

# Bioservo

Sector: Tech/MedTech

## Edging closer to the inflection point

Redeye adjusts the short-term estimates downward due to a slightly more challenging business environment. The changes in estimates negatively affect our fair value range; however, we are still optimistic about the long-term prospects of both Ironhand and Carbonhand. We lower our Base case to SEK 16 (18) per share.

### Q1 numbers - activity levels push costs

The sales development was slightly more potent than expected; however, the numbers are still relatively small relative to the potential. The total activity levels regarding sales seem to have picked up somewhat during the first half of 2022. The cost levels during the first quarter adjusted for a non-recurring cost were also slightly higher than we expected.

### Adjusting our estimates downward

We have adjusted our expectations downward on the top line for the rest of the year. The business climate is uncertain, and many prospective clients have other issues to handle. For the long term, we are relatively unconcerned as the potential for solid growth is there. The GM trials came in better than expected, as communicated on the recent WeaRAcon. This is encouraging, however the sales development at GM will still be dependent on local factors such as unions, which are hard to estimate. The lowered expectation on the volumes shipped during 2022E. In light of the slightly increased cost base, we also adjusted our cost upwards for 2022E and to a lower extent in the following years.

### Lowering valuation – investment case unchanged

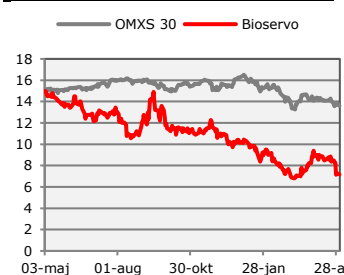
Redeye reduces the short-term sales estimates and margins for primarily 2022E but also to a lesser degree for the following years. With these adjustments, we lower our fair value range, and the new Base case is SEK 16 (18), Bear Case at SEK 8 (10), and Bull Case at 26 (28). We are still very optimistic about the long-term prospects for Bioservo. There are several attractive potential catalysts for the share during the next 12 months.

| Key Financials (SEK) | 2020  | 2021  | 2022E | 2023E | 2024E |
|----------------------|-------|-------|-------|-------|-------|
| Net sales            | 12    | 7     | 21    | 44    | 67    |
| Revenue growth       | 26%   | -39%  | 196%  | 107%  | 53%   |
| EBITDA               | -22   | -31   | -28   | -20   | -11   |
| EBIT                 | -26   | -35   | -33   | -26   | -17   |
| EBIT Margin (%)      | -225% | -488% | -157% | -59%  | -25%  |
| Net Income           | -26   | -35   | -33   | -26   | -13   |
| EV/Revenue           | 14,9  | 42,5  | 13,0  | 6,9   | 4,7   |
| EV/EBITDA            | neg   | neg   | neg   | neg   | neg   |
| EV/EBIT              | neg   | neg   | neg   | neg   | neg   |

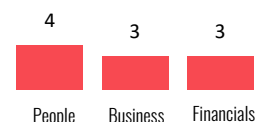
### FAIR VALUE RANGE

| BEAR | BASE | BULL |
|------|------|------|
| 8    | 16   | 26   |

### BIOS VERSUS OMXS30



### REDEYE RATING



### KEY STATS

|                   |             |
|-------------------|-------------|
| Ticker            | BIOS        |
| Market            | First North |
| Share Price (SEK) | 7.18        |
| Market Cap (SEKm) | 264         |
| Net Debt (SEKm)   | -39         |
| Free Float (%)    | 73          |

## Comment on the Q1 report

The Q1 report showed better net sales and total operating revenue development. This is, of course, encouraging solid sales growth even from low levels. The sales relative to our identified sales potential is still minor. We expect Bioservo to continue to gradually improve its sales even if the progress by quarter can be uneven. The sales development depends on the efforts ramped up during the last quarters when the pandemic's effects faded away. The reception in the US market on tradeshows and other events has been very positive.

The cost was higher than anticipated; however, of the deviation, a large part (60%) was the SEK 3m for investigating the commercial opportunities for Carbonhand in the American market. The higher personnel cost is also an effect of the higher activity level and the anticipating of higher sales levels as we advance.

Given the comments from GM, which were better than expected, the long-term potential seems intact. The only issue could be if and how this will influence sales in short to medium term. We hope that GM will place some orders for a limited number of Ironhand during 2022E, while other operators have followed the GM trials and will most likely try out the Ironhand system. We have adjusted our total number of systems sold during 2022E due to increased general uncertainty in the market.

| Bioservo: Estimate (MSEK) |       |        |        |        |        |       |        |        |        |        |       |       |
|---------------------------|-------|--------|--------|--------|--------|-------|--------|--------|--------|--------|-------|-------|
| (SEKm)                    | 2020  | 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 | 2021  | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2022  | 2023  |
| Net sales                 | 11,7  | 1,5    | 1,0    | 2,3    | 2,3    | 7,1   | 2,9    | 4,2    | 6,0    | 7,9    | 21,0  | 43,5  |
| Gross Profit              | 5,1   | 0,4    | 0,6    | 0,1    | 0,8    | 1,9   | 2,6    | 2,1    | 3,1    | 4,0    | 11,7  | 23,1  |
| EBITDA                    | -22,3 | -8,0   | -9,8   | -5,2   | -7,5   | -30,5 | -11,0  | -7,3   | -4,7   | -4,7   | -27,8 | -20,0 |
| EBIT                      | -26,3 | 50,0   | 50,0   | 50,0   | 50,0   | -34,7 | -12,1  | -8,6   | -6,1   | -6,2   | -33,0 | -25,7 |
| EPS                       | -1,7  | -0,6   | -0,7   | -0,3   | -0,4   | -1,8  | -0,6   | -0,5   | -0,3   | -0,3   | -1,7  | -1,4  |
| Growth (%)                | 26%   | -50%   | -80%   | 30%    | 13%    | -39%  | 96%    | 339%   | 156%   | 243%   | 196%  | 107%  |
| Gross margin              | 44%   | 28%    | 62%    | 4%     | 37%    | 27%   | 87%    | 50%    | 51%    | 50%    | 56%   | 53%   |
| EBITDA margin (%)         | -191% | -529%  | -1030% | -222%  | -328%  | -430% | -374%  | -174%  | -79%   | -60%   | -132% | -46%  |
| EBIT margin (%)           | -225% | 3327%  | 5230%  | 2137%  | 2173%  | -488% | -412%  | -204%  | -101%  | -79%   | -157% | -59%  |
| Net income margin (%)     | -225% | -598%  | -1139% | -269%  | -369%  | -488% | -412%  | -204%  | -101%  | -79%   | -157% | -59%  |

Source: Redeye Research

With the downward adjustment on our estimate of systems sold for Ironhand during 2022E, net sales are affected negatively. In light of the increased personnel cost during Q1, we increase that post for 2022E. The other external costs are also adjusted due to the higher cost during the quarter, while we estimate that the levels for the remaining part of 2022E are at more normal levels.

| Bioservo: Estimate change (MSEK) |              |             |             |
|----------------------------------|--------------|-------------|-------------|
| MSEK                             | 2022E        | 2023E       | 2024E       |
| <b>Net sales</b>                 |              |             |             |
| Old                              | 27           | 48          | 68          |
| <b>New</b>                       | <b>21</b>    | <b>44</b>   | <b>67</b>   |
| % change                         | -21%         | -9%         | -2%         |
| <b>EBITDA</b>                    |              |             |             |
| Old                              | -23          | -20         | -11         |
| margin                           | -86%         | -42%        | -16%        |
| <b>New</b>                       | <b>-28</b>   | <b>-20</b>  | <b>-11</b>  |
| margin                           | <b>-104%</b> | <b>-42%</b> | <b>-16%</b> |
| % change                         | 21%          | 0%          | 0%          |
| <b>EBIT</b>                      |              |             |             |
| Old                              | -28          | -24,3       | -15         |
| margin                           | -103%        | -51%        | -22%        |
| <b>New</b>                       | <b>-33</b>   | <b>-26</b>  | <b>-17</b>  |
| margin                           | <b>-124%</b> | <b>-54%</b> | <b>-24%</b> |
| % change                         | 20%          | 6%          | 11%         |

Source: Redeye Research

## Long term market view

There are clear benefits from the systems provided by Bioservo, either for Industrial use (Ironhand) or Healthcare use (Carbonhand). The indicative total available market is vast in both fields. The market value is over EUR 3bn for the industrial verticals (Ironhand). The TAM for Carbonhand is also a high numbers game, with a TAM of EUR 9.5bn for the Assistive and EUR 5.5bn market for the Rehab market. These do not indicate the market's potential and not the actual sales.

### Indicative TAM – Industrial – EUR 3bn market

| TAM, Ironhand - Hardware and consumables           | 2021              | 2022E             | 2023E             | 2024E             | 2025E             | 2026E             |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total number of employees</b>                   |                   |                   |                   |                   |                   |                   |
| <b>Automotive</b>                                  |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>4 379 000</b>  | <b>4 449 790</b>  | <b>4 512 193</b>  | <b>4 575 770</b>  | <b>4 640 545</b>  | <b>4 706 540</b>  |
| EU   | 2 700 000         | 2 754 000         | 2 809 080         | 2 865 262         | 2 922 567         | 2 981 018         |
| US   | 954 000           | 963 540           | 963 540           | 963 540           | 963 540           | 963 540           |
| Japan  | 725 000           | 732 250           | 739 573           | 746 968           | 754 438           | 761 982           |
| <b>Construction</b>                                |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>15 500 000</b> | <b>15 752 000</b> | <b>16 009 040</b> | <b>16 271 221</b> | <b>16 538 645</b> | <b>16 811 418</b> |
| EU   | 5 200 000         | 5 304 000         | 5 410 080         | 5 518 282         | 5 628 647         | 5 741 220         |
| US   | 7 400 000         | 7 548 000         | 7 698 960         | 7 852 939         | 8 009 998         | 8 170 198         |
| Japan  | 2 900 000         | 2 900 000         | 2 900 000         | 2 900 000         | 2 900 000         | 2 900 000         |
| <b>Aerospace</b>                                   |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>1 406 000</b>  | <b>1 420 060</b>  | <b>1 434 261</b>  | <b>1 448 603</b>  | <b>1 463 089</b>  | <b>1 477 720</b>  |
| EU   | 870 000           | 878 700           | 887 487           | 896 362           | 905 325           | 914 379           |
| US   | 509 000           | 514 090           | 519 231           | 524 423           | 529 667           | 534 964           |
| Japan  | 27 000            | 27 270            | 27 543            | 27 818            | 28 096            | 28 377            |
| <b>Estimated number employees potential usage</b>  |                   |                   |                   |                   |                   |                   |
| <b>Automotive</b>                                  |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>131 370</b>    | <b>133 494</b>    | <b>135 366</b>    | <b>137 273</b>    | <b>139 216</b>    | <b>141 196</b>    |
| EU   | 81 000            | 82 620            | 84 272            | 85 958            | 87 677            | 89 431            |
| US   | 28 620            | 28 906            | 28 906            | 28 906            | 28 906            | 28 906            |
| Japan  | 21 750            | 21 968            | 22 187            | 22 409            | 22 633            | 22 859            |
| <b>Construction</b>                                |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>310 000</b>    | <b>315 040</b>    | <b>320 181</b>    | <b>325 424</b>    | <b>330 773</b>    | <b>336 228</b>    |
| EU   | 104 000           | 106 080           | 108 202           | 110 366           | 112 573           | 114 824           |
| US   | 148 000           | 150 960           | 153 979           | 157 059           | 160 200           | 163 404           |
| Japan  | 58 000            | 58 000            | 58 000            | 58 000            | 58 000            | 58 000            |
| <b>Aerospace</b>                                   |                   |                   |                   |                   |                   |                   |
| <b>Total</b>                                       | <b>28 120</b>     | <b>28 401</b>     | <b>28 685</b>     | <b>28 972</b>     | <b>29 262</b>     | <b>29 554</b>     |
| EU   | 17 400            | 17 574            | 17 750            | 17 927            | 18 107            | 18 288            |
| US   | 10 180            | 10 282            | 10 385            | 10 488            | 10 593            | 10 699            |
| Japan  | 540               | 545               | 551               | 556               | 562               | 568               |
| <b>Total (Automotive, Construction, Aerospace)</b> | <b>469 490</b>    | <b>476 935</b>    | <b>484 232</b>    | <b>491 670</b>    | <b>499 251</b>    | <b>506 979</b>    |
| Share % employees eligible Auto                    | 3%                | 3%                | 3%                | 3%                | 3%                | 3%                |
| Share % employees eligible Construction            | 2%                | 2%                | 2%                | 2%                | 2%                | 2%                |
| Share % employees eligible Aerospace               | 2%                | 2%                | 2%                | 2%                | 2%                | 2%                |
| ASP per Hardware (EUR)                             | 5000              | 5100              | 5202              | 5306              | 5412              | 5520              |
| ASP consumables (2/year) (EUR)                     | 800               | 800               | 800               | 800               | 800               | 800               |
| <b>TAM, WW (EURm)</b>                              | <b>2 723</b>      | <b>2 814</b>      | <b>2 906</b>      | <b>3 002</b>      | <b>3 101</b>      | <b>3 204</b>      |
| Hardware (EURm)                                    | 2 347             | 2 432             | 2 519             | 2 609             | 2 702             | 2 799             |
| Consumables (EURm)                                 | 376               | 382               | 387               | 393               | 399               | 406               |
| <b>TAM, WW (SEKm)</b>                              | <b>27 829</b>     | <b>28 758</b>     | <b>29 703</b>     | <b>30 682</b>     | <b>31 697</b>     | <b>32 748</b>     |
| SEK/EUR  | 10,2              | 10,2              | 10,2              | 10,2              | 10,2              | 10,2              |
| Price increase /year                               | 0%                | 2%                | 2%                | 2%                | 2%                | 2%                |

## Indicative TAM – Lifescience – EUR 5.5 – 9.5 bn market

| Potential Units at penetration rates | Assistive          | Glove volume     | Rehab              | Glove volume     | Total TAM - Glove volume |
|--------------------------------------|--------------------|------------------|--------------------|------------------|--------------------------|
|                                      | Penetration rate % |                  | Penetration rate % |                  |                          |
| Musculoskeletal injuries             | 2%                 | 995 852          | 1%                 | 497 926          |                          |
| Reduced hand function - aging        | 2%                 | 131 200          | 0%                 | 0                |                          |
| Traumatic injuries (CNS)             | 1%                 | 615 200          | 1%                 | 307 600          |                          |
| Stroke                               | 2%                 | 315 216          | 2%                 | 315 216          |                          |
| Arthritis                            | 2%                 | 260 624          | 2%                 | 195 468          |                          |
| Cerebral Palsy                       | 2%                 | 47 760           | 2%                 | 47 760           |                          |
| Multiple Sclerosis                   | 2%                 | 8 573            | 2%                 | 8 573            |                          |
| Tetraplegic Spinal cord injury       | 2%                 | 2 555            | 2%                 | 2 555            |                          |
| <b>Total units</b>                   |                    | <b>2 376 980</b> |                    | <b>1 375 098</b> | <b>3 752 078</b>         |
| Price Carbonhand (EUR)               |                    | 4000             |                    | 4000             | 4000                     |
| <b>TAM, WW (EURm)</b>                |                    | <b>9 508</b>     |                    | <b>5 500</b>     | <b>15 008</b>            |
| TAM, WW (SEKm)                       |                    | 97 171           |                    | 56 214           | 153 385                  |
| SEK/EUR                              |                    | 10,2             |                    | 10,2             | 10,2                     |

## Financial Forecasts

The outcome of the Q1 report makes us make some changes in the short-term estimates. The stronger than expected net sales and total operating income are favorable; however, we are a little bit more uncertain of the volumes that Bioservo will be able to sell during 2022E. This is mainly due to the general uncertainty in the market and not to Bioservo specifically. There seems to be significant interest in the market; especially the US appears to open up to these solutions in the industry; thus, we leave our long-term views almost unchanged.

The cost levels are up a bit more than we expected; of course, some of these costs are non-recurring, and we expect more normal levels of external cost in the coming quarters. However, we adjust our personnel cost slightly higher for the year.

| Bioservo: Estimate (MSEK) |       |        |        |        |        |       |        |        |        |        |       |       |
|---------------------------|-------|--------|--------|--------|--------|-------|--------|--------|--------|--------|-------|-------|
| (SEKm)                    | 2020  | 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 | 2021  | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2022  | 2023  |
| Net sales                 | 11,7  | 1,5    | 1,0    | 2,3    | 2,3    | 7,1   | 2,9    | 4,2    | 6,0    | 7,9    | 21,0  | 43,5  |
| Gross Profit              | 5,1   | 0,4    | 0,6    | 0,1    | 0,8    | 1,9   | 2,6    | 2,1    | 3,1    | 4,0    | 11,7  | 23,1  |
| EBITDA                    | -22,3 | -8,0   | -9,8   | -5,2   | -7,5   | -30,5 | -11,0  | -7,3   | -4,7   | -4,7   | -27,8 | -20,0 |
| EBIT                      | -26,3 | 50,0   | 50,0   | 50,0   | 50,0   | -34,7 | -12,1  | -8,6   | -6,1   | -6,2   | -33,0 | -25,7 |
| EPS                       | -1,7  | -0,6   | -0,7   | -0,3   | -0,4   | -1,8  | -0,6   | -0,5   | -0,3   | -0,3   | -1,7  | -1,4  |
| Growth (%)                | 26%   | -50%   | -80%   | 30%    | 13%    | -39%  | 96%    | 339%   | 156%   | 243%   | 196%  | 107%  |
| Gross margin              | 44%   | 28%    | 62%    | 4%     | 37%    | 27%   | 87%    | 50%    | 51%    | 50%    | 56%   | 53%   |
| EBITDA margin (%)         | -191% | -529%  | -1030% | -222%  | -328%  | -430% | -374%  | -174%  | -79%   | -60%   | -132% | -46%  |
| EBIT margin (%)           | -225% | 3327%  | 5230%  | 2137%  | 2173%  | -488% | -412%  | -204%  | -101%  | -79%   | -157% | -59%  |
| Net income margin (%)     | -225% | -598%  | -1139% | -269%  | -369%  | -488% | -412%  | -204%  | -101%  | -79%   | -157% | -59%  |

Source: Redeye Research

## Valuation

Following our lowered short term estimates our valuation is lowered while we still see a very interesting growth case given the potential in the market. We still expect a strong sales development during the coming years even if the development could be uneven over the quarters.

In using our DCF model we see an upside of over 100% from our new Base case of SEK 16 (18) per share. Given that the company is in an early commercialization phase a DCF model is the most relevant method as the EV multiples are still high given the negative results. Our new fair value range is SEK 8 (10) to 26 (28) for the Bear and Bull cases respectively.

| <b>DCF assumptions in Base</b> |                    |                    |                             |                  |
|--------------------------------|--------------------|--------------------|-----------------------------|------------------|
| <b>Assumptions:</b>            | <b>2022E-2026E</b> | <b>2026E-2035E</b> |                             | <b>DCF-value</b> |
| CAGR Revenue                   | 58%                | 15%                | WACC                        | 11%              |
| Average EBIT-margin            | -46%               | 18%                | NPV of FCF                  | 107              |
|                                |                    |                    | NPV of Terminal Value       | 158              |
| <b>Terminal</b>                |                    |                    |                             |                  |
| Sales growth                   | 2,0%               |                    | Sum of NPV                  | 265              |
| EBIT-margin                    | 18%                |                    | Net Debt                    | -39              |
|                                |                    |                    | <b>DCF-value</b>            | <b>303</b>       |
|                                |                    |                    | <b>Fair value per share</b> | <b>16</b>        |
|                                |                    |                    | Current share price         | 7                |

Source: Redeye Research

## Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

### Rating changes in the report

We have gone through our proprietary rating system and made changes primarily in the Financials section where the rating has changed from a 1 to a 3. In the People and Business section the rating stays the same even if some ratings have changed but have had no effect on the totals.

**People: 4**

**Business: 3**

**Financials: 3 (1)**

|                                       | 2021 | 2022E | 2023E | 2024E |                               |       |       |       |                        |                              |
|---------------------------------------|------|-------|-------|-------|-------------------------------|-------|-------|-------|------------------------|------------------------------|
| <b>INCOME STATEMENT</b>               |      |       |       |       | <b>DCF Valuation Metrics</b>  |       |       |       |                        | <b>Sum FCF (SEKm)</b>        |
| Revenues                              | 7    | 21    | 44    | 67    | Initial Period (2022–2026)    |       |       |       |                        | -51,3                        |
| Cost of Revenues                      | 5    | 9     | 20    | 30    | Momentum Period (2027–2031)   |       |       |       |                        | 89                           |
| Gross Profit                          | 2    | 12    | 23    | 37    | Stable Period (2032–)         |       |       |       |                        | 227                          |
| Operating Expenses                    | 32   | 39    | 43    | 47    | Firm Value                    |       |       |       |                        | 265                          |
| <b>EBITDA</b>                         | -31  | -28   | -20   | -11   | Net Debt (last quarter)       |       |       |       |                        | -38,6                        |
| Depreciation & Amortization           | 4    | 5     | 6     | 6     | Equity Value                  |       |       |       |                        | 303                          |
| <b>EBIT</b>                           | -35  | -33   | -26   | -17   | Fair Value per Share          |       |       |       |                        | 16,0                         |
| Net Financial Items                   | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| EBT                                   | -35  | -33   | -26   | -17   |                               |       |       |       |                        |                              |
| Income Tax Expenses                   | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Non-Controlling Interest              | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| <b>Net Income</b>                     | -35  | -33   | -26   | -13   |                               |       |       |       |                        |                              |
| <b>BALANCE SHEET</b>                  |      |       |       |       |                               |       |       |       |                        |                              |
| <b>Assets</b>                         |      |       |       |       |                               |       |       |       |                        |                              |
| <b>Current assets</b>                 |      |       |       |       |                               |       |       |       |                        |                              |
| Cash & Equivalents                    | 52   | 22    | -3    | -17   |                               |       |       |       |                        |                              |
| Inventories                           | 6    | 2     | 4     | 7     |                               |       |       |       |                        |                              |
| Accounts Receivable                   | 1    | 2     | 4     | 7     |                               |       |       |       |                        |                              |
| Other Current Assets                  | 7    | 2     | 3     | 5     |                               |       |       |       |                        |                              |
| <b>Total Current Assets</b>           | 65   | 27    | 9     | 2     |                               |       |       |       |                        |                              |
| <b>Non-current assets</b>             |      |       |       |       |                               |       |       |       |                        |                              |
| Property, Plant & Equipment           | 0    | 0     | 0     | 1     |                               |       |       |       |                        |                              |
| Goodwill                              | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Intangible Assets                     | 8    | 7     | 5     | 3     |                               |       |       |       |                        |                              |
| Right-of-Use Assets                   | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Shares in Associates                  | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Other Long-Term Assets                | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| <b>Total Non-Current Assets</b>       | 8    | 7     | 5     | 4     |                               |       |       |       |                        |                              |
| <b>Total Assets</b>                   | 74   | 34    | 14    | 6     |                               |       |       |       |                        |                              |
| <b>Liabilities</b>                    |      |       |       |       |                               |       |       |       |                        |                              |
| <b>Current liabilities</b>            |      |       |       |       |                               |       |       |       |                        |                              |
| Short-Term Debt                       | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Short-Term Lease Liabilities          | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Accounts Payable                      | 6    | 3     | 5     | 8     |                               |       |       |       |                        |                              |
| Other Current Liabilities             | 5    | 2     | 4     | 7     |                               |       |       |       |                        |                              |
| <b>Total Current Liabilities</b>      | 11   | 5     | 10    | 15    |                               |       |       |       |                        |                              |
| <b>Non-current liabilities</b>        |      |       |       |       |                               |       |       |       |                        |                              |
| Long-Term Debt                        | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Long-Term Lease Liabilities           | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Other Long-Term Liabilities           | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| <b>Total Non-current Liabilities</b>  | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Non-Controlling Interest              | 0    | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Shareholder's Equity                  | 63   | 30    | 4     | -8    |                               |       |       |       |                        |                              |
| <b>Total Liabilities &amp; Equity</b> | 74   | 34    | 14    | 6     |                               |       |       |       |                        |                              |
| <b>CASH FLOW</b>                      |      |       |       |       |                               |       |       |       |                        |                              |
| NOPAT                                 | -35  | -33   | -26   | -17   |                               |       |       |       |                        |                              |
| Change in Working Capital             | -4   | 2     | -1    | -1    |                               |       |       |       |                        |                              |
| Operating Cash Flow                   | -34  | -26   | -21   | -8    |                               |       |       |       |                        |                              |
| Capital Expenditures                  | 0    | 0     | -1    | -2    |                               |       |       |       |                        |                              |
| Investment in Intangible Assets       | -2   | -4    | -2    | -3    |                               |       |       |       |                        |                              |
| Investing Cash Flow                   | -2   | -4    | -3    | -5    |                               |       |       |       |                        |                              |
| Financing Cash Flow                   | 35   | 0     | 0     | 0     |                               |       |       |       |                        |                              |
| Free Cash Flow                        | -36  | -30   | -25   | -13   |                               |       |       |       |                        |                              |
|                                       |      |       |       |       | <b>CAPITAL STRUCTURE</b>      |       |       |       |                        |                              |
|                                       |      |       |       |       | 2021                          | 2022E | 2023E | 2024E |                        |                              |
|                                       |      |       |       |       | Equity Ratio                  | 0,9   | 0,9   | 0,3   | -1,4                   |                              |
|                                       |      |       |       |       | Debt to equity                | 0,0   | 0,0   | 0,0   | 0,0                    |                              |
|                                       |      |       |       |       | Net Debt                      | -52   | -22   | 3     | 17                     |                              |
|                                       |      |       |       |       | Capital Employed              | 63    | 30    | 4     | -8                     |                              |
|                                       |      |       |       |       | Working Capital Turnover      | 2,2   | 16,7  | 16,7  | 16,7                   |                              |
|                                       |      |       |       |       | <b>GROWTH</b>                 |       |       |       |                        |                              |
|                                       |      |       |       |       | Revenue Growth                | -39%  | 196%  | 107%  | 53%                    |                              |
|                                       |      |       |       |       | Basic EPS Growth              | 10%   | -5%   | -22%  | -51%                   |                              |
|                                       |      |       |       |       | Adjusted Basic EPS Growth     | 10%   | -5%   | -22%  | -35%                   |                              |
|                                       |      |       |       |       | <b>PROFITABILITY</b>          |       |       |       |                        |                              |
|                                       |      |       |       |       | ROE                           | -55%  | -71%  | -151% | 576%                   |                              |
|                                       |      |       |       |       | ROCE                          | -55%  | -111% | -624% | 196%                   |                              |
|                                       |      |       |       |       | ROIC                          | -330% | -339% | -328% | -212%                  |                              |
|                                       |      |       |       |       | EBITDA Margin (%)             | -430% | -132% | -46%  | -16%                   |                              |
|                                       |      |       |       |       | EBIT Margin (%)               | -488% | -157% | -59%  | -25%                   |                              |
|                                       |      |       |       |       | Net Income Margin (%)         | -488% | -157% | -59%  | -19%                   |                              |
|                                       |      |       |       |       | <b>VALUATION</b>              |       |       |       |                        |                              |
|                                       |      |       |       |       | Basic EPS                     | na    | -1,7  | -1,4  | -0,7                   |                              |
|                                       |      |       |       |       | Adjusted Basic EPS            | na    | -1,7  | -1,4  | -0,9                   |                              |
|                                       |      |       |       |       | P/E                           | na    | neg   | neg   | neg                    |                              |
|                                       |      |       |       |       | EV/Revenue                    | na    | 13,0  | 6,9   | 4,7                    |                              |
|                                       |      |       |       |       | EV/EBITDA                     | na    | neg   | neg   | neg                    |                              |
|                                       |      |       |       |       | EV/EBIT                       | na    | neg   | neg   | neg                    |                              |
|                                       |      |       |       |       | P/B                           | na    | 9,9   | 71,8  | neg                    |                              |
|                                       |      |       |       |       | <b>SHAREHOLDER STRUCTURE</b>  |       |       |       |                        |                              |
|                                       |      |       |       |       |                               |       |       |       | <b>CAPITAL VOTES %</b> |                              |
|                                       |      |       |       |       | Tellacq AB                    |       |       |       | 17,3%                  | 17,3%                        |
|                                       |      |       |       |       | Anders Lundmark               |       |       |       | 8,2%                   | 8,2%                         |
|                                       |      |       |       |       | Adrigo Asset Management       |       |       |       | 5,8%                   | 5,8%                         |
|                                       |      |       |       |       | Tomas Ward                    |       |       |       | 3,5%                   | 3,5%                         |
|                                       |      |       |       |       | Magnus Lundberg               |       |       |       | 2,4%                   | 2,4%                         |
|                                       |      |       |       |       | <b>SHARE INFORMATION</b>      |       |       |       |                        |                              |
|                                       |      |       |       |       | Reuters code                  |       |       |       |                        | BIOS                         |
|                                       |      |       |       |       | List                          |       |       |       |                        | First North                  |
|                                       |      |       |       |       | Share price                   |       |       |       |                        | 7,2                          |
|                                       |      |       |       |       | Total shares, million         |       |       |       |                        | 18,0                         |
|                                       |      |       |       |       | <b>MANAGEMENT &amp; BOARD</b> |       |       |       |                        |                              |
|                                       |      |       |       |       | CEO                           |       |       |       |                        | Petter Bäckgren              |
|                                       |      |       |       |       | CFO                           |       |       |       |                        | Madeleine Börjesson          |
|                                       |      |       |       |       | Chairman                      |       |       |       |                        | Anders Lundmark              |
|                                       |      |       |       |       | <b>ANALYSTS</b>               |       |       |       |                        |                              |
|                                       |      |       |       |       |                               |       |       |       |                        | Redeye AB                    |
|                                       |      |       |       |       | Mats Hyttinge                 |       |       |       |                        | Mäster Samuelsgatan 42, 10tr |
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## Redeye Rating and Background Definitions

### Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

### People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

### Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

### Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.



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### CONFLICT OF INTERESTS

Mats Hyttinge owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.