



Bioservo Technologies AB

Interim Report January – September 2023

Interim report, 1 January to 30 September 2023

July-September in figures

- Net sales of 4.2 MSEK (1.9)
- EBITDA of -9.3 MSEK (-9.9)
- EBIT of -9.8 MSEK (-10.7)
- Earnings for the period amounted to -9.8 MSEK (-10.7)
- Earnings per share before and after dilution amounted to SEK -0.12 (-0.56)
- Cash flow from operating activities for the period amounted to - 15.2 MSEK (-15.0)

January-September in figures

- Net sales of 10.0 MSEK (8.4)
- EBITDA of -29.6 MSEK (-31.6)
- EBIT of -31.0 MSEK (-34.6)
- Earnings for the period amounted to -31.1 MSEK (-34.6)
- Earnings per share before and after dilution amounted to SEK -0.66 (-1,83)
- Cash flow from operating activities for the period amounted to - 37.5 MSEK (-37.2)

Significant events during the period

- Bioservo announces that the company has contracted Michael Forss as new interim CFO and member of the management team. Michael succeeds Madeleine Börjesson as CFO and assumed the position on July 7, 2023.
- Through a rights issue, registered on July 3, the company received SEK 32.1 million net. The share capital in the Company increased by SEK 11,374,790.40, to SEK 17,062,185.80, by issuing 56,873,952 shares. The number of shares thus increases to 85,310,929.
- Participants in the Rights Issue are entitled to subscribe for newly issued shares with the support of the warrants during the period December 6 - December 20, 2023.
- Bioservo receives an order for 25 Ironhand systems at an order value of SEK 1.2 million from Rhino Tool House for sale in the US market.
- 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.
- Bioservo signs a sales agent agreement with Trivet Medical LLC for the sale of Carbonhand within the Veterans Health Administration and the Department of Defense in the United States. Thus, the grip-strengthening aid Carbonhand is available to all American veterans with reduced hand function.
- In the commercialization phase Bioservo is in, clinical evidence and issues related to market access in selected markets are becoming increasingly important. The company's management team is therefore strengthened with Annika Rydgård, responsible for clinical projects and Market Access.

Events after the end of the period

- Bioservo announces that its Board of Directors is evaluating potential strategic options to accelerate commercialization and increase shareholder value. Sale of part or all of the company, capital infusion or other partnership opportunities, among other potential options are being evaluated. Bioservo engaged Ferghana Partners, an experienced financial advisor active in the life science sector, to assist in the process.
- The company reports that sales of the strength-enhancing glove Carbonhand® have taken off in the German market, where it is estimated that over one million people would be helped by Carbonhand. So far this year, more than four times as many Carbonhand systems have been ordered for Germany compared to the same period last year.

Financial overview

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK 000s	4 157	1 884	9 989	8 385	9 643
EBITDA, SEK 000s	- 9 314	-9 933	- 29 658	-31 560	-47 580
EBIT, SEK 000s	- 9 760	-10 710	- 31 047	-34 616	-50 572
Earnings for the period, SEK 000s	- 9 760	-10 718	- 31 058	-34 624	-50 499
Earnings per share before dilution, SEK	-0,12	-0,56	-0,66	-1,83	-2,56
Earnings per share after dilution, SEK	-0,12	-0,56	-0,75	-1,26	-2,56
Cash and cash equivalents, SEK 000s	18 884	12 729	18 884	12 729	25 009
Cash flow from operating activities for the period, SEK 000s	- 15 206	-15 004	- 37 500	-37 162	-50 594
Equity, SEK 000s	38 529	27 527	38 529	27 527	37 463
Total assets, SEK 000s	49 739	38 699	49 739	38 699	52 537
Equity/assets ratio, %	77	71	77	71	71
Total no. of shares	85 310 929	18 957 985	85 310 929	18 957 985	28 436 977
Average no. of shares	83 456 344	18 957 985	47 046 469	18 957 985	19 747 901
R&D employees	11	12	11	12	12
Average no. of employees	20	28	22	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 third quarter 2023

Bioservo summarizes a third quarter with sales that amounted to SEK 4.2 million (SEK 1.9 million), an increase of about 121% compared to the previous year. So far this year, sales amount to 10 MSEK (8.4 MSEK), an increase of about 19% compared to last year. Behind the figures is an increase in sales for the new Carbonhand® in Europe, especially in the markets where Carbonhand was previously available. In the industrial segment, revenues consist mainly of a volume order of Ironhand to the USA.

The launch of Carbonhand in Europe progresses

Work is underway to increase awareness and knowledge of Carbonhand in Europe and it is gratifying that in Sweden, Norway, and Germany where Carbonhand was previously available, an increase in sales is already seen. So far this year, Bioservo has received orders from Germany for 21 Carbonhand systems at an order value of just over SEK 1.4 million, which corresponds to a sales increase of 300% compared to last year. To Norway so far this year, the company has delivered 27 Carbonhand systems with an order value of about SEK 1.8 million, which is a doubling, and in the Swedish market, the company has delivered 18 Carbonhand systems so far this year with an order value of about SEK 1 million.

The positive reception and increased sales are driven by the fact that the new Carbonhand is designed to help more patients with various disabilities, combined with increased awareness and acceptance that has made it easier and faster to get Carbonhand prescribed in these markets.

Efforts to establish reimbursement in new markets in Europe such as the UK, the Netherlands, France, Switzerland, and Italy are proceeding according to plan. The reimbursement processes are time-consuming in many countries, but we see good progress and look forward to more markets starting to generate sales in the coming year.

Carbonhand now available for the Veterans Health Administration (VA)

Carbonhand is registered in the US under 510(k) exemption in the FDA's database for medical devices, which has given Carbonhand market access to the US. Work is now underway to establish an effective commercial infrastructure and make Carbonhand available to US patients.

The company's strategy is to initially focus on establishing Carbonhand within 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 Veterans Health Administration (VA) is a well-organized health care organization consisting of 170 hospitals and over 1000 patient clinics spread across the United States. By focusing on the VA through partners, the company reaches the most important patient groups that also have full cost coverage. It is estimated that there are more than 2.2 million patients with relevant disabilities in VA, of which approximately 250,000 of these patients would benefit from Carbonhand.

The company has signed an agreement with Veterans Healthcare Supply Solutions (VHSS), which has extensive experience in supplying and collaborating with the VA. Through VHSS, Carbonhand will be included in the "Electronic Catalog for Medical Equipment" (ECAT) shortly, as well as in the "Federal Supply Schedule 65 II A- Medical Equipment and Supplies" (FSS) in the near future. The inclusion of Carbonhand in specific purchase agreements is not a prerequisite for prescribing but facilitates the purchasing process for hospitals and healthcare facilities.

During the period, Bioservo has entered into cooperation agreements with specialized VA Sales Agents to address hospitals and healthcare facilities in VA. In the first phase, about 10 sales representatives are trained to carry out demonstrations and assessments of Carbonhand, the goal is to increase the number of specialized VA sellers to a total of 15 during the year.

Ironhand recognized at the National Safety Council in the US

The National Safety Council, which has been around for over 100 years and is the largest non-profit organization in the United States focused on developing safe workplaces, held its annual meeting in New Orleans at the end of October, bringing together health and safety managers from across the United States. Ironhand and Bioservo were selected by the organization to exhibit and participate in the "Safety Innovation Challenge" that took place during the conference. Bioservo was one of the winning companies and had the opportunity to present Ironhand to a packed auditorium of approximately 2,000 attendees. The attention generated many new inquiries from companies across the US.

Although we are not yet seeing major implementations like the one carried out at Waupaca Foundry at the beginning of the year, a large number of projects are underway with international companies both in the US and in France.

Bioservo evaluates strategic alternatives to accelerate commercialization

In order to accelerate commercialization and increase shareholder value, work is underway on behalf of the Board of Directors to evaluate various strategic commercial options, including the sale of part or all of the company, capital injections or other partnership opportunities. In this project, the Board and management are working with Ferghana Partners, an experienced financial advisor active in the life science sector.

According to independent sources*, the market for exoskeletons is expected to grow strongly with an average annual growth rate of 48% where Life Science applications are expected to be the driving force. A market analysis conducted by Bioservo shows that the relevant patient group for Carbonhand amounts to a total of approximately 9.5 million patients, of which almost 5 million are patients in the United States and 4.5 million are patients in selected markets in Europe.

Personal reflections

The success of the new generation Carbonhand in the Swedish, Norwegian and German markets shows that the product makes a difference for patients and that there is both a demand and a willingness to pay. With this insight as a starting point and with the interest Carbonhand generates, I am convinced that other prioritized markets in Europe and the US will include Carbonhand as a reimbursed assistive device in the near future.

The work to establish the commercial infrastructure in the US has gone well and now the sales work has been initiated by about 10 sales agents, specialized in VA and with extensive experience in selling medical devices. The enthusiasm of our sales agents and the positive feedback we receive from the first meetings within VA gives us reason to be optimistic that we are well on our way to starting sales of Carbonhand in the US.

The fact that the company will soon initiate sales in the US with an established commercial infrastructure is a key milestone. The US market accounts for almost 50% of global sales of medical devices, this in combination with the fact that 9 million VA patients have access to financing of products that can, for example, assist with reduced hand function such as Carbonhand makes the company's commercial phase very interesting.

To have the opportunity to work with our unique technology and make it available to thousands of users worldwide is an assignment that I and my colleagues find both genuinely important and stimulating.

Kista, 7 november 2023,

Petter Bäckgren, CEO

* Verified Market Research- Exoskeleton Market Size And Forecast: <https://www.verifiedmarketresearch.com/product/global-exoskeleton-market-size-and-forecast-to-2025/>

Financial overview

July – Sept 2023

Net Sales

Net sales increased by 121 % to SEK 4.2 M (1.8) for the third quarter compared to the same period last year. The result reflects an increased interest for Ironhand on the US market which consisted of 50% of the net sales for the period and increased sales of Carbonhand in Germany, Sweden, and Norway.

Operating expenses

Operating expenses amounted to SEK 14.2 M (14.1) for the second quarter. The change is attributable to increased cost of goods sold due to increased sales, which is offset by lower personnel costs.

EBITDA/EBIT

EBITDA amounted to SEK -9.3 M (-9.9), while EBIT amounted to SEK -9.8 M (-10.7).

Earnings for the period

Earnings for the period were SEK -9.8 M (-10.7) corresponding to earnings per share of SEK -0.12 (-0.56).

Cash flow

Cash flow during the third quarter amounted to SEK -21.5 M (-15.8). Cash flow from operating activities amounted to SEK -15.2 M (-15.0).

The cash flow impact during the second quarter is attributable to cash flow from operating activities of -15.2 MSEK (-15.0) and a payment of short term loans of SEK 6.0 M (0).

January – June 2023

Net Sales

Net sales increased by 19% to SEK 10.0 M (8.4) compared to the same period last year. The increase in net sales is mainly attributed to the launch of the new generation of Carbonhand with increased sales in Germany, Sweden and Norway and the sales of Ironhand in US.

Operating expenses

Operating expenses amounted to SEK 41.9 M (47.4) for the period. The decrease in operating expenses is due to lower personnel expenses and other external expenses which is met by increased costs of sold goods due to the increased net sales.

EBITDA/EBIT

EBITDA amounted to SEK -31.0 M (-34.6), while EBIT amounted to SEK -31.1 M (-34.6).

Earnings for the period

Earnings for the period were SEK -31.1 M (-34.6) corresponding to earnings per share of SEK -0.66 (-1,83).

Cash flow

Cash flow during the period amounted to SEK -6.1 M (-38.8). Cash flow from operating activities amounted to SEK -37.5 M (-37.2).

The cash flow impact during the period is attributable to cash flow from operating activities of -37.5 (-37.2), a new share issue with a net effect on cash flow of SEK 32.1 M (-0.6). During the period, an inventory build-up of SEK 5.8 million (6.6) took place.

Financial position and investments

On 30 September 2023, total assets amounted to SEK 49.7 M (38.7).

On 30 September 2023, cash and cash equivalents were SEK 18.9 M (12.7). The equity/assets ratio was 77% (71) at the end of the period.

Based on the company's business plan and expected dividends from outstanding warrants, the company is expected to have financing for the operations during the next twelve months.

Employees

On 30 September 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 2023-09-30, there are 19 764 214 outstanding warrants. Altogether, the warrants entitle the holder to subscribe for a total of 20 128 978 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 3

The number of issued options amounts to 18 957 984. One warrant entitle the holder to subscribe for one new share at a subscription price of 70% of VWAP during the measurement period 2023-11-22 through 2023-12-05, but minimum the quota value of the share, at present SEK 0.20 SEK per share, and maximum SEK 2.00 per share. The useful period runs between 2023-12-06 to 2023-12-20. If all issued warrants are fully exercised, the number of shares and votes in the Company increases by 18 957 984 shares, each with a quota value of SEK 0.20, resulting in the Company's share capital increasing by a maximum of SEK 3 791 596,80. The Company can thus receive an additional cash injection of maximum MSEK 38 before issue costs of approximately MSEK 2.

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 November 7, 2023

Bioservo Technologies AB (publ)

Anders Lundmark
Chairman of the Board

Runar Bjørklund
Board member

Margit alt Murphy
Board member

Nikolaj Sørensen
Board member

Kerstin Valinder Strinnholm
Board member

Petter Bäckgren
CEO

INCOME STATEMENT (SEK 000s)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Operating income					
Net sales	4 157	1 884	9 989	8 385	9 643
Own work capitalized	-	-	-	-	-
Other operating income	313	1 534	872	4 379	5 201
Total operating income	4 470	3 418	10 861	12 763	14 844
Operating expenses					
Raw materials and consumables	-3 581	-1 089	-7 803	-5 163	-7 643
Other external costs	-4 786	-5 382	-14 229	-18 209	-25 017
Employee benefit expenses	-5 149	-6 718	-17 869	-20 965	-29 141
Other operating expenses	-267	-163	-606	-529	-623
Amortization and depreciation of tangible and intangible assets	-446	-777	-1 401	-2 512	-2 922
Total operating costs	-14 230	-14 129	-41 908	-47 379	-65 416
EBIT	-9 760	-10 710	-31 047	-34 616	-50 572
Interest income	-	-	10	-	83
Interest expense	-	-9	-21	-9	-10
Total financial items	-	-9	-11	-9	73
Earnings before tax	-9 760	-10 719	-31 058	-34 625	-50 499
Tax	-	-	-	-	-
Earnings for the period	-9 760	-10 719	-31 058	-34 625	-50 499

BALANCE SHEET (SEK 000s)	2023-09-30	2022-09-30	Full year 2022
Assets			
Fixed assets			
Intangible assets	5 325	6 316	5 916
Tangible assets	126	2225	186
Financial assets	-	-	-
Total fixed assets	5 451	6 541	6 102
Current assets			
Inventories	18 498	12 430	12 709
Accounts receivable	3 066	2 393	5 517
Current receivables	3 840	4 605	3 200
Cash and cash equivalents	18 884	12 729	25 009
Total current assets	44 288	32 158	46 435
Total assets	49 739	38 699	52 537
Equity and liabilities			
Equity	38 529	27 527	37 463
Liabilities			
Warranty provision	1 031	949	938
Payables	4 605	4 446	6 310
Current liabilities	5 574	5 777	7 826
Total liabilities	11 210	11 172	15 074
Total equity and liabilities	49 739	38 699	52 537

CHANGE IN EQUITY (SEK 000s)	2023-09-30	2022-09-30	Full year 2022
Equity at the beginning of the period	37 463	62 768	62 768
Issue costs	-4 844	-651	-2 573
Rights Issue	36 968	-	27 710
Warrants	-	-35	57
Earnings for the period	-31 058	-34 625	- 50 499
Equity at the end of the period	38 529	27 527	37 463

CASH FLOW STATEMENT (SEK 000s)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating activities					
EBIT	-9 759	-10 710	-31 047	-34 616	-50 572
Depreciation/amortization	446	777	1 401	2 513	2 992
Warranty	26	8	92	84	74
Adjustment of items that are not part of cash-flow	-	672	-	672	728
Interest received	-	-	10	-	83
Interest paid	-	-9	-21	-9	-10
Cash flow from operating activities before changes in working capital	-9 287	-9 262	-29 565	-31 356	-46 705
Changes in inventories	-292	-3 528	-5 789	-6 580	-6 858
Change in operating receivables	- 1 655	-842	1 809	1 123	-603
Changes in operating liabilities	-3 972	- 1 372	- 3 955	- 349	3 572
Cash flow from operating activities	-15 206	-15 004	-37 500	-37 162	-50 594
Investing activities					
Investment in tangible assets	-	-	-39	-138	-138
Investment in financial assets	-	-	-	-	-
Investment in intangible assets	-320	-202	-711	-875	-915
Cash flow from investing activities	-320	-202	-750	-1 013	1 053
Financing activities					
Rights issue	-	35	36 968	35	27 710
Issue costs	-	- 651	-4 843	-651	-2 573
Proceeds from loans	- 6 000	-	-	-	-
Cash flow from financing activities	- 6 000	-616	32 125	-616	25 137
Cash flow for the period	- 21 526	-15 822	- 6 125	-38 791	-26 510
Cash and cash equivalents at the beginning of the period	40 410	28 551	25 009	51 520	51 520
Cash and cash equivalents at the end of the period	18 884	12 729	18 884	12 729	25 009

Financial Calendar

Year-end report 2023 20 February 2024

Contact details

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