

BICO announces goodwill impairment predominantly due to increased WACC, and write-downs of assets

BICO Group announces ahead of the Q2 report which will be released tomorrow on August 22, 2023, 07:00 CEST that the Group has today resolved on non-cash flow affecting one-off items predominantly related to goodwill impairment due to increased WACC for group companies, write-down of assets and revised earn-out estimates. This results in an effect on EBITDA of SEK 94m and SEK -830m on EBIT in Q2 2023.

Goodwill impairment

BICO has resolved to write-down goodwill in the Group companies totaling SEK 768m. This will have a result effect on EBIT and is not affecting cash flow. The conclusion has been made after conducting the quarterly impairment test and is predominantly related to increased weighted average cost of capital (WACC) which is due to the higher interest rate environments.

Revised earn-out liabilities

Estimates regarding valuation of Group earn-out liabilities have been resolved resulting in reduced liabilities and a positive EBITDA effect of SEK 161m. The liability has been adjusted since BICO estimates that the earn-out targets for 2023 and 2024, which had been set at very high levels, will not be met.

IFRS 2 revaluation

During Q2, BICO has revaluated estimates relating to vesting of options in LTIP 2021 and LTIP 2022. It is no longer deemed probable that all the financial criteria will be met for the options to vest. Therefore, a reversal of previously recognized costs has been booked in Q2, resulting in a positive effect on EBITDA of SEK 28m.

Write-downs in Ginolis

As communicated in Q1-report, Ginolis has been right-sized to a minimum cost and organizational level with the ability to still accept new orders and honor current service obligations to customers. In connection to this, write-downs have been resolved related to intangible assets of SEK 102m and the property in Oulu, Finland of SEK 54m, contract assets SEK 28m, valuation adjustments in other assets SEK 25m and inventory of SEK 15m.

Write-downs in inventory

It has been resolved that there is a need for write-down in inventory of SEK 27m. This will have a negative impact on the gross margin for the second quarter.

One-off non-cash items impacting Q2 results

In total these non-cash flow one-off items impacts the Q2 2023 EBIT with SEK -830m and generates a positive effect on the Q2 2023 EBITDA of SEK 94m.

Items affecting EBITDA (one-off and non-cash flow)	Amount in SEKm
Revised earn-out estimates	161
IFRS 2 revaluation	28
Ginolis: write-down in contract assets	-28
Ginolis: valuation adjustments in other assets	-25
Ginolis: write-down in inventory	-15
Group companies: write-down in inventory	-27

Items affecting EBIT (one-off and non-cash flow)	Amount in SEKm
Goodwill impairment	-768
Ginolis: write-down intangible assets	-102
Ginolis: write-down property	-54

Future reporting from BICO

The Q2 report will, as previously announced, be released tomorrow on August 22, 2023, 07:00am CEST. The Q2 report will be available in the financial report archive in the investor section on BICO's website: www.bico.com/investors.

Presentation for media and investors

Following the release of the Q2 report, a telephone conference, with the opportunity to ask questions, will be held, tomorrow, on August 22, 2023, at 10:00am CEST, at which President & CEO Erik Gatenholm and CFO Jacob Thordenberg will present the Q2 report. The presentation will be given in English.

The presentation will be available on BICO's website, tomorrow, from 09:00am CEST.

<https://bico.com/investors/>

If you wish to participate via webcast, please use the link below:

Via the webcast you can ask written questions.

<https://ir.financialhearings.com/bico-q2-2023>

If you wish to participate via teleconference, please register on the link below:

After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=200862>

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About BICO

BICO is a leading provider of life science solutions and laboratory automation that enable more efficient development of new treatments with more specificity and less need for animal testing.

The company uses bioconvergence as its operating system, combining advanced technologies with biology to streamline and automate workflows within the pharmaceutical and biopharma industries.

With 32,000+ instruments installed in over 65 countries, BICO products and solutions are found in more than 3,500 laboratories, including the world's top 20 pharmaceutical companies, and have been cited in over 11,000 publications.

Operating through three business areas – Bioprinting, Biosciences and Bioautomation – the BICO Group strives towards the long-term ambition of enabling the reduction the world's organ shortage and speeding up drug development to create the future of life-saving treatments.

BICO is listed on Mid-Cap, Nasdaq Stockholm under BICO. www.bico.com

Attachments

[BICO announces goodwill impairment predominantly due to increased WACC, and write-downs of assets](#)