

Bioservo Technologies AB Interim report, January-June 2018

Second quarter of 2018 in brief

- Net sales rose to SEK 1.6 M (0.6)
- EBITDA amounted to SEK -4.0 M (-4.7)
- EBIT totalled SEK -4.7 M (-5.1)
- Bioservo awarded a research grant of EUR 2.3 M



Interim report, 1 January-30 June 2018

Second quarter in figures

- Net sales rose to SEK 1.6 M (0.6)
- EBITDA amounted to SEK -4.0 M (-4.7)
- EBIT totalled SEK -4.7 M (-5.1)
- Loss for the period was SEK -4.7 M (-6.0)
- Loss per share before and after dilution amounted to SEK -0.52 (-0.67)
- At 30 June, cash and cash equivalents were SEK 41.6 M (63.3).

First half-year in figures

- Net sales rose to SEK 3.0 M (1.5)
- EBITDA amounted to SEK -9.0 M (-7.3)
- EBIT totalled SEK -10.5 M (-8.0)
- Loss for the period was SEK -10.5 M (-8.9)
- Loss per share before and after dilution amounted to SEK -1.18 (-1.0)*
- At 30 June, cash and cash equivalents were SEK 41.6 M (63.3).

* Adjusted for 5:1 stock split in March 2017

Significant events during the period

- The EU awarded Bioservo a research grant of EUR 2.3 M
- CEO Erik Landgren announced that he would be stepping down from his position to take on a new role in a major international company.

Events after the end of the period

- Petter Bäckgren, former CEO of Kibion, was appointed new CEO and will assume his position on 3 September.
- Bioservo receives an initial order regarding Ironhand from existing international customer in the automotive sector.

Financial overview

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales	1,567	568	2,996	1,511	4,672
EBITDA, SEK 000s	-3,953	-4,684	-9,024	-7,341	-16,272
EBIT, SEK 000s	-4,671	-5,121	-10,523	-8,043	-18,379
Loss for the period, SEK 000s	-4,674	-5,964	-10,527	-8,930	-19,307
Loss per share before dilution, SEK*	-0.52	-0.67	-1.18	-1.00	-2.41
Loss per share after dilution, SEK*	-0.52	-0.67	-1.18	-1.00	-2.41
Cash and cash equivalents, SEK 000s	41,581	63,332	41,581	63,332	46,865
Cash flow from operating activities for the period, SEK 000s	3,451	-7,337	-2,970	-6,735	-16,302
Equity, SEK 000s	57,236	78,141	57,236	78,141	67,764
Total assets, SEK 000s	69,326	85,891	69,326	85,891	72,308
Equity/assets ratio, %	82.6	91.0	82.6	91.0	93.7
Total no. of shares*	8,936,451	8,936,451	8,936,451	8,936,451	8,936,451
Average no. of shares*	8,936,451	6,259,310	8,936,451	7,597,880	8,021,130
R&D employees	9	8	9	8	10
Average no. of employees	28	21	27	21	22

*Adjusted for 5:1 stock split in March 2017

Definitions

Net sales

Revenue from the sale of goods related to the company's core operations.

EBITDA

Earnings before interest, taxes, depreciation and amortisation.

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. Demonstrates the percentage of the company's assets that are financed by equity, and shows the company's long-term ability to meet its debt obligations.

Average number of employees

Calculated as the total number of hours worked divided by the number of normal working hours during the period.

Earnings 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.

Bioservo Technologies in brief

Bioservo Technologies (publ) is a technology and development company that combines medical science with modern robotics. The company holds a leading global position within soft exoskeleton technology – wearable non-invasive devices – for people in need of extra power to optimise the body’s endurance and performance, or for people with reduced muscle strength.

After many years of research and development, Bioservo Technologies is now focused on a commercialisation of the company’s products and patented technologies. The gloves are well-suited to medical rehabilitation, and to preventive use by healthcare professionals. The company has signed strategic cooperation agreements with several multinational companies within e.g. the automobile, aviation as well as the construction and infrastructure industry.

Bioservo Technologies was founded in 2006 through a collaboration between researchers at the Royal Institute of Technology and doctors at Karolinska University Hospital in Stockholm. Bioservo Technologies is a Swedish public limited company with its headquarters and operations based in Kista, north of Stockholm.

For more information, please visit www.bioservo.com



CEO Erik Landgren comments on the second quarter of 2018

The second quarter of the financial year proceeded as planned and we noticed a continued growing interest in Ironhand, Bioservo's soft extra muscle robotic system for professional users, following the launch at the end of the first quarter. We have continued to adapt the organisation for the increase in sales that will commence in the second half-year by outsourcing production to a partner during the year, and by strengthening the organisation in sales and marketing, and in development. Sales rose 167% during the quarter, mainly driven by strong sales performance for the Carbonhand medical device in Sweden, Norway and Germany.

Major interest in Ironhand

The launch of Ironhand at the end of the first quarter – the world's first soft extra muscle robotic system for professional users – led to rising interest among a large number of industrial operators. The technology has continuously been tested and evaluated together with our business partners, which guarantees that the system has been adapted to market requirements. It is very gratifying that we, after the end of the quarter, received an initial order and will now start the implementation of our technology with an existing international customer in the automotive industry. This also proves that we have a globally strong offer. We apply a three-phase model – Assess, Implement, Measure (AIM) – where we work together with ergonomists in the first phase to evaluate where and how the technology suits the customer, based on an ergonomic risk assessment. In phase two, the technology is introduced on the customer's site, and in phase three, our cloud service is implemented for preventive purposes to continuously monitor movement patterns and processes, and ensure early identification of changes that could lead to increased ergonomic risk.

Adapted for continued growth

We have therefore strengthened the organisation in sales and marketing (Assessment) in response to this growing interest and to enable a demonstration of our unique system to new and prospective customers. During the quarter, we also employed a software developer and continued to develop the system for measuring and analysing data in production processes and operations, in order to proactively minimise the risk of occupational injuries and other problems by conducting a digitised ergonomic risk assessment. We also signed an agreement with a contract manufacturer in order to meet the expected production and deliveries of Ironhand from the second half of this year.

Positive sales performance for Carbonhand

Quarterly sales rose 167% to SEK 1.6 M (0.6), mainly driven by steadily improving sales of the Carbonhand medical device, our latest version of the robotic glove for use in the medical environment. Markets in Sweden, Norway and now Germany are showing a positive trend. In Germany, we received a breakthrough order in the spring and are now eligible for reimbursement under the national system in Germany (equivalent to the Social Insurance Agency and County Council in Sweden), which is positive for the future. The cost base rose slightly during the quarter due to organisational adaptations.

Changes in management

At the end of the quarter, we announced management changes due to my own very difficult decision to leave Bioservo. I am very proud of what we have achieved together and firmly believe that Bioservo is both well-equipped and has the right conditions for continued positive development and increased sales moving forward. After the end of the quarter, the Board of Bioservo appointed Petter Bäckgren as new CEO. Petter has extensive experience from several senior positions in high-growth companies with a focus on commercialisation and increased sales.

Growing global interest

First and foremost, I would like to thank all employees for an exciting and stimulating time together, and to welcome Petter as the Bioservo's new CEO. I am convinced that we are on the right track and well positioned for the future, supported by a continuously growing global interest in our technology among both industry operators and the healthcare segment. We have continuously strengthened our organisation in both product development and marketing and sales, while simultaneously adapting our production system for higher volumes and growing sales. Overall, Bioservo has major potential in a significant and global market due to a unique concept, a competent organisation and a strong financial position.

Financial overview

Apr-Jun, 2018

Net sales

Net sales rose 167% to SEK 1.6 M (0.6) for the second quarter. This growth was fully attributable to sales of Carbonhand, and a positive market trend in Norway, Sweden and Germany in particular.

Operating expenses

Operating expenses amounted to SEK 9.1 M (7.5) for the first quarter, up 21%. The cost increase was mainly related to new recruitments, in order to adapt the organisation for the ongoing expansion. Other external costs mainly comprised investments in marketing and sales-related costs.

EBIT

EBITDA amounted to SEK -4.0 M (-4.7), and EBIT to SEK -4.7 M (-5.1).

Loss for the period

Loss for the period was SEK -4.7 M (-6.0) corresponding to loss per share of SEK -0.52 (-0.67).

Cash flow

During the period, cash flow from operating activities was SEK 3.6 M (outflow: 6.7). The improved cash flow was related to partial grant funding of EUR 1 million from the EU during the period.

Financial position and investments At 30 June 2018, total assets amounted to SEK 69.3 M (85.9).

At 30 June 2018, cash and cash equivalents were SEK 41.6 M (65.3). The equity/assets ratio was 82.7% (93.7) at the end of the period.

Jan-Jun, 2018

Net sales

Net sales rose 51% to SEK 1.4 M (0.9) for the first half-year. This growth was fully attributable to sales of Carbonhand, and a positive market trend in Norway, Sweden and Germany in particular.

Operating expenses

Operating expenses amounted to SEK 18.0 M (13.5) for the first quarter, up 33%. The cost increase was mainly related to new recruitments, in order to adapt the organisation for the ongoing

expansion. Other external costs mainly comprised investments in marketing and sales-related costs.

EBIT

EBITDA amounted to SEK -9.0 M (-7.3), and EBIT to SEK -10.5 M (-8.0).

Loss for the period

Loss for the period was SEK -10.5 M (-8.9), corresponding to loss per share of SEK -1.18 (-1.00).*

*Adjusted for the 5:1 stock split in March 2017

Cash flow

During the period, cash flow from operating activities was SEK -3.0 M (-6.7). The improved cash flow was related to partial grant funding of EUR 1 million from the EU during the period.

Cash flow for the period increased to a negative SEK 5.2 M (pos: 46.8).

Financial position and investments

At 30 June 2018, total assets amounted to SEK 69.3 M (85.9).

At 30 June 2018, cash and cash equivalents were SEK 41.6 M (63.3). The equity/assets ratio was 82.7% (91.0) at the end of the period.

Employees

At 30 June 2018, the number of employees was 29, compared with 22 at the end of the year-earlier period.

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

At 30 June 2018, there were 88,710 warrants outstanding. The warrants entitle holders to buy a total of 498,200 shares. The warrants are issued partly within the framework of a stock option programme for key personnel and employees of the company, and partly in exchange for loans.

2010-2014 plan

150 issued stock options entitle holders to buy 15,000 shares. The price is SEK 100 per share and the warrants can be exercised until 31 December 2018.

2014-2018 plan

This warrant plan was cancelled during the period.

2015-2019 plan

3,000 issued stock options entitle holders to buy 15,000 shares. The price is SEK 30 per share and the warrants can be exercised between 1 February and 1 March 2019.

2016-2023 plan

85,560 issued stock options entitle holders to buy 427,800 shares. The price ranges from SEK 23.30-43.20 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 457,800, each with a par value of SEK 0.20.

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

Risks

Bioservo's risk factors are described on the company's website

<http://www.bioservo.se/investor-relations/notering/bolagsbeskrivning/> (Swedish only)

Audit

This interim report has not been audited.

Certified Adviser

FNCA Sweden AB is Bioservo's Certified Adviser.

Share

Bioservo Technologies AB was listed on Nasdaq First North on 22 May 2017.

Stockholm, 24 August 2018

Bioservo Technologies AB

Anders Lundmark

Chairman of the Board

Tomas Ward

Board member

Hans Von Holst

Board member

Karin Ruiz

Board member

Runar Bjørklund

Board member

Kunal Pandit

Board member

Erik Landgren

Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Net sales	1,576	568	2,996	1,511	4,672
Own work capitalised	361	1,067	1,294	2,545	4,763
Other operating income	2,513	708	3,232	1,371	2,456
	4,450	2,343	7,522	5,427	11,891
Operating expenses					
Raw materials and consumables	-687	-407	-1,673	-976	-2,746
Other external costs	-2,672	-2,539	-5,477	-3,885	-9,244
Employee benefit expenses	-5,041	-4,081	-9,396	-7,907	-16,173
Amortisation and depreciation of tangible and intangible assets	-721	-437	-1,499	-702	-2,107
Total operating costs	-9,121	-7,464	-18,045	-13,470	-30,270
EBIT	-4,671	-5,121	-10,523	-8,043	-18,379
Interest expense and similar loss items	-3	-843	-4	-887	-928
Total financial items	-3	-843	-4	-887	-928
Loss before tax	-4,674	-5,964	-10,527	-8,930	-19,307
Tax	-	-	-	-	-
Loss for the period	-4,674	-5,964	-10,527	-8,930	-19,307

BALANCE SHEET (SEK 000s)	30 Jun 2018	30 Jun 2017	31 Dec 2017
Assets			
Fixed assets			
Intangible assets	15,148	13,161	14,453
Tangible assets	178	-	200
Financial assets	5,700	5,700	5,700
Total fixed assets	21,026	18,861	20,353
Current assets			
Inventories	2,041	963	1,151
Accounts receivable	1,571	164	2,062
Current receivables	3,107	2,571	1,877
Cash and cash equivalents	41,581	63,332	46,865
Total current assets	48,300	67,030	51,955
Total assets	69,326	85,891	72,308
Equity and liabilities			
Equity	57,236	78,141	67,763
Liabilities			
Non-current liabilities	-	4,005	-
Current liabilities	12,090	3,745	4,545
Total liabilities	12,090	7,750	4,545
Total equity and liabilities	69,326	85,891	72,308

CHANGE IN EQUITY (SEK 000s)	30 Jun 2018	30 Jun 2017	31 Dec 2017
Equity at the beginning of the period	67,763	30,236	30,236
New share issue	-	64,251	64,251
Issuance costs	-	-7,429	-7,430
Premiums paid for Stock Option Programme	-	14	13
Loss for the period	-10,527	-8,930	-19,307
Equity at the end of the period	57,236	78,127	67,763

CASH FLOW STATEMENT (SEK 000s)	Apr-Jun 2018	Apr-Jun 2018	Jan-Jun 2018	Jan-Jun 2017	Full-year 2017
Operating activities					
EBIT	-4,671	-5,121	-10,381	-8,043	-18,379
Depreciation/amortisation	721	437	1,499	702	2,107
Interest received	-	-	-	-	-
Interest paid	-3	-843	-4	-887	-927
Tax paid	-	-	-	-	-33
Cash flow from operating activities before changes in working capital	-3,953	-5,527	-8,886	-8,228	-17,232
Changes in inventories	-303	-216	-890	-324	-512
Change in operating receivables	-739	-1,229	-739	1,800	598
Changes in operating liabilities	8,446	-365	7,545	17	844
Cash flow from operating activities	3,451	-7,337	-2,970	-6,735	-16,302
Investing activities					
Investment in tangible assets	-	-	-	-	-217
Investment in intangible assets	-1,028	-1,681	-2,314	-3,224	-5,907
Cash flow from investing activities	-1,028	-1,681	-2,314	-3,224	-6,124
Financing activities					
Repayment of loans	-	-15,100	-	-100	-4,100
Loans raised	-	-	-	-	-
New share issue	-	64,251	-	64,251	64,251
Issuance costs	-	-6051	-	-7,430	-7,430
Option premiums received	-	-	-	13	13
Cash flow from financing activities	-	43,100	0	56,736	52,736
Cash flow for the period	2,423	34,082	-5,245	46,777	30,310
Cash and cash equivalents at the beginning of the period	39,158	29,250	46,865	16,555	16,555
Cash and cash equivalents at the end of the period	41,581	63,332	41,581	63,332	46,865

Financial calendar

Third quarter, 2018	6 November 2018
Year-end report	19 February 2019

Contact details

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