

Bioservo Technologies AB

Year-End Report 2020



Fourth quarter and full year 2020 in brief

- Net sales increased to
- EBITDA amounted to
- EBIT amounted to

4th Quarter

SEK 2.0 M (2.4)
SEK -5.5 M (-5.5)
SEK -8.1 M (-6.6)

Full year 2020

SEK 11.7 M (9.3)
SEK -20.6 M (-19.4)
SEK -26.3 M (-23.2)

Net sales increase of 26% for the full year despite operating in a challenging business environment due to the COVID-19 pandemic

Fourth quarter in figures

- Net sales SEK 2.0 M (2.4)
- EBITDA of SEK -5.5 M (-5.5)
- EBIT of SEK -8.1 M (-6.6)
- Earnings for the period was SEK -8.1 M (-6.6)
- Earnings per share before and after dilution amounted to SEK -0.55 (-0.52)

Year End in figures

- Net sales SEK 11.7 M (9.3)
- EBITDA of SEK -20.6 M (-19.4)
- EBIT of SEK -26.3 M (-23.2)
- Earnings for the period was SEK -26.3 M (-23.2)
- Earnings per share before and after dilution amounted to SEK -1.82 (-2.35)
- On 31 December, cash and cash equivalents were SEK 52.6 M (56.9)

Significant events during the period

- Successful completion of directed share issue generating SEK 13.4 million net after transaction costs further strengthening the company's financial position.
- Bioservo received state support for short-term layoffs due to COVID-19. In total, during the year, support of SEK 4.7 million was accounted for and is reported under other operating income.
- Bioservo has further strengthened its distributor network to meet the growing interest in Ironhand from the US and Asia. During the last quarter, agreements have been signed with several well-established companies in the USA, South Korea and Germany.
- Preliminary results in an ongoing clinical study are very promising and open up new markets for Carbonhand. The study examines the therapeutic effect of using Carbonhand in the home, i.e., that the use provides a lasting effect which is maintained even after the glove has been used. The results show both a strengthened grip and that the glove helps users in everyday life.

Events after the end of the period

- Bioservo ended the short-term layoffs due to COVID-19 on January 1, 2021 in order to accelerate the internal development work and deliver on our externally funded projects.

Financial overview

	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales, SEK 000s	2 036	2 356	11 662	9 269
EBITDA, SEK 000s	-5 476	-5 550	-20 636	-19 377
EBIT, SEK 000s	-8 142	-6 625	-26 326	-23 241
Earnings for the period, SEK 000s	-8 142	-6 625	-26 323	-23 246
Earnings per share before dilution, SEK	-0.55	-0.52	-1.82	-2.35
Earnings per share after dilution, SEK	-0.55	-0.52	-1.82	-2.35
Cash and cash equivalents, SEK 000s	52 564	56 935	52 564	56 935
Cash flow from operating activities for the period, SEK 000s	-3 336	-11 379	-16 586	-25 898
Equity, SEK 000s	62 311	75 263	62 311	75 263
Total assets, SEK 000s	70 616	81 260	70 616	81 260
Equity/assets ratio, %	88	93	88	93
Total no. of shares	15 798 321	14 298 321	15 798 321	14 298 321
Average no. of shares	14 852 669	12 666 448	14 438 047	9 876 615
R&D employees	12	12	13	11
Average no. of employees	28	29	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.

Bioservo Technologies in brief

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, active 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 fourth quarter of 2020

Sales during the year increased by 26% compared with the previous year, an outcome that is positive in the prevailing conditions with COVID-19 making our sales efforts more challenging. Sales for the fourth quarter amounted to SEK 2.0 million (SEK 2.4 million), which translates to sales of SEK 11.7 million (SEK 9.3 million) for the full year.

Sales during the quarter consisted largely of Ironhand systems to the Asian market, where tests now are initiated within various industries. The goal is to evaluate how Ironhand best could be implemented in the workplaces and merged into our partners' existing portfolio of products for sale and rental.

The clinical study with Carbonhand has been prioritized during the pandemic, results are expected in 2021

During the period, preliminary data were presented for 21% of the study population from the iHand study, a multicenter study in the Netherlands where patients with weakened grip, due to stroke or other trauma, use Carbonhand at home for 6 weeks. The results show a clear strength increase for the patients with an average of 3 kilos increased grip strength.

During the global pandemic, it has become extra clear how important it is to be able to receive rehabilitative treatment at home. The study with Carbonhand® which is carried out in a home environment is now a priority among the clinics to prevent the hand function from deteriorating in the study participants. At present, patients would otherwise not have had the opportunity to perform rehabilitation, partly because physical meetings were avoided due to the risk of infection, and partly because most rehabilitation clinics involved in the study have had to change their activities to treat patients as a result of the coronavirus.

The study, which is expected to be completed in 2021, could open up a global market for Carbonhand. According to the World Health Organization, 10 million people worldwide survive a stroke each year. For stroke patients, impaired hand function is one of the most common consequences and disabilities in the hand or arm occurs acutely in up to 87% of all stroke patients.

The next generation of Ironhand is starting to take shape

During the period, we have continued to focus strongly on the development of the next generation of Ironhand. The upcoming version of Ironhand has a number of improvements which means that it will be able to help even more workers. One of the areas for improvement is the biomechanical function, i.e., how the force is transferred to the fingers to get a more natural and more efficient grip during different types of work tasks. In this project, we work closely with specialist expertise in hand surgery to ensure we consider all key aspects of the hand's function. The next version of Ironhand will also be faster, have a more intuitive control system and have more sensors for the glove to be activated and provide power for additional tasks and thus, broaden the area of use for the system.

Continued expansion of our commercial infrastructure in Asia

Our investment in Asia has gotten off to a good start and we have already sold approximately ten systems. Our distributors have conducted training both for their own staff and for potential customers, participated in trade fairs and started a number of interesting customer projects.

In addition to the investment in Asia, which is now beginning to have an effect, large companies in new industries have become aware of Ironhand and are evaluating the system for implementation. For example, companies within food and transport industries. One large global company working in transportation and mobility has conducted successful tests with Ironhand. The tests have attracted a great deal of attention within the company and extended tests are now planned at a number of the company's facilities in Europe and the USA. Our partner Loxam in France also rents out more and more systems to companies in new industries and applications.

Covid-19

The COVID-19 pandemic has severely limited the opportunities to meet our partners and customers internationally, although it can to some extent be replaced by virtual meetings, it is difficult to conduct tests or train operators. Since the outbreak of the pandemic, the company has shifted its strategic focus towards accelerating our product development and upgrading the network of distributors. Our goal is that Bioservo will be even better prepared for continued commercialization as soon as the restrictions as a result of the pandemic are eased.

The pandemic has delayed the completion of long-term tests as access to factories and operators has been stopped. Our current goal is for the tests at General Motors to be completed no later than the end of the second quarter of 2021 and to start follow-up tests at Toyota Motors in the USA during the second quarter.

Personal reflections

During the year, the product development has been successful, which will result in us introducing an upgraded version of Ironhand during 2021. A system which in several areas improves the user experience and opens up for using Ironhand in new areas of use and work tasks. My belief is that in the near future, our technology will be implemented in the automotive and construction industries, and later be used more widely in all industries with grip-intensive tasks.

In 2021, the company also plans to complete the iHand project, a clinical study for Carbonhand, a milestone that is expected to provide our technology with strong scientific support. If the results of the study are in line with the preliminary data already presented, the company is ready for a global commercialization of Carbonhand with scientific support and the possibility to also provide patients worldwide with rehabilitation in case of impaired hand function.

Bioservo is a world leader in soft, active power-reinforcing exoskeletons and the application areas and product portfolio we can apply our technology in are extensive. Bioservo is at the start of a growth journey and is well prepared to take advantage of its unique and leading position.

Kista 23 February 2021

Petter Bäckgren
CEO

Financial overview

October – December 2020

Net Sales

Net sales decreased by 17% of SEK 2.0 M (2.4) during the fourth quarter. Sales during the quarter was driven largely by sales of Ironhand® to the Asian and French markets.

Operating expenses

Operating expenses amounted to SEK 12.1 M (13.6) for the fourth quarter. The cost reduction is related to the company's economic measures to protect its business assets during the COVID-19 pandemic.

EBITDA/EBIT

EBITDA amounted to SEK -5.5 M (-5.5), while EBIT amounted to SEK -8.1 M (-6.6).

Earnings for the period

Earnings for the period was SEK -8.1 M (-6.6). Corresponding to earnings per share of SEK -0.55 (-0.52).

Cash flow

Cash flow during the third quarter amounted to SEK 9.7 M (47.5).

Full Year 2020

Net Sales

Net sales increased by 26% to SEK 11.7 M (9.3) for the full year 2020. Sales growth during this period was driven largely by sales of Ironhand® to Loxam and the geographical expansion to the Asian market.

Operating expenses

Operating expenses amounted to SEK 46.0 M (47.8) for the year 2020. In total the operating expenses are slightly lower than for the same period last year. The company's cost increase during the first quarter was related to the global launch of the industrial glove Ironhand®, increase in production capacity and for conducting the clinical study in the EU project. The cost increase was then balanced during the remaining of the year by cost-saving measures implemented to address the consequences of COVID-19.

EBITDA/EBIT

EBITDA amounted to SEK -20.6 M (-19.4), while EBIT amounted to SEK -26.3 M (-23.2).

Earnings for the period

Earnings for the period was SEK -26.3 M (-23.2). Corresponding to earnings per share of SEK -1.82 (-2.35).

Cash flow

Cash flow during the year amounted to SEK -4.4 M (31.4).

Financial position and investments

On 31 December 2020, total assets amounted to SEK 70.6 M (81.3).

On 31 December 2020, cash and cash equivalents were SEK 52.6 M (56.9). The equity/assets ratio was 88% (93%) at the end of the period.

Employees

On 31 December 2020, the number of employees was 28 (29).

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

On 31 December 2020, there were 446,230 warrants outstanding. The warrants entitle holders to buy a total of 810,994 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.

Risks

Bioservo's risk factors have not changed since its last annual report, <https://www.bioservo.com/assets/documents/Annual-Report-2019.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, February 23, 2021

Bioservo Technologies AB

Anders Lundmark
Chairman of the Board

Runar Bjørklund
Board member

Kunal Pandit
Board member

Nikolaj Sørensen
Board member

Claes Mellgren
Board member

Petter Bäckgren
Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales				
Own work capitalized	2 036	2 356	11 662	9 269
Other operating income	1 894	4 648	8 030	15 332
	3 930	7 004	19 692	24 601
Operating expenses				
Raw materials and consumables	-1 399	-843	-6 581	-4 146
Other external costs	-2 661	-5 366	-10 828	-17 447
Employee benefit expenses	-5 345	-6 345	-22 919	-22 385
Amortization and depreciation of tangible and intangible assets	-1 017	-1 075	-4 041	-3 864
Other operating expenses	-1 649	-	-1 649	-
Total operating costs	-12 071	-13 629	-46 018	-47 842
EBIT	-8 141	-6 625	-26 326	-23 241
Interest expense and similar loss items	-	-	3	-5
Total financial items	-	-	3	-5
Earnings before tax	-8 142	-6 625	-26 323	-23 246
Tax	-	-	-	-
Earnings for the period	-8 142	-6 625	-26 323	-23 246

BALANCE SHEET (SEK 000s)	2020-12-31	2019-12-31
Asset		
Fixed asset		
Intangible assets	10 016	12 711
Tangible assets	355	504
Financial assets	0	40
Total fixed assets	10 371	13 255
Current assets		
Inventories	3 115	5 268
Accounts receivable	635	3 326
Current receivables	3 931	2 476
Cash and cash equivalents	52 564	56 935
Total current assets	60 245	68 005
Total assets	70 616	81 260
Equity and liabilities		
Equity	62 311	75 263
Liabilities		
Warranty provision	315	
Payables	2 549	1 837
Current liabilities	5 441	4 160
Total liabilities	8 305	5 997
Total equity and liabilities	70 616	81 260

CHANGE IN EQUITY (SEK 000s)	2020-12-31	2019-12-31
Equity at the beginning of the period	75 263	40 145
Issue costs	- 879	-5 978
Rights issue	14 250	64 342
Paid/repaid premiums for the stock option program	-	-
Earnings for the period	-26 323	-23 246
Equity at the end of the period	62 311	75 263

CASH FLOW STATEMENT (SEK 000s)	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Operating activities				
EBIT	-8 141	-6 625	-26 326	-23 241
Depreciation/amortization	1 017	1 075	4 041	3 864
Provisions for Guarantees	315	-	315	-
Interest received	-	-	-	-
Tax paid Interest paid	-	-	3	-5
Cash flow from operating activities before changes in working capital	-6 810	-5 550	-21 967	-19 382
Changes in inventories	218	-1 116	2 152	-2 753
Change in operating receivables	1 416	97	1 236	344
Changes in operating liabilities	1 840	-4 810	1 993	-4 107
Cash flow from operating activities	-3 336	-11 379	-16 586	-25 898
Investing activities				
Investment in tangible assets	-	-27	-	-27
Investment in financial assets	-	-	40	-40
Investment in intangible assets	-321	-448	-1 196	-1 025
Cash flow from investing activities	-321	-475	-1 156	-1 092
Financing activities				
Repayment of loans	-	-	-	-
Loans raised	-	-	-	-
New share issue	14 250	64 342	14 250	64 342
Issuance costs	-879	-4 990	-879	-5 978
Option premiums received	-	-	-	-
Cash flow from financing activities	13 371	59 352	13 371	58 364
Cash flow for the period	9 714	47 498	-4 371	31 374
Cash and cash equivalents at the beginning of the period	42 850	9 437	56 935	25 561
Cash and cash equivalents at the end of the period	52 564	56 935	52 564	56 935

Financial Calendar

Annual Report*	26 March 2021
AGM	19 April 2021
First quarter, 2021	04 May 2021
Second quarter, 2021	12 August 2021
Third quarter, 2021	09 November 2021
Year-end report 2021	17 February 2021

* Published on corporate webpage

Contact details

For questions about the report:

Petter Bäckgren, CEO

Tel: +46 (0) 8 21 17 10

E-mail: petter.backgren@bioservo.com

Jacob Michlewicz, CFO

Tel: +46 (0) 8 21 17 10

E-mail: jacob.michlewicz@bioservo.com

Bioservo Technologies AB (publ)

Torshamnsgatan 35, SE-164 40 Kista

