

Bioservo Technologies AB

Interim Report January – March 2021



Interim report, 1 January to 31 March 2021

First quarter in figures

- Net sales of SEK 1.5 M (3.0)
- EBITDA of SEK -7.8 M (-6.6)
- EBIT of SEK -9.0 M (-7.5)
- Earnings for the period amounted to SEK -9.0 M (-7.5)
- Earnings per share before and after dilution amounted to SEK -0.57 (-0.53)
- Cash flow from operating activities for the period amounted to SEK -7.7 M (-6.2)
- On 31 March, cash and cash equivalents were SEK 44.7 M (50.3)

Significant events during the period

- Bioservo obtained financing of SEK 5 million within the Horizon 2020 framework to develop the next generation of rehabilitative and assistive grip-enhancing gloves. By offering patients rehabilitation at home and in daily activities, they can become more independent, the rehabilitation process is made more efficient and care costs are reduced.
- Bioservo ended the short-term layoffs due to COVID-19 on January 1, 2021 in order to accelerate development of new products and further enhancing current products.

Events after the end of the period

- EUROPE TECHNOLOGIES' GOBIO has signed an agreement for purchasing 100 Ironhand® systems at an order value of MSEK 4.2 over a period of ten months. The order will secure the delivery of Ironhand® systems to meet the increasing demand in the French market.

Financial overview

	Jan - Mar 2021	Jan - Mar 2020	Full year 2020
Net sales, SEK 000s	1 503	3 002	11 662
EBITDA, SEK 000s	-7 810	- 6 583	-20 636
EBIT, SEK 000s	-8 989	- 7 548	-26 326
Earnings for the period, SEK 000s	-8 989	- 7 544	-26 323
Earnings per share before dilution, SEK	-0.57	- 0.53	-1.82
Earnings per share after dilution, SEK	-0.57	- 0.53	-1.82
Cash and cash equivalents, SEK 000s	44 670	50 330	52 564
Cash flow from operating activities for the period, SEK 000s	-7 656	- 6 240	-16 586
Equity, SEK 000s	53 322	67 719	62 311
Total assets, SEK 000s	59 745	71 388	70 616
Equity/assets ratio, %	89	95	88
Total no. of shares	15 798 321	14 298 321	15 798 321
Average no. of shares	15 798 321	14 298 321	14 438 047
R&D employees	12	16	13
Average no. of employees	27	29	28

Definitions

Net sales

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

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBIT

Earnings before interest and taxes.

Cash and cash equivalents

Assets that are cash or can be converted into cash immediately.

Cash flow from operating activities

Cash flow before cash flow from investing and financing activities.

Equity/assets ratio

Equity expressed as a percentage of total assets.

Average number of employees

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

Earnings (profit or loss) per share before and after dilution

Earnings divided by the weighted average number of shares during the period before and after dilution. If the earnings are negative, the number of shares before dilution is also used for the calculation after dilution.

About Bioservo Technologies

Bioservo Technologies AB (publ) is a world leading company in wearable muscle strengthening systems for people in need of extra strength and endurance. All our innovative products and systems are designed to keep people strong, healthy and efficient.

The company has a unique global position within soft exoskeleton technology for the hand, both for industrial applications to improve the health for workers and to improve quality of life for people with reduced muscle strength.

Bioservo Technologies was founded in 2006 in collaboration between researchers at the Royal Institute of Technology and a doctor at Karolinska University Hospital. Bioservo Technologies is a Swedish public limited company with headquarters in Stockholm.

For more information, please visit www.bioservo.com



CEO Petter Bäckgren comments on the first quarter of 2021

Bioservo is standing strong in challenging times. We continue to manage the negative consequences of the pandemic by accelerating our development efforts, sharpening our distribution network and preparing to introduce new products for new applications as well as expanding to new geographies. In-line with our expectations, the sales were heavily influenced by the COVID-19 pandemic which has impacted the entire industry's ability to effectively perform sales activities. The turnover for the first quarter amounted to SEK 1.5 M (3.0).

Gobio ordering 100 Ironhand® systems

It is therefore gratifying to communicate that our partner for the French market, Europe Technologies subsidiary Gobio, has signed an agreement to purchase 100 Ironhand® systems for a combined value of SEK 4.2 M. The order is a step towards addressing the growing demand in the French market. Following a successful evaluation phase within the shipbuilding industry, railway and construction sectors, there are now several leading French companies looking to implement our products. The orders will be shipped during a 10-month period, commencing June 2021.

Next generation of Ironhand® soon to be available

The development work to finalize the next generation of Ironhand® is now in its final stages and will enable us to soon offer an entirely new product to our industrial customers. The initiative will further strengthen our competitive advantage and world leading position for strength-enhancing applications for both industry and Life science.

As we have communicated earlier, the next generation of Ironhand® includes many improvements that will broaden the areas of use and provide support in additional work tasks. Extensive testing has been performed in our internal test-laboratory to secure that the enhancements and new functionalities provide the desired benefits such as reducing strain injuries and ensuring the system is easy to use, intuitive and comfortable.

Ironhand® pilot studies at General Motors and Toyota Motors

The pandemic has delayed the completion of our long-term tests as access to both factories and workers has been affected. However, even if our own staff has not been able to travel to the U.S., the tests at General Motors are progressing and we aim to initiate a comprehensive field test with Toyota during the summer. Currently, we expected to be able to present results from the tests with both General Motors and Toyota Motors during the fourth quarter 2021.

Carbonhand®

Our multi-center clinical study that is being conducted in the Netherlands is expected to be finalized during the year. The aim of the study is to confirm the positive therapeutic effect of using Carbonhand® and extend the use of the product to a new indication, rehabilitation. The results from the study have the potential to expand the areas of use for grip-enhancing gloves and thus, open-up a new market with significant potential.

In addition, development has now been initiated for Carbonhand® with the ambition to introduce the next generation of grip-strengthening gloves for patients globally during the year 2022. Efforts to review the global distribution network for Carbonhand® have also been initiated to ensure we are well prepared ahead of the global commercialization.

Bioservo secures SEK 5 million for developing the next generation rehabilitating gloves

Within the frame of Horizon 2020, we have been awarded public financing of SEK 5 million to develop the next generation of rehabilitating and assisting grip-strengthening gloves. The future products shall be adapted to offer patients rehabilitation while they perform daily activities in their homes. By activating patients in their home, it is possible to enhance the rehabilitation process, reduce patient's reliance on assistance as well as reduce the burden on health care and lower the costs to society. The future glove will be combined with a mobile application that closely monitors the patients' progress and provides the healthcare providers with remote access to the patients' data through a user-friendly interface.

The project will run for three years and is performed in close collaboration with Roessingh Research and Development (RRD) in the Netherlands. RRD is a partner to Bioservo and is one of Europe's largest research centers for medical devices, rehabilitative technologies and analysis of human movement/ergonomics. The output from the project will be implemented in future generations of grip-strengthening gloves as soon as satisfactory testing and regulatory approvals have been secured.

Personal reflections

The COVID-19 pandemic has negatively impacted our distributors' ability to effectively perform their sales activities. As a result, this has short term negatively impacted the sales of our industrial product. However, the pandemic has also enabled us to increase our focus on developing the next generation of both Ironhand® and Carbonhand®, and to perform extensive endurance testing in our own laboratory. I am convinced that the investments in development, all the hundreds of hours of testing in different environments and the strategic work to improve our commercial infrastructure will have a positive impact on the commercialization of our products as soon as access to customers will be normalized.

Bioservo is on the verge of an interesting growth journey and is well prepared to capitalize on its unique and leading position. Together with the competent and highly motivated team at Bioservo, I look forward to introducing exciting news in the future.

Kista May 4, 2021

Petter Bäckgren
CEO

Financial overview

January – March 2021

Net Sales

Net sales decreased by 50% to SEK 1.5 M (3.0) for the first quarter. Sales were negatively impacted by the global pandemic during the first quarter of 2021 with reduction in order entries as a result. Net sales consisted largely of Ironhand® sales to the French market.

Operating expenses

Operating expenses amounted to SEK 11.2 M (13.6) for the first quarter. The cost reduction is related to the company's actions to protect the company's assets during the ongoing COVID-19 pandemic.

EBITDA/EBIT

EBITDA amounted to SEK -7.8 M (-6.6), while EBIT amounted to SEK -9.0 M (-7.5).

Earnings for the period

Earnings for the period were SEK -9.0 M (-7.5). Corresponding to earnings per share of SEK -0.57 (-0.53).

Cash flow

Cash flow during the first quarter amounted to SEK -7.9 M (-6.6).

Financial position and investments

On 31 March 2021, total assets amounted to SEK 59.7 M (71.4).

On 31 March 2021, cash and cash equivalents were SEK 44.7 M (50.3). The equity/assets ratio was 89% (95%) at the end of the period.

Employees

On 31 March 2021, the number of employees was 27 (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).

We follow BFNAR 2020:1 Certain accounting issues due to the coronavirus.

Warrants

On 31 March 2021, 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 May 4, 2021

Bioservo Technologies AB (publ)

Anders Lundmark

Chairman of the Board

Runar Bjørklund
Board member

Kunal Pandit
Board member

Nikolaj Sørensen
Board member

Kerstin Valinder Strinnholm
Board member

Margit alt Murphy
Board member

Petter Bäckgren
Chief Executive Officer

INCOME STATEMENT (SEK 000s)	Jan - Mar 2021	Jan - Mar 2020	Full-year 2020
Operating income			
Net sales	1 503	3 002	11 662
Own work capitalised	-	-	-
Other operating income	691	3 062	8 030
Total operating income	2 194	6 064	19 692
Operating expenses			
Raw materials and consumables	- 1 083	- 2 009	- 6 581
Other external costs	- 3 071	- 3 939	- 10 828
Employee benefit expenses	- 5 851	- 6 699	- 22 919
Other operating expenses	- 146		- 1 649
Amortisation and depreciation of tangible and intangible assets	-1 033	- 964	- 4 041
Total operating costs	- 11 184	- 13 611	- 46 018
EBIT	- 8 990	- 7 547	- 26 326
Interest expense and similar loss items	-	3	3
Total financial items	-	3	3
Earnings before tax	- 8 989	- 7 544	- 26 323
Tax	-	-	-
Earnings for the period	- 8 989	- 7 544	- 26 323

BALANCE SHEET (SEK 000s)	2021-03-31	2020-03-31	Full-year 2020
Asset			
Fixed assets			
Intangible assets	9 259	12 189	10 016
Tangible assets	317	467	355
Financial assets	-	-	-
Total fixed assets	9 576	12 656	10 371
Current assets			
Inventories	3 647	5 584	3 115
Accounts receivable	696	1 079	635
Current receivables	1 156	1 739	3 931
Cash and cash equivalents	44 670	50 330	52 564
Total current assets	50 169	58 732	60 245
Total assets	59 745	71 388	70 616
Equity and liabilities			
Equity	53 322	67 719	62 311
Liabilities			
Warranty provision	353		315
Payables	2 627	2 683	2 549
Current liabilities	3 443	986	5 441
Total liabilities	6 070	3 669	8 305
Total equity and liabilities	59 745	71 388	70 616

CHANGE IN EQUITY (SEK 000s)	2021-03-31	2020-03-31	Full-year 2020
Equity at the beginning of the period	62 311	75 263	75 263
Issue costs	-	-	- 879
Rights Issue	-	-	14 250
Paid/repaid premiums for the stock option program	-	-	-
Earnings for the period	- 8 989	- 7 544	- 26 323
Equity at the end of the period	53 322	67 719	62 311

CASH FLOW STATEMENT (SEK 000s)	Jan - Mars 2021	Jan - Mars 2020	Full-year 2020
Operating activities			
EBIT	- 8 989	- 7 547	- 26 326
Depreciation/amortization	1 033	964	4 041
Warranty	38	-	315
Interest received	-	-	-
Interest paid	-	3	3
Cash flow from operating activities before changes in working capital	- 7 918	- 6 580	- 21 967
Changes in inventories	- 532	- 317	2 152
Change in operating receivables	2 714	1 903	1 236
Changes in operating liabilities	- 1 920	- 1 246	1 993
Cash flow from operating activities	- 7 656	- 6 240	5 381
Investing activities			
Investment in tangible assets	-	-	-
Investment in financial assets	-	40	40
Investment in intangible assets	- 238	- 405	- 1 196
Cash flow from investing activities	- 238	- 365	- 1 156
Financing activities			
Rights issue	-	-	14 250
Issue costs	-	-	- 879
Option premiums received	-	-	-
Cash flow from financing activities	-	-	13 371
Cash flow for the period	- 7 894	- 6 605	- 4 371
Cash and cash equivalents at the beginning of the period	52 564	56 935	56 935
Cash and cash equivalents at the end of the period	44 670	50 330	52 546

Financial Calendar

Second quarter, 2021	12 August 2021
Third quarter, 2021	09 November 2021
Year-end report 2021	17 February 2022

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-post: jacob.michlewicz@bioservo.com

Bioservo Technologies AB (publ)

Torshamnsgatan 35, SE-164 40 Kista

