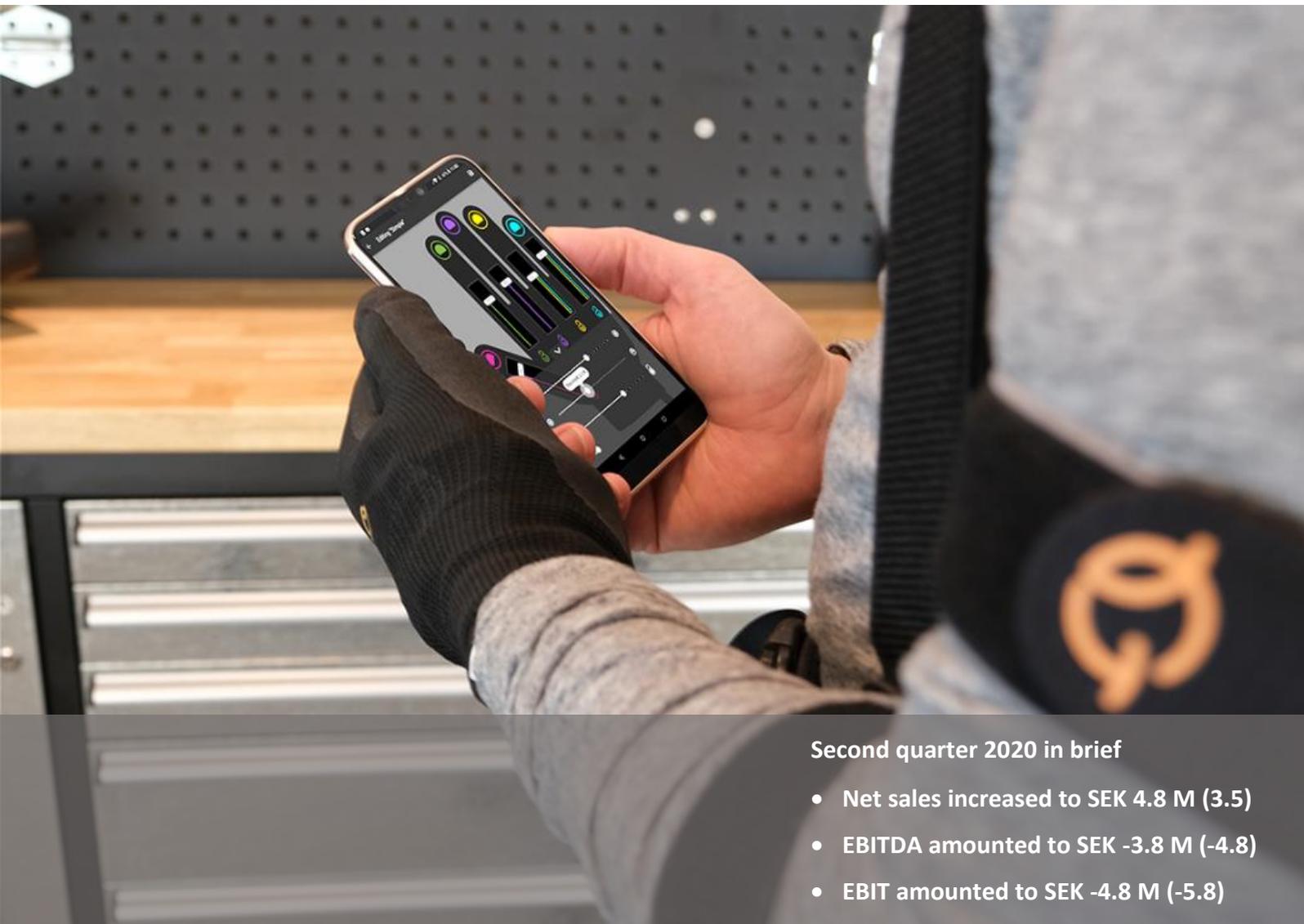


Bioservo Technologies AB

Interim Report January - June 2020



Second quarter 2020 in brief

- Net sales increased to SEK 4.8 M (3.5)
- EBITDA amounted to SEK -3.8 M (-4.8)
- EBIT amounted to SEK -4.8 M (-5.8)

Interim report, 1 January to 30 June 2019

Second quarter in figures

- Net sales SEK 4.8 M (3.5)
- EBITDA of SEK -3.8 M (-4.8)
- EBIT of SEK -4.8 M (-5.8)
- Earnings for the period was SEK -4.8 M (-5.8)
- Earnings per share before and after dilution amounted to SEK -0.34 (-0.65)
- Cash flow from operating activities for the period amounted to SEK -6.0 M (-7.4)
- At 30 June, cash and cash equivalents were SEK 44.2 M (9.9)

First half-year in figures

- Net sales SEK 7.8 M (5.2)
- EBITDA of SEK -10.4 M (-9.3)
- EBIT of SEK -12.4 M (-11.1)
- Earnings for the period was SEK -12,4 M (-11.1)
- Earnings per share before and after dilution amounted to SEK -0.87 (-1.25)
- Cash flow from operating activities for the period amounted to SEK -12.3 M (-15.2)
- At 30 June, cash and cash equivalents were SEK 44.2 M (9.9)

Significant events during the period

- An additional study confirming the positive effects of using Bioservo's technology to strengthen the grip of the hand was published. This latest study investigated the usefulness and effects of our assisted robotic glove (Carbonhand®) in the home environment for people with MS or patients recovering following a stroke. This is the latest in a series of studies published this past year.
- Loxam opened their rental sites again and we completed the delivery of the 82 Ironhand® systems including consumables that were ordered in February. Before the pandemic approximately 22 Ironhand® systems, including gloves and carry solutions were shipped to a select number of Loxam locations.
- Bioservo received state support for short-term layoffs due to COVID-19. In total during the first half of the year, support of SEK 1.9 million was accounted for and is reported under other operating income.
- Bioservo Technologies AB signed a distribution agreement with CAS Assembly Tooling and Services in England. They are market leaders in supplying, installing and servicing production tooling. As well as supplying tooling, they have 20 years' experience in project management of turnkey assembly facilities for some of the largest manufacturing companies based in the UK and Europe. For many of its clients, CAS provides support with everything from initial tooling installation to full process control.

Events after the end of the period

- Ironhand® wins NASA Commercial Invention of the Year Award. We are very proud to receive this award which recognizes all the hard and leading-edge work invested up until this point in time. The award has been widely circulated internationally in the form of articles and posts on social media.

Financial overview

	Apr-Jun 2020	April-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Net sales, SEK 000s	4,820	3,500	7,822	5,243	9,269
EBITDA, SEK 000s	-3,788	-4,814	-10,371	-9,262	- 19,377
EBIT, SEK 000s	-4,833	-5,772	-12,380	-11,125	- 23,241
Earnings for the period, SEK 000s	-4,833	-5,776	-12,377	-11,130	- 23,246
Earnings per share before dilution, SEK	-0.34	-0.65	-0.87	-1.25	- 2.35
Earnings per share after dilution, SEK	-0.34	-0.65	-0.87	-1.25	- 2.35
Cash and cash equivalents, SEK 000s	44,186	9,855	44,186	9,855	56,935
Cash flow from operating activities for the period, SEK 000s	-6,011	-7,397	-12,251	-15,242	-25,898
Equity, SEK 000s	62,886	29,015	62,886	29,015	75,263
Total assets, SEK 000s	67,853	34,724	67,853	34,724	81,260
Equity/assets ratio, %	93	84	93	84	93
Total no. of shares	14,298,321	8,936,451	14,298,321	8,936,451	14,298,321
Average no. of shares	14,298,321	8,936,451	14,298,321	8,936,451	9,876,615
R&D employees	16	10	16	10	11
Average no. of employees	28	28	28	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 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 second quarter of 2020

Sales during the period amounted to approximately SEK 4.8 million, which corresponds to an increase of 37% compared with the same period a year ago. So far this year, the increase is 50% compared to the same period in 2019. Sales were largely driven by deliveries to our French partner Loxam, that during the first quarter ordered 82 units and consumables. Loxam's investment in Ironhand® has been a great success. They are receiving more and more requests to rent out gloves, both from new and existing customers, for example from Eiffage, which is one of their largest customers.

NASA

Receiving the award from NASA as the best commercial innovation of the year is a great recognition for everyone that has worked hard to develop and commercialize our completely unique technology within active soft exoskeletons. Bioservo receives the award with the motivation that Ironhand® has far exceeded the current state of the art which includes: uncomfortable hand exoskeletons, passive grip strengthening gloves, or low strength rehabilitation gloves used by individuals who, for medical reasons, cannot create simple grasps.

Many of us truly believe that our solutions can make many workplaces safer and more sustainable over time. The news about the award has been widely distributed internationally in the form of articles and posts on social media.

Increasing scientific support for Carbonhand

Yet another study has been published that confirms the positive effects of using Bioservo's technology to strengthen the grip of the hand. The latest study investigated the usefulness and effects of our assisted robotic glove (Carbonhand®) in the home environment for people with MS or patients recovering following a stroke. This is the latest in a series of studies published this past year.

Having the opportunity to hear patient stories where Carbonhand has contributed to an improved quality of life makes me proud of Bioservo and the professional team of employees we have. A patient with MS who participated in the study commented, - "The positive is that the glove helps with the grip and the negative is that I should have had it earlier before my ability disappeared."

With more and more publications that strengthen the hypothesis that Carbonhand has a therapeutic effect, we look forward with confidence to the results of our ongoing long-term study iHand. The study aims to demonstrate that Carbonhand can be used to regain hand function and thereby significantly improve patients' quality of life and the ability to perform daily activities on their own.

COVID-19

COVID-19 has continued to have a major impact on Bioservo as many of our key customers have significantly reduced their activities, which, in turn, has restricted access to the customers for Bioservo and our distributors. In order to protect the company's assets, continued proactive savings measures have been implemented, among other things, short-term layoffs in combination with that we continuously review the company's investments and adapt them to the prevailing market conditions.

Under the current circumstances, the focus has been on conducting digital training and product demonstrations together with our distributors to ensure readiness for when the market situation improves. The outcome has been positive from the participants with new sales leads and contacts with new distributors that represent markets with high potential for our technology.

In addition to digital training, we have also accelerated the development program for Ironhand® where new features and improvements will be presented in the future, all with a focus on an improved user experience.

Testing of Ironhand® in the industry

At General Motors, long-term tests with Ironhand® have been resumed after a few months break due to the shutdown that COVID-19 entailed. The goal is to complete the long-term test during the year and the result is expected to be a guide for General Motor's implementation strategy of Ironhand®.

As mentioned earlier, we have also developed a plan for a comprehensive test of Ironhand® together with Toyota in the USA. The test is a follow-up of the previous long-term test that came out positive, where the aim was to investigate further whether Ironhand® can help reduce the risk of strain injuries based on the scientific model HAL / TLV. Tests at Toyota are planned to start as soon as the situation allows with regard to COVID-19.

Personal reflections

COVID-19 does not change our strategy, on the contrary, we are determined to maintain our focus on commercializing Ironhand® and the work of establishing our international distribution network continues according to plan. The effects we see from COVID-19 is primarily a slight shift in the timing of commercialization and we have successfully used the last quarter to strengthen our network of distributors and increase their knowledge of Ironhand®.

Bioservo is the only company offering power-reinforcing gloves for industrial applications and the need to protect employees against strain injuries in connection with grip-intensive tasks is growing. New customer segments, industry organizations and actors in occupational health care are showing an increasing interest in our technology as a way to create sustainable workplaces and to protect employees from injuries.

I am convinced that our technology with soft power-reinforcing exoskeletons will be widely implemented in the industry in the future, it is only a matter of time. When that happens, Bioservo is well prepared to take advantage of its unique and leading position.

I am impressed by the adaptability of Bioservo's organization in recent months. We have been able to implement rapid changes that have affected every employee, without any damage to our core business. My priority is to create a safe and motivating working environment for our employees and to ensure that Bioservo is well prepared for continued commercialization as soon as the restrictions as a result of the pandemic are eased.

Kista August 18, 2020

Petter Bäckgren
CEO

Financial overview

April – June 2020

Net Sales

Net sales increased by 37% to SEK 4.8 M (3.5) for the second quarter. Sales growth during the second quarter was driven largely by sales of Ironhand® to Loxam.

Operating expenses

Operating expenses amounted to SEK 10.9 M (13.6) for the second 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 -3.8 M (-4.8), while EBIT amounted to SEK -4.8 M (-5.8).

Earnings for the period

Earnings for the period was SEK -4.8 M (-5.8). Corresponding to earnings per share of SEK -0.34 (-0.65).

Cash flow

Cash flow during the second quarter amounted to SEK -6.1 M (-7.4).

January – June 2020

Net Sales

Net sales increased by 50% to SEK 7.8 M (5.2) for the first half-year. Sales growth during the first half-year was driven largely by sales of Ironhand® to Loxam.

Operating expenses

Operating expenses amounted to SEK 24.5 M (23.8) for the half-year. The cost increase during the first quarter is related to the global launch of the industrial glove Ironhand®, increase of production capacity and to the implementation of the clinical study in the EU project. Costs were balanced during the second quarter by the company's cost-saving measures implemented to address the negative financial consequences of COVID-19.

EBITDA/EBIT

EBITDA amounted to SEK -10.4 M (-9.3), while EBIT amounted to SEK -12.4 M (-11.1).

Earnings for the period

Earnings for the period was SEK -12.4 M (-11.1). Corresponding to earnings per share of SEK -0.87 (-1.25).

Cash flow

Cash flow during the first half-year amounted to was SEK -12.7 M (-15,7).

Financial position and investments

At 30 June 2020, total assets amounted to SEK 67.9 M (34.7).

At 30 June 2020, cash and cash equivalents were SEK 44.2 M (9.9). The equity/assets ratio was 93% (84) at the end of the period.

Employees

At 30 June 2020, the number of employees was 28 (28).

Accounting policies applied in the interim report

The same accounting policies were applied in Bioservo's interim report as in the most recent annual report: the Swedish Annual Accounts Act, and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

Warrants

At 31 March 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.

2016-2023 plan

With respect to the Rights Issue that closed on 30 September 2019 the terms have been recalculated according to the terms in the stock option program. 60,520 issued stock options 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

With respect to the Rights Issue that closed on 30 September 2019 the terms have been recalculated according to the terms in the stock option program. 385,710 issued stock options entitle holders to buy 455,137 shares.

The price is SEK 25.51 per share and 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, 18 August 2020
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)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Net sales	4,820	3,500	7,822	5,243	9,269
Own work capitalised	-	-	-	-	-
Other operating income	1,244	4,334	4,306	7,410	15,332
	6,064	7,834	12,128	12,653	24,601
Operating expenses					
Raw materials and consumables	-2,170	-1,913	-4,179	-2,754	-4,146
Other external costs	-2,189	-5,175	-6,128	-8,122	-17,447
Employee benefit expenses	-5,492	-5,560	-12,191	-11,039	-22,385
Amortisation and depreciation of tangible and intangible assets	-1,045	-958	-2,009	-1,863	-3,864
Total operating costs	-10,896	-13,606	-24,507	-23,778	-47,842
EBIT	-4,832	-5,772	-12,379	-11,125	-23,241
Interest expense and similar loss items	-	-4	3	-5	-5
Total financial items	-	-4	3	-5	-5
Earnings before tax	-4,833	-5,776	-12,377	-11,130	-23,246
Tax	-	-	-	-	-
Earnings for the period	-4,833	-5,776	-12,377	-11,130	-23,246

BALANCE SHEET (SEK 000s)	30 Jun 2020	30 Jun 2019	Full-year 2019
Asset			
Fixed asset			
Intangible assets	11,315	14,039	12,711
Tangible assets	429	549	504
Financial assets	0	40	40
Total fixed assets	11,744	14,628	13,255
Current assets			
Inventories	3,826	3,147	5,268
Accounts receivable	4,261	3,230	3,326
Current receivables	3,836	3,864	2,476
Cash and cash equivalents	44,186	9,855	56,935
Total current assets	56,109	20,096	68,005
Total assets	67,853	34,724	81,260
Equity and liabilities			
Equity	62,886	29,015	75,263
Liabilities			
Payables	532	2,791	1,837
Current liabilities	4,435	2,918	4,160
Total liabilities	4,967	5,709	5,997
Total equity and liabilities	67,853	34,724	81,260

CHANGE IN EQUITY (SEK 000s)	30 Jun 2020	30 Jun 2019	Full-year 2019
Equity at the beginning of the period	75,263	34,791	40,145
Issue costs	-	-	-5,978
Rights issue	-	-	64,342
Paid/repaid premiums for the stock option program	-	-	-
Earnings for the period	-12,377	42	-23,246
Equity at the end of the period	62,886	29,015	75,263

CASH FLOW STATEMENT (SEK 000s)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2020	Full year 2019
Operating activities					
EBIT	-4,833	-5,772	-12,380	-11,125	-23,241
Depreciation/amortisation	1,045	958	2,009	1,863	3,864
Interest received	-	-	-	-	-
Tax paid Interest paid	-	-4	3	-5	-5
Cash flow from operating activities before changes in working capital	-3,788	-4,818	-10,368	-9,267	-19,382
Changes in inventories	1,759	409	1,442	-632	-2,753
Change in operating receivables	-4,198	-922	-2,295	-936	344
Changes in operating liabilities	216	-1,651	-1,030	-4,407	-4,107
Cash flow from operating activities	-6,011	-6,982	-12,251	-15,242	-25,898
Investing activities					
Investment in tangible assets	-	-	-	-	-27
Investment in financial assets	-	-40	40	-40	-40
Investment in intangible assets	-133	-375	-538	-424	-1,025
Cash flow from investing activities	-133	-415	-498	-464	-1,092
Financing activities					
Repayment of loans	-	-	-	-	-
Loans raised	-	-	-	-	-
New share issue	-	-	-	-	64,342
Issuance costs	-	-	-	-	-5,978
Option premiums received	-	-	-	-	-
Cash flow from financing activities	-	-	-	-	58,364
Cash flow for the period	-6,144	-7,397	-12,749	-15,706	31,374
Cash and cash equivalents at the beginning of the period	50,330	17,252	56,935	25,561	25,561
Cash and cash equivalents at the end of the period	44,186	9,855	44,186	9,855	56,935

Financial Calender

Third quarter 2020

5 November 2020

Year-end report

23 February 2021

Contact details

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