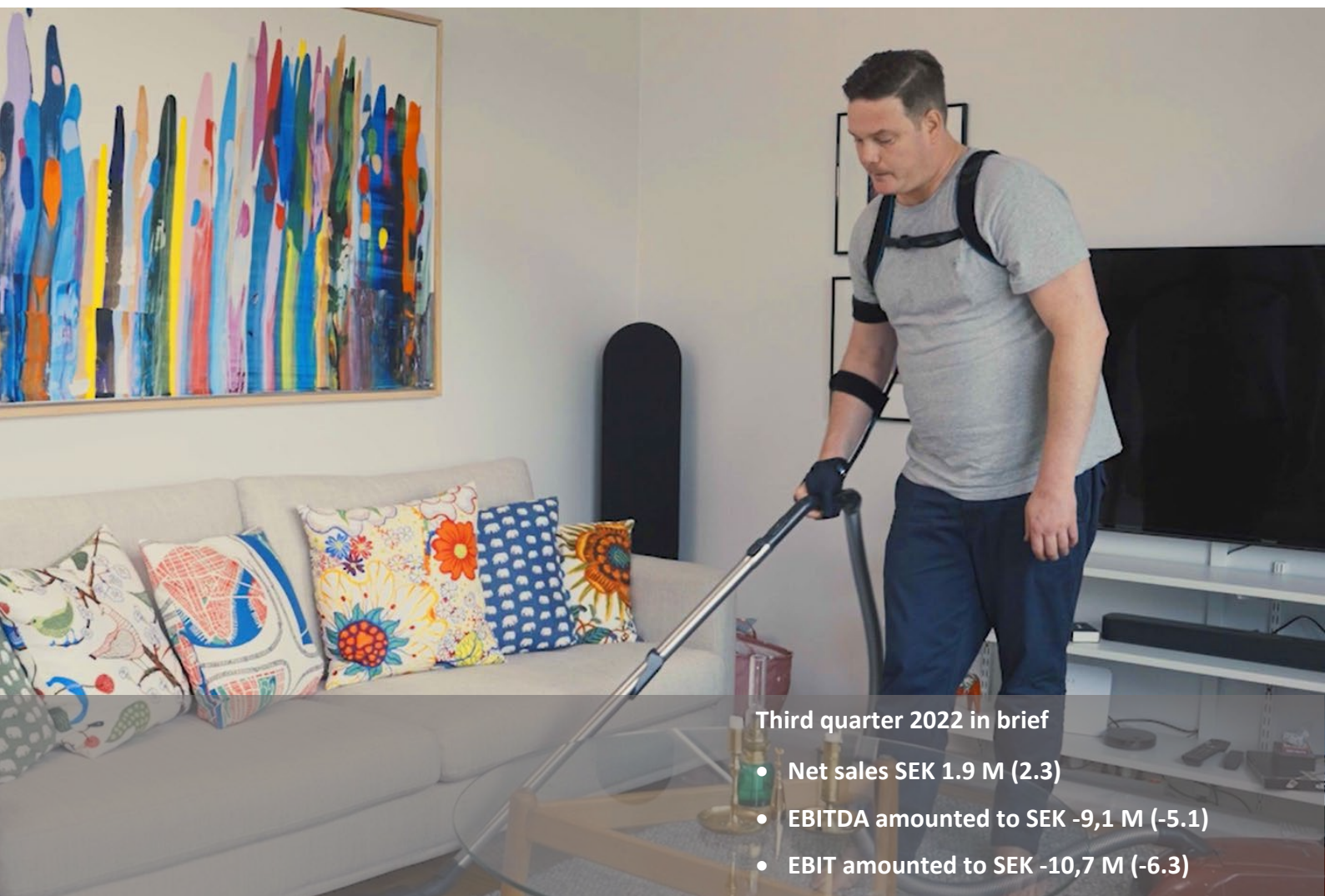


Bioservo Technologies AB

Interim Report January – September 2022



Third quarter 2022 in brief

- Net sales SEK 1.9 M (2.3)
- EBITDA amounted to SEK -9,1 M (-5.1)
- EBIT amounted to SEK -10,7 M (-6.3)

Interim report, 1 January to 30 September 2022

Third quarter in figures

- Net sales of SEK 1.9 M (2.3)
- EBITDA of SEK -9,9 M (-5.1)
- EBIT of SEK -10,7 M (-6.3)
- Earnings for the period amounted to SEK -10.7 M (-6.3)
- Earnings per share before and after dilution amounted to SEK -0.56 (-0.40)
- Cash flow from operating activities for the period amounted to SEK -15,8 M (-7.4)

First nine months in figures

- Net sales of SEK 8.4 M (4.8)
- EBITDA of SEK -31.5 M (-22.5)
- EBIT of SEK -34.6 M (-26.2)
- Earnings for the period was SEK -34,6 M (-26.2)
- Earnings per share before and after dilution amounted to SEK -1.83 (-1.65)
- Cash flow from operating activities for the period amounted to SEK -38.8 M (-25.8)
- On 30 of September, cash and cash equivalents were SEK 12.7 M (61.3)

Significant events during the period

- Via the distributor Rhino Tool House, Bioservo Technologies AB has received a first order from Waupaca Foundry for 30 Ironhand® systems at an order value of SEK 1.6 million.
- The company has signed a distribution agreement with Rehabilitations Systeme AG for the sales of Carbonhand® in Switzerland. The agreement provides access to a new market with established payment systems and is part of a strong investment in Life Science.
- The company has published new financial targets for 2025 based on the increasing interest in the industrial segment in the US and the upcoming launch of Carbonhand 2.0 in the healthcare segment. According to the new goals, Bioservo shall achieve a turnover of SEK 100 million and cash flow positivity during 2025.
- The board of Bioservo Technologies AB has during the period decided on a new issue of units, consisting of shares and warrants with preferential rights for existing shareholders (the "Rights Issue"). In case of full subscription in the Rights Issue, Bioservo will initially receive approximately SEK 30.3 million before issue costs.
- An extraordinary general meeting has been held on 19 September 2022.

Events after the end of the period

- Bioservo Technologies AB has added yet another new distributor to its network for the global sales of Carbonhand®. The latest addition of distributors is Device Services Australia who work across Australia with specially trained sales staff and clinics.
- Bioservo Technologies AB's new issue with preferential rights for the shareholders ("Rights Issue") was completed on October 10, 2022. The subscription summary shows that 45.2 percent were subscribed with and without the support of unit rights. The remaining part of the Rights Issue has been subscribed by the investors who guaranteed the issue, which means that the Rights Issue is fully subscribed and Bioservo has thus received approximately SEK 30.3 million before issue costs.
- Bioservo Technologies AB's preferential issue of units ended on October 10, 2022, has been registered with the Swedish Companies Registration Office and the last day for trading in paid subscribed units ("BTU") was Tuesday, November 8, 2022.
- After completed safety tests, Carbonhand is now classified and approved as a medical device according to the MDR and sales work begins in several countries in Europe during quarter 4, 2022.

Financial overview

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Net sales, SEK 000s	1 884	2 340	8 385	4 799	7 100
EBITDA, SEK 000s	-9 770	-5 137	-31 560	-22 499	-30 538
EBIT, SEK 000s	-10 710	-6 293	-34 616	-26 176	-34 677
Earnings for the period, SEK 000s	-10 718	-6 300	-34 624	-26 183	-34 672
Earnings per share before dilution, SEK	-0,56	-0,40	-1,83	-1,65	-2,15
Earnings per share after dilution, SEK	-0,56	-0,40	-1,83	-1,65	-2,15
Cash and cash equivalents, SEK 000s	12 729	61 264	12 729	61 264	51 520
Cash flow from operating activities for the period, SEK 000s	-15 822	-7 439	-38 791	-25 846	-34 363
Equity, SEK 000s	27 457	71 370	27 457	71 370	62 768
Total assets, SEK 000s	38 699	79 581	38 699	79 581	73 523
Equity/assets ratio, %	71	90	71	90	85
Total no. of shares	18 957 985	18 957 985	18 957 985	18 957 985	18 957 985
Average no. of shares	18 957 985	15 901 354	18 957 985	15 833 043	16 221 917
R&D employees	12	10	12	12	12
Average no. of employees	28	28	28	29	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. For more information, please visit www.bioservo.com



CEO Petter Bäckgren comments on the Third quarter of 2022

Sales during the third quarter mainly consisted of Ironhand® to the American market. Turnover for the period amounted to SEK 1.9 million (SEK 2.3 million) and the turnover so far this year adds up to SEK 8.4 million (SEK 4.8 million), which corresponds to an increase of 75% compared to the previous year.

Bioservo has achieved great operational success during the quarter. The implementation project with the foundry group Waupaca is running at full intensity, the iHand study has been completed and the results are now being compiled for upcoming publication, Carbonhand 2.0 has been approved as a medical device according to the EU-MDR after successful safety tests and is ready to be sold in Europe.

Commercialization is now the focus

Continued commercialization is now secured through the rights issue that has been carried out, where the company receives SEK 30.3 million before issue costs. Within the professional segment, we focus on challenging work environments with heavy and hand-intensive work, for example in the foundry industry, shipbuilding and leather processing. Within Life Science, we focus on the commercial work of introducing Carbonhand to existing and new markets.

Carbonhand ready for sale in Europe

The next generation of Carbonhand, a grip-strengthening glove designed for people with impaired hand function, is ready for launch after intensive development and registration work. After completed safety tests, the product is now classified and approved as a medical device according to the EU-MDR, and sales work will begin in several countries in Europe in quarter 4, 2022. In the Swedish market, the company conducts direct sales, and in other markets in Europe, the company works via specialized distributors with relevant expertise and market presence. We currently have distributors in Norway, Germany, France and Switzerland. Expansion of the sales network to more markets in Europe will take place gradually. The first people will get access to the new Carbonhand at the end of the year and during the first quarter of 2023 we will start delivery of commercial units to all distributors.

In addition to Europe, agreements have also been signed with Device Services Australia, which has extensive experience working with getting medical devices approved in the country's compensation system. Thanks to the Australian market's generous compensation system for people in need of assistive devices, Bioservo has chosen to include Australia in the commercial work in an early phase.

The work to also prepare commercialization in the USA has been going on for some time, with the aim of obtaining regulatory approval in 2023 and initiating sales work together with external partners.

Increased sales of Ironhand in the US, somewhat slower development in Europe

There is a great interest in Ironhand in the USA, where our sales manager has a fully booked calendar with many ongoing tests at large, well-known companies. We are getting positive feedback and seeing many positive signs, but still waiting for the bigger breakthrough. In Europe, the sales trend is slower, and the expected sales increase has not yet been fully realized. As a consequence of the lack of increase in sales volume, our French distributor has postponed the supplementary orders we had included in this year's sales forecast. However, the outlook is positive for France ahead of 2023 with an expected return to previous volumes.

Waupaca Foundry – The Implementation Project

The implementation project that the company conducts together with the foundry group Waupaca Foundry aims to ensure that Ironhand®, over time can be a relevant aid to reduce strain injuries, improve the work conditions for many employees and get injured people back to work in the demanding, heavy foundry industry. Several optimizations and modifications to Ironhand have already been introduced with good results, modifications which mean an even more durable product, which will have a positive effect on the usage in other industries as well.

The project is underway with full intensity and is already seen as a success by both Bioservo and Waupaca Foundry. The project has already received external attention, for example via an article in the leading industry news site "The Brake Report", where the person in charge at Waupaca Foundry emphasizes that it is not possible to remove all manual handling of iron castings from daily work and where Ironhand® is a very good alternative to manage the gap between manual processes and total automation.

Focus on commercialization and cost efficiencies in the company's upcoming phase

Bioservo now has two solid product platforms to commercialize. However, the global economic situation with high inflation and disruptions in supply chains affects the company and means, in addition to increased costs in general, higher component prices and higher capital tie-up in inventory to maintain a high level of supply security. In this uncertain financial situation, we will immediately initiate work to review cost efficiencies to increase the company's financial sustainability.

Thanks to the fact that Carbonhand 2.0, and the technical X-Over platform the product is based on, is developed and ready for sale, the company can enter a new phase. In the company's upcoming phase, all assembly and, to a large extent, also component supply will be handled by partners. The company's work will be optimized to support our manufacturing and commercial partners. This presents an opportunity for cost efficiencies, with a clear ambition to economize on the cash and cash equivalents that the company has been provided. The work on cost efficiencies will be carried out continuously, where security of supply and capacity for manufacturing partners to scale up volumes in case of increased demand will be secured.

Personal reflections

The fact that Carbonhand 2.0 is now ready to be introduced in Europe is an important milestone for the company. The product is a technical innovation with major improvements that consistently has received a very positive response from healthcare personnel and not least from the patients themselves. Me and my colleagues at Bioservo get very motivated when we see the effect Carbonhand can have for patients with impaired hand function, and it is with pride that I see how some of our examples of the value of Carbonhand have been spread on social media. Carbonhand can help people with impaired hand function to live independently without assistance, which I am convinced is very valuable for the person's quality of life and economically very profitable.

Thanks to the fact that Carbonhand 2.0 is now approved in Europe and ready for sale, a completely new phase begins for the company, where we will build effective scalable collaborations with manufacturing partners, while supporting our distributors and introducing our products to new markets.

Bioservo has a completely unique leading position in grip-strengthening gloves and is in a very exciting commercial phase. My and all competent employees' important and exciting mission to make our technology available to thousands of users worldwide now begins, a mission that I am really looking forward to.

Kista 15 November 2022,

Petter Bäckgren, CEO

Financial overview

July – September 2022

Net Sales

Net sales decreased by 21% to SEK 1.9 M (2.3) for the third quarter. Sales consisted largely of sales of Ironhand® to the US market.

Operating expenses

Operating expenses amounted to SEK 14.1 M (11.9) for the third quarter. The increase in operating expenses is mainly attributable to higher costs for external consultants and higher personnel costs.

EBITDA/EBIT

EBITDA amounted to SEK -9.8 M (-5.1), while EBIT amounted to SEK -10.7 M (-6.3).

Earnings for the period

Earnings for the period were SEK -10.7 M (-6.3). Corresponding to earnings per share of SEK -0.56 (-0.40).

Cash flow

Cash flow during the Third quarter amounted to SEK 15.8 M (-26.8). Cash flow attributable to operating activities amounted to SEK -15.0 M (-7.4). Cash flow during the quarter was affected by higher costs for external consultants, higher personnel costs and inventory build-up to secure product supply. During the third quarter of 2021, the company carried out a directed share issue corresponding to SEK 36.3 M before issue costs.

January – September 2022

Net Sales

Net sales increased by 75% to SEK 8.4 M (4.8) for the first nine months. Sales consisted largely of sales of Ironhand® to the French and US market.

Operating expenses

Operating expenses amounted to SEK 46.0 M (35.0) for the first nine months. The increase in operating expenses is primarily attributable to costs attributable to extensive one-off analysis work to investigate Carbonhand's commercial opportunities in the U.S. market, higher overheads for external consultants, higher travel costs and costs related to marketing activities.

EBITDA/EBIT

EBITDA amounted to SEK -31.6 M (-22.5) while EBIT amounted to SEK -34.6 M (-26.2).

Earnings for the period

Earnings for the period was SEK -34.6 M (-26.2). Corresponding to earnings per share of SEK -1.83 (-1.65).

Cash flow

Cash flow during the first nine months amounted to SEK -38,8 M (-8.7). Cash flow attributable to operating activities amounted to SEK -37.2 M (25.8). Cash flow during the year was affected by, extensive one-off analysis work to investigate Carbonhand's commercial opportunities in the US market, higher costs for external consultants, higher personnel costs for commercial personnel and inventory build-up to secure product supply. During the third quarter of 2021, the company carried out a directed share issue corresponding to SEK 36.3 M before issue costs.

Financial position and investments

On 30 September 2022, total assets amounted to SEK 38,7 M (79.5).

On 30 September 2022, cash and cash equivalents were SEK 12.7 M (61.3). The equity/assets ratio was 71% (90) at the end of the period.

Employees

On 30 September 2022, 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 September 2022, there were 761 230 warrants outstanding. The warrants entitle holders to buy a total of 1 125 994 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 28 September 2021 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.

2022-2025 plan

The number of options issued amounts to 30,000 and entitle holders to buy 30,000.

The warrants can be exercised from 20 May 2025 until 20 June 2025.

Upon exercise of all issued warrants, the number and shares and votes will increase by 30,000 each with a par value of SEK 0.20, meaning the Company's share capital will increase by a maximum of 6,000 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-2021.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 November 15, 2022
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)	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Operating income					
Net sales	1 884	2 340	8 385	4 799	7 100
Own work capitalized	-	-	-	-	-
Other operating income	1 534	3 247	4 379	4 005	4 808
Total operating income	3 418	5 587	12 763	8 804	11 908
Operating expenses					
Raw materials and consumables	-1 089	-2 258	-5 163	-3 700	-5 155
Other external costs	-5 382	-2 543	-18 209	-8 442	-11 185
Employee benefit expenses	-6 718	-5 923	-20 965	-19 161	-24 980
Other operating expenses	-163	-61	-529	-501	-1 126
Amortisation and depreciation of tangible and intangible assets	-777	-1 095	-1 094	-3 176	-4 139
Total operating costs	-14 129	-11 880	-45 960	-34 980	-44 585
EBIT	-10 710	-6 293	-34 616	-26 176	-34 677
Interest expense and similar loss items	-9	-7	-9	-7	5
Total financial items	-9	-7	-9	-7	5
Earnings before tax	-10 719	-6 300	-34 635	-26 183	-34 672
Tax	-	-	-	-	-
Earnings for the period	-10 719	-6 300	-34 624	-26 183	-34 672

BALANCE SHEET (SEK 000s)	2022-09-30	2021-09-30	Full-year 2021
Asset			
Fixed assets			
Intangible assets	6 316	7 649	7 836
Tangible assets	224	242	205
Financial assets	-	-	-
Total fixed assets	6 540	7 891	8 041
Current assets			
Inventories	12 430	4 251	5 850
Accounts receivable	2 393	1 409	1 430
Current receivables	4 605	4 766	6 682
Cash and cash equivalents	12 729	61 264	51 520
Total current assets	32 158	71 690	65 482
Total assets	38 699	79 581	73 523
Equity and liabilities			
Equity	62 152	71 370	62 768
Liabilities			
Warranty provision	949	179	193
Payables	4 446	1 049	5 613
Current liabilities	5 776	6 983	4 949
Total liabilities	11 171	8 211	10 755
Total equity and liabilities	73 324	79 581	73 523

CHANGE IN EQUITY (SEK 000s)	2022-09-30	2021-09-30	Full-year 2021
Equity at the beginning of the period	62 768	62 311	62 311
Issue costs	-651	-1 809	-1 922
Rights Issue	-	36 336	36 336
Warrants	-35	715	715
Earnings for the period	-34 625	-26 183	- 34 672
Equity at the end of the period	27 457	71 370	62 768

CASH FLOW STATEMENT (SEK 000s)	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full-year 2021
Operating activities					
EBIT	-10 710	-6 300	-34 616	-26 183	-34 677
Depreciation/amortization	777	1 095	2 513	3 176	4 139
Warranty	8	-198	84	-136	-121
Interest received	672	-	672	-	5
Interest paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-9	-5 403	-9	-23 143	-30 654
Changes in inventories	-3 528	1 247	-6 580	-1 136	-2 735
Change in operating receivables	-842	-4 062	1 123	-2 452	-3 546
Changes in operating liabilities	-1 372	779	-349	885	2 572
Cash flow from operating activities	-15 004	-7 439	-37 162	-25 846	-34 363
Investing activities					
Investment in tangible assets	-	-	-138	-	-
Investment in financial assets	-	-	-	-	-
Investment in intangible assets	-202	-279	-875	-696	-1 810
Cash flow from investing activities	-202	-279	-1 013	-696	-1 810
Financing activities					
Rights issue	-	36 336	-	36 336	36 336
Issue costs	-651	-1 809	-651	-1 809	-1922
Warrants	35	-	35	715	715
Cash flow from financing activities	-616	34 527	-616	35 242	35 129
Cash flow for the period	-15 822	26 809	-38 791	8 700	-1044
Cash and cash equivalents at the beginning of the period	28 551	34 455	51 520	52 564	52 564
Cash and cash equivalents at the end of the period	12 729	61 264	12 729	61 264	51 520

Financial Calendar

Year-end report 2022

22 February, 2023

Contact details

For questions about the report:

Petter Bäckgren, CEO

Tel: +46 (0) 8 21 17 10

E-mail: petter.backgren@bioservo.com

Madeleine Börjesson, CFO

Tel: +46 (0) 8 21 17 10

E-post: madeleine.borjesson@bioservo.com

Bioservo Technologies AB (publ)

Torshamnsgatan 35, SE-164 40 Kista

