30 June 2023, total assets amounted to SEK 69.4 M (50.7).

On 30 June 2023, cash and cash equivalents were SEK 40.4 M (28.6). The equity/assets ratio was 70% (77) at the end of the period.

Employees

On 30 June 2023, the number of employees was 20 (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).

Warrants

As of 2023-06-30, there are 10 285 222 outstanding warrants. Altogether, the warrants entitle the holder to subscribe for a total of 5 910 490 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 August 18, 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)	Apr-jun 2023	Apr-jun 2022	Jan-jun 2023	Jan-jun 2022	Full year 2022
Operating income					
Net sales	1 201	3 561	5 832	6 500	9 643
Own work capitalized	-	-	-	-	-
Other operating income	246	1 589	559	2 845	5 201
Total operating income	1 447	5 150	6 391	9 345	14 844
Operating expenses					
Raw materials and consumables	-1 277	-2 448	-4 222	-4 075	-7 643
Other external costs	-4 758	-6 263	-9 443	-12 827	-25 017
Employee benefit expenses	-6 637	-7 411	-12 720	-14 247	-29 141
Other operating expenses	-175	-196	-339	-366	-623
Amortization and depreciation of tangible and intangible assets	-498	-616	-954	-1 736	-2 922
Total operating costs	-13 345	-16 934	-27 678	-33 251	-65 416
EBIT	-11 898	-11 785	-21 287	-23 906	-50 572
Interest income	-3	-	10	-	83
Interest expense	-16	-	-21	-	-10
Total financial items	-19	-	-11	-	73
Earnings before tax	-11 917	-11 785	-21 298	-23 906	-50 499
Tax	-	-	-	-	-
Earnings for the period	-11 917	-11 785	-21 298	-23 906	-50 499

BALANCE SHEET (SEK 000s)	2023-06-30	2022-06-30	Full year 2022
Assets			
Fixed assets			
Intangible assets	5 426	6 853	5 916
Tangible assets	151	263	186
Financial assets	-	-	-
Total fixed assets	5 577	7 116	6 102
Current assets			
Inventories	18 206	8 902	12 709
Accounts receivable	1 127	2 464	5 517
Current receivables	4 125	3 684	3 200
Cash and cash equivalents	40 410	28 551	25 009
Total current assets	63 868	43 601	46 435
Total assets	69 445	50 717	52 537
Equity and liabilities			
Equity	48 288	38 862	37 463
Liabilities			
Warranty provision	1 005	269	938
Payables	6 303	5 388	6 310
Current liabilities	13 849	6 198	7 826
Total liabilities	21 157	11 865	15 074
Total equity and liabilities	69 445	50 717	52 537

CHANGE IN EQUITY (SEK 000s)	2023-06-30	2022-06-30	Full year 2022
Equity at the beginning of the period	37 463	62 768	62 768
Issue costs	-4 844	-	-2 573
Rights Issue	36 968	-	27 710
Warrants	-	-	57
Earnings for the period	-21 299	-23 906	- 50 499
Equity at the end of the period	48 288	38 862	37 463

CASH FLOW STATEMENT (SEK 000s)	Apr-jun 2023	Apr-jun 2022	Jan-jun 2023	Jan-jun 2022	Full year 2022
Operating activities					
EBIT	-11 898	-11 785	-21 288	-23 906	-50 572
Depreciation/amortization	498	665	954	1 736	2 992
Warranty	-1	50	66	76	74
Adjustment of items that are not part of cash-flow	-	-	-	-	728
Interest received	-3	-	10	-	83
Interest paid	-16	-	-21	-	-10
Cash flow from operating activities before changes in working capital	-11 420	-11 070	-20 279	-22 094	-46 705
Changes in inventories	-2 517	-1 997	-5 497	-3 052	-6 858
Change in operating receivables	2 798	-898	3 465	1 965	-603
Changes in operating liabilities	1 601	4 207	16	1 023	3 572
Cash flow from operating activities	-9 538	-9 758	-22 295	-22 158	-50 594
Investing activities					
Investment in tangible assets	-39	-138	-39	-138	-138
Investment in financial assets	-	-	-	-	-
Investment in intangible assets	-221	-196	-390	-673	-915
Cash flow from investing activities	-260	-334	-429	-811	1 053
Financing activities					
Rights issue	36 968	-	36 968	-	27 710
Issue costs	-4 814	-	-4 843	-	-2 573
Proceeds from loans	6 000	-	6 000	-	-
Cash flow from financing activities	38 154	-	38 125	-	25 137
Cash flow for the period	28 356	-10 091	15 401	-22 969	-26 510
Cash and cash equivalents at the beginning of the period	12 054	38 642	25 009	51 520	51 520
Cash and cash equivalents at the end of the period	40 410	28 551	40 410	28 551	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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