

Bioservo Technologies AB

Interim Report January – March 2022



First quarter 2022 in brief

- Net sales SEK 2.9 M (1.5)
- EBITDA amounted to SEK -11.0 M (-7.8)
- EBIT amounted to SEK -12.1 M (-9.0)

Interim report, 1 January to 31 2022

First quarter in figures

- Net sales of SEK 2.9 M (1.5)
- EBITDA of SEK -11.0 M (-7.8)
- EBIT of SEK -12.1 M (-9.0)
- Earnings for the period amounted to SEK -12.1 M (-9.0)
- Earnings per share before and after dilution amounted to SEK -0.64 (-0.57)
- Cash flow from operating activities for the period amounted to SEK -12.3 M (-7.7)

Significant events during the period

- Nishio Rent All Co Ltd orders 10 Ironhand® 2.0 systems with an order value of 500 kSEK. The order is a result of an increased interest in Ironhand from industrial customers in Japan.
- Appointment of Ironhand Sales Manager in the US to support our distributor partners and ensure successful commercialization in the US.

Events after the end of the period

- Appointment of Nordic Sales Manager for Life Science to launch a new version of Carbonhand in connection with expected positive results from the previous IH study.

Financial overview

	Jan-March 2022	Jan-March 2021	Full year 2021
Net sales, SEK 000s	2 940	1 503	7 100
EBITDA, SEK 000s	-11 001	-7 810	-30 538
EBIT, SEK 000s	-12 121	-8 989	-34 677
Earnings for the period, SEK 000s	-12 121	-8 989	-34 672
Earnings per share before dilution, SEK	-0,64	-0,57	-1,83
Earnings per share after dilution, SEK	-0,64	-0,57	-1,83
Cash and cash equivalents, SEK 000s	38 642	44 670	51 520
Cash flow from operating activities for the period, SEK 000s	-12 351	-7 656	-34 363
Equity, SEK 000s	50 647	53 322	62 768
Total assets, SEK 000s	58 245	59 745	70 616
Equity/assets ratio, %	87	89	85
Total no. of shares	18 957 985	15 798 321	18 957 985
Average no. of shares	18 957 985	15 798 321	16 221 917
R&D employees	12	12	12
Average no. of employees	28	27	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 First quarter of 2022

Bioservo sums up a first quarter with a strong increase in sales, approximately 95% compared with the previous year. The result reflects the increased interest in Ironhand 2.0 in the US market, in combination with continued good sales development in France. Sales for the first quarter amounted to SEK 2.94 million (SEK 1.5 million). Bioservo has no operations, customers or suppliers in Russia or Ukraine and is not directly affected by the war, but we follow developments closely and secure, for example, the availability of key components by establishing a safety stock.

Increased commercial investments in the USA for Ironhand®

To reinforce the positive trend with increased demand in the US market, we have appointed a regional sales manager for North America. The regional sales manager is based in the USA and will ensure that we can support our partners with deep knowledge of Ironhand and help them secure business opportunities. The distributor network in the USA has also been strengthened to today consist of four distributors who are all active in different customer segments or different geographical areas, so that we can reach relevant customers in the best possible way. During the first quarter, we met a number of potential customers and conducted successful demonstrations.

Project General Motors

In 2016, Bioservo and General Motors initiated a joint development collaboration with the aim of developing an active robot glove to reduce the risk of injuries during grip-intensive tasks. This widespread problem means lifelong disabilities for affected individuals and high costs for companies in many industries. In the project, Bioservo has initially collaborated with General Motors' department for technical innovations in robotics, in 2018 the responsibility within General Motors was transferred to the ergonomics department, which continued with a focus on testing Ironhand in various industrial applications and environments. The tests have aimed to investigate what help users experience Ironhand provides with various tasks, user-friendliness, product durability and other measuring points such as how the product affects muscle activity (EMG). The tests have included about 50 operators and more than 1,000 work shifts at five different assembly plants in both the United States and Canada.

Project Results

The project results were recently presented by Bioservo and General Motors in connection with the Wearable Robotics Association's annual meeting in the USA. In summary, General Motors, Bioservo and the independent researchers who participated in the project can state that Ironhand will play an important role in the future in reducing injuries during grip-intensive work.

The users who felt that they received the best help from Ironhand in the project often had some form of injury or history of injury. With them, the level of acceptance was very high, and they experienced significant improvements thanks to Ironhand. Typical injuries that this group showed were musculoskeletal injuries, carpal tunnel syndrome, arthritis, or some other form of previous injury that reduced the muscle strength or the ability to use the hand.

Measurements of muscle activity (EMG) have been performed by independent researchers from the University of Windsor in Canada and early results show that Ironhand does not increase undesirable muscle activity and can therefore be considered safe and adds no risk of injury. Ironhand 2.0 also shows an improvement over previous versions in this regard.

An important area for the tests has been to measure the product's durability, especially the glove's resistance to abrasion. Bioservo guarantees a durability of 1 year for units and wearing solutions, as well as at least three months for gloves, which are consumables. The tests with the latest generation Ironhand 2.0 have shown that the equipment meets the industry's strict requirements with a good margin, the durability of gloves every five months, which exceeded expectations and is seen as a great success in the project.

To make it easier for ergonomists and managers at the factories, General Motors has also developed a decision tree that will make it easier for decision-makers to identify operators with an increased risk of injury that may be relevant for Ironhand.

Next step for General Motors

The ergonomist in charge of the project at General Motors, Ryan Porto, will now proceed by presenting the results to United Auto Workers (UAW), the automotive industry union, and to other ergonomists in General Motors located at manufacturing units in the US, after which Ironhand will be made available internally for manufacturing units.

Bioservo does not expect a broad implementation of Ironhand at General Motors in the near future, but implementation of Ironhand will take place based on the decision tree that now exists as an implementation support. At this stage, Bioservo will focus on maintaining close cooperation to assist in the work of spreading knowledge about Ironhand within General Motors and among external stakeholders.

In addition to continued work to find users and work steps for Ironhand, General Motors, together with other players in the automotive industry, has also shown great interest in conducting user tests with our upcoming product Assessment Glove. A glove that through pressure sensors and motion sensors assesses the risk for hand and wrist injuries at workplaces. Bioservo intends to start field tests with Assessment Glove during the year to make the product available for commercial use in 2023.

Bioservo invests in Life Science and sees strong sales potential in the US

During the year, new clinical data will be presented that are expected to show positive rehabilitative effects of using Bioservo's grip-strengthening glove Carbonhand. In connection with this, a completely new version of Carbonhand will be launched in Europe.

The new product has for a long time been tested by individuals with various disabilities and the feedback from users is very promising. The positive tests make us confident that Carbonhand will be an important tool for assisting and rehabilitating people with various hand impairments in the future.

The sales potential in Europe is significant and the company is planning a market introduction in the Nordic region through already established distributor channels. In the rest of Europe, the company is focusing in a first phase on Italy, France, Switzerland and Germany, where discussions with specialized distributors are underway to prepare for the launch during the year. To strengthen commercial capacity, we have now also appointed a Nordic sales manager within Life Science.

Preparatory work for the launch of Carbonhand in the USA

The work of preparing the commercial phase also in the USA has started and an extensive analysis work has recently been completed to investigate the possibilities and potential for Carbonhand in the American market. On behalf of Bioservo, an external company specializing in health- and medical-care has conducted a market analysis through about 50 interviews. Patients, clinics and payers have been asked questions about how relevant Carbonhand is for assistance or treatment in various medical indications and the probability of that the product should receive reimbursement.

Sales potential in excess of USD 250 million

The market analysis shows an extensive clinical need for Carbonhand for patients with stroke and other neurological indications where impairment of hand function is a common problem. The analysis states that in the USA there are about 4.5 million patients who are relevant to the use of Carbonhand. If only patients with stroke and a limited number of other neurological disorders are included, the market potential is likely to exceed USD 250 million, which corresponds to approximately 30,000 patients. The market analysis also states that Carbonhand has a unique position without direct competition, this makes the product relevant as a supplement for healthcare to assist patients who need assistance or be rehabilitated from hand injuries.

Bioservo has already begun preparations for the regulatory approval process for the United States, which is expected to begin in 2022, as soon as the product is approved in Europe after undergoing relevant safety tests.

In parallel with this, work is underway to establish a commercial infrastructure for the American market and introduce Carbonhand as an important tool for assisting and rehabilitating people with various impairments of the hand function. The goal is for a commercial strategy, that also includes the work of obtaining reimbursement, to be in place in good time before the product receives regulatory approval, which is expected to take place in 2023.

Personal reflections

The investment in the American industrial market with Ironhand is beginning to yield results through several targeted activities, with our own local staff, and additional distributors covering more customer segments and geographies, as well as local stock of products in the USA. With our commercial investment in the US market, I have high hopes that sales will gradually increase in the US market over time.

I look forward to continuing to evaluate Ironhand together with General Motors and to start new collaborations on Bioservo's upcoming products. The work with General Motors has consistently been value-creating and the extensive user tests have meant that Ironhand is today adapted for industrial use.

The launch of Carbonhand 2.0 is approaching fast and I expect that during the year we will generate increased sales in Europe. The product comes with drastic improvements, adapted to be relevant to even more users and has the potential to really make a difference for millions of patients worldwide. The market analysis for the USA gives a clear indication that Carbonhand will be an important tool for assisting and rehabilitating patients with impaired hand function. The potential is estimated, conservatively calculated, to be at least 30,000 patients, which converted into sales means about 250 million USD and I look forward to starting the work of evaluating the best launch strategy for the United States.

Bioservo has a completely unique leading position in grip-strengthening gloves and we have an exciting growth journey that starts now, where we will create success for Ironhand and introduce new products in the near future, an important and exciting mission that I and the team at Bioservo really look forward to.

Kista 3 May 2022

Petter Bäckgren
CEO

Financial overview

January – March 2022

Net Sales

Net sales increased by 96% to SEK 2.9 M (1.5) for the first quarter. The result reflects the increased interest in Ironhand 2.0 in the US market combined with continued strong sales in France.

Operating expenses

Operating expenses amounted to SEK 16.3 M (11.2) for the first quarter. The increase in operating expenses is mainly attributable to higher costs attributable to extensive analysis work of a non-recurring nature to investigate Carbonhand's commercial opportunities in the American market corresponding to SEK 3 million and higher personnel costs.

EBITDA/EBIT

EBITDA amounted to SEK -11.0 M (-7.8), while EBIT amounted to SEK -12.1 M (-9.0).

Earnings for the period

Earnings for the period were SEK -12.1 M (-9.0). Corresponding to earnings per share of SEK -0.64 (-0.57).

Cash flow

Cash flow during the Third quarter amounted to SEK -12.3 M (-7.7). The cash flow impact during the first quarter is mainly attributable to a one-time analysis work to investigate Carbonhand's commercial opportunities in the US market, SEK 3 million and inventory build-up to secure product supply.

Financial position and investments

On 31 March 2022, total assets amounted to SEK 58.2 M (59.7).

On 31 March 2022, cash and cash equivalents were SEK 38.6 M (47.4). The equity/assets ratio was 87% (89) at the end of the period.

Employees

On 31 March 2022, the number of employees was 28 (27).

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 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-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 May 3, 2022

Bioservo Technologies AB (publ)**Anders Lundmark**

Chairman of the Board

Runar Björklund

Board member

Kunal Pandit

Board member

Nikolaj Sørensen

Board member

Kerstin Valinder Strinnholm

Board member

Margit alt Murphy

Board member

Petter Bäckgren

Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Jan-March 2022	Jan-March 2021	Full year 2021
Operating income			
Net sales	2 940	1 503	7 100
Own work capitalized	-	-	-
Other operating income	1 256	691	4 808
Total operating income	4 195	2 194	11 908
Operating expenses			
Raw materials and consumables	-1 627	- 1 083	- 5 155
Other external costs	-6 563	- 3 071	- 11 185
Employee benefit expenses	-6 836	- 5 851	- 24 980
Other operating expenses	-170	- 146	- 1 126
Amortisation and depreciation of tangible and intangible assets	-1 120	-1 033	- 4 139
Total operating costs	-16 316	- 11 184	- 46 585
EBIT	-16 316	- 8 990	- 34 677
Interest expense and similar loss items	-	-	5
Total financial items	-	-	5
Earnings before tax	-12 121	- 8 989	- 34 672
Tax	-	-	-
Earnings for the period	-12 121	- 8 989	- 34 672

BALANCE SHEET (SEK 000s)	2022-03-31	2021-03-31	Full year 2021
Asset			
Fixed assets			
Intangible assets	7 280	9 259	7 836
Tangible assets	167	317	205
Financial assets	-	-	-
Total fixed assets	7 447	9 576	8 041
Current assets			
Inventories	6 906	3 647	5 850
Accounts receivable	2 768	696	1 430
Current receivables	2 482	1 156	6 682
Cash and cash equivalents	38 642	44 670	51 520
Total current assets	50 798	50 169	65 482
Total assets	58 245	59 745	73 523
Equity and liabilities			
Equity	50 647	53 322	51 327
Liabilities			
Warranty provision	219	353	193
Payables	2 369	2 627	5 613
Current liabilities	5 010	3 443	4 949
Total liabilities	7 598	6 423	10 755
Total equity and liabilities	58 245	59 745	73 523

CHANGE IN EQUITY (SEK 000s)	2022-03-31	2021-03-31	Full year 2021
Equity at the beginning of the period	62 768	62 311	62 311
Issue costs	-	-	- 1 922
Rights Issue	-	-	36 336
Warrants	-	-	715
Earnings for the period	-12 121	- 8 989	- 34 672
Equity at the end of the period	50 647	53 322	62 768

CASH FLOW STATEMENT (SEK 000s)	Jan-March 2022	Jan-March 2021	Full year 2021
Operating activities			
EBIT	-12 121	- 8 989	- 34 677
Depreciation/amortization	1 120	1 033	4 139
Warranty	26	38	-121
Interest received	-	-	5
Interest paid	-	-	-
Cash flow from operating activities before changes in working capital	-10 975	- 7 918	- 21 967
Changes in inventories	-1 055	- 532	-2 735
Change in operating receivables	2 863	2 714	-3 546
Changes in operating liabilities	-3 184	- 1 920	2 575
Cash flow from operating activities	-12 351	- 7 656	-34 363
Investing activities			
Investment in tangible assets	-	-	-
Investment in financial assets	-	-	-
Investment in intangible assets	-527	- 238	-1 810
Cash flow from investing activities	-527	- 238	- 1 810
Financing activities			
Rights issue	-	-	36 336
Issue costs	-	-	- 1 922
Warrants	-	-	715
Cash flow from financing activities	-	-	35 129
Cash flow for the period	-12 878	- 7 894	- 1 044
Cash and cash equivalents at the beginning of the period	51 520	52 564	52 564
Cash and cash equivalents at the end of the period	38 642	44 670	51 520

Financial Calendar

Second quarter, 2022	18 August, 2022
Third quarter, 2022	8 November, 2022
Year-end report 2022	31 March, 2022

Contact details

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