

BICO GROUP AB (PUBL)

Bico

Q3 INTERIM REPORT JANUARY – SEPTEMBER 2022

Improved profitability and strong growth

JULY – SEPTEMBER 2022

(COMPARED WITH JULY – SEPTEMBER 2021)

- Net sales amounted to MSEK 550.6 (315.6), which corresponds to an increase of 74% (292) compared to the corresponding quarter previous year.
- Organic growth for the quarter amounted to 28% (59). Organic growth excluding currency effects for the period was 12%.
- EBITDA amounted to MSEK 1.8 (-33.8), corresponding to a margin of 0.3% (-10.7).
- Adjusted EBITDA amounted to MSEK 18.1 (-16.0), corresponding to a margin of 3.3% (-5.1). For adjustments made, see Financial Performance pages 7-8.
- Net profit/loss for the quarter amounted to MSEK 66.5 (-105.0), corresponding to earnings per share before and after dilution of SEK 1.04 (-1.81).
- The gross margin amounted to 76.5% (73.1).

JANUARY – SEPTEMBER 2022

(COMPARED WITH JANUARY – SEPTEMBER 2021)

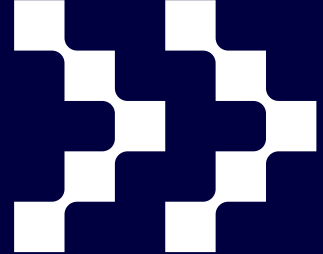
- Net sales amounted to MSEK 1,565.4 (738.2), which corresponds to an increase of 112% (365) compared to the corresponding period previous year.
- Organic growth for the period amounted to 24% (69). Organic growth excluding currency effects for the period was 10%.
- EBITDA amounted to MSEK -80.6 (-58.1), corresponding to a margin of -5.1% (-7.9).
- Adjusted EBITDA amounted to MSEK 35.3 (-7.3), corresponding to a margin of 2.3% (-1.0). For adjustments made, see Financial Performance pages 7-8.
- Net profit/loss for the period amounted to MSEK 66.1 (-203.3), corresponding to earnings per share before and after dilution of SEK 1.04 (-3.62).
- The gross margin amounted to 74.5% (72.2).

"Given the change in the macro
economic environment, we have a firm
focus on profitability and cash flow."

ERIK GATENHOLM / PRESIDENT & CEO

Q3 KEY TAKEAWAYS

- Strong product demand and high sales
- Focus on improving profitability and cash flow
- Focus on operational efficiency and acquisition synergies
- Cost-reduction program launched



JULY – SEPTEMBER 2022



74

TOTAL SALES GROWTH
/ %

JULY – SEPTEMBER 2022



28

ORGANIC SALES GROWTH
/ %

JULY – SEPTEMBER 2022



1.8

EBITDA
/ MSEK

JULY – SEPTEMBER 2022



0.3

EBITDA MARGIN
/ %

JULY – SEPTEMBER 2022



-15.6

CASH FLOW FROM OPERATING
ACTIVITIES / MSEK

CAPITAL MARKETS DAY NOVEMBER 10

Welcome to our digital Capital Markets Day.
Use this link to participate:
<https://tv.streamfabriken.com/bico-cmd-2022/register>

A recording of the Capital Markets Day
will be available on demand on our website
shortly after the event.



CEO COMMENTS FOR THE THIRD QUARTER

Strong sales performance, focused on improved profitability and cash flow

BICO reported strong sales in the third quarter totalling SEK 551 million. Organic growth amounted to 28 percent, and 12 percent in constant currency. It was pleasing to note that all business areas reported double-digit organic growth in constant currency.

IMPROVING PROFITABILITY AND CASH FLOW

In the third quarter, the company reported a continued strong gross margin amounting to 76.5%. The EBITDA result amounted to SEK 2 million in the quarter, corresponding to a margin of 0.3 percent. The improvement in margin is a result of the strong sales performance, positive currency effects and cost controls. While the margin is still low, it is pleasing to see the early results from our activities to strengthen profitability in the group. Given the change in the macroeconomic environment, we have a firm focus on profitability and cash flow.

The cost-savings program we introduced in July is intended to fast-forward our more mature phase of improved profitability and improved cash flow, which will in turn reduce the risk of macroeconomic impacts. We did see a significant improvement to operating cash flow this quarter compared to the second quarter, and the operating cash flow amounted to SEK -16 million. Total cash flow including changes in short-term investments amounted to SEK -303 million, and was impacted by earn-out payments of SEK 115 million and ongoing facility investments of SEK 55 million.

The measures we are working on to improve profitability and cash position include:

- The cost-reduction program targeting savings of SEK 100 million on an annual basis, with full effect from first quarter 2023, is on track. Savings have been implemented in the group companies that have the weakest profitability, as well as in Bico Group AB. At the same time, we have scaled up operations in some of our most profitable companies to support their increased number of customer orders.
- Activities to improve working capital are also in process, with stricter payment terms in some companies, and use of collection agencies to ensure timely payments.
- We are also working to establish factoring solutions for some companies at the beginning of next year, which we estimate to free up a large amount of capital tied up in accounts receivable.
- We estimate that the anticipated strong fourth quarter sales will result in reduced inventory levels following large proportion of deliveries to customers. We are also reviewing the safety stock levels for components to optimize inventory levels.
- The last initiative, facility financing regarding our buildings in Finland and in Germany, is in process and and we are evaluating several options.

"Given the change in the macro-economic environment, we have a firm focus on profitability and cash flow."

OPERATIONAL EFFICIENCY AND INNOVATION

BICO's mission is to enable the pharmaceutical and biopharma industries to develop new drugs faster and safer, with more specificity and less need for animal testing. Our enabling technologies are at the forefront, enjoying a significant and growing demand, in many cases driven by their uniqueness. Our growth strategy until recently was to acquire innovative technology companies once they are de-risked and ready for commercialization and scaling up. Our group – with complementary and synergistic technologies – is now well positioned for rapid growth, establishing us as a leading provider of drug discovery and drug development tools. Our acquisition phase was very rapid, with the goal of identifying the most interesting technologies and bringing them into the BICO family. The result is an unparalleled product offering with limited technical risk. For the majority of our products, our technologies fundamentally change the way laboratories work, since we offer new and efficient workflows to automate their operations. Many of our finest solutions are the results of synergistic work from several of our companies working cooperatively. Some great examples:

- Customizable MatTek Dishes combined with the ECHO Revolve hybrid microscope in a simple and elegant combination. Easy to use, universal compatibility with laboratory equipment, built-in glass coverslip for ultra-clear imaging, no messy or fragile slides, customized options to suit cell culture and/or imaging objectives.
- The G.STATION NGS, developed in collaboration between Dispensix, Cytena and Q Instruments. Revolutionary library preparation to automate workflows for next-generation sequencing.
- Bionova, the world's first digital light processing (DLP) based bioprinter for direct printing in multi-well plates, combining technologies from Allegro 3D, Cellink and Advanced BioMatrix. It prints functional tissue models in seconds with superior resolution, speed and reproducibility. It accelerates research by providing biomimetic models for regenerative medicine, precision medicine and disease modelling.

These successes are proof of our bioconvergence capabilities, combining products from several BICO companies across business areas with a molecular biology workflow to solve customer challenges.

FUTURE OUTLOOK AND MARKET POTENTIAL

Based on customer dialogues and normal seasonal effects, we expect BICO to perform well in the fourth quarter. The medium and long-term prospects are encouraging, even though a potential weaker economy and external disturbances could impact the prospects. It's clear we have great continued potential and growth opportunities in the majority of companies in the group. We see exciting opportunities across all three business areas:

- The main driver is big pharma's vigorous move towards laboratory automation processes, which is growing exponentially. Here Biosero's flagship platform, Green Button Go, is fast becoming the gold standard in lab automation. It offers user-friendly accessible approaches to automating manual processes with accuracy and cost-efficiency. With high versatility and a short startup time, we are experiencing recurring major orders from many major pharma firms.
- The FDA Modernization Act 2.0 in the US, if it is finally enacted, would allow pharma companies applying for market approval for a new drug to use methods other than animal testing to establish the drug's safety and effectiveness. Significantly for BICO, these alternative methods may include cell-based assays, organ chips and microphysiological systems, computer modeling, and other human biology-based test methods. What this means for the pharma and cosmetic industries is that animal models will be phased out over time, and the industry will get better results with human models – one of our specialties.
- BICO's range of products and services in the tissue engineering arena constitute a one-stop shop that can easily fit customers in different stages of development. From CRO services covering drug discovery and preclinical development, to equipping bioprinting lines, or automating steps toward full-blown manufacturing.
- BICO technologies often challenge and disrupt established work processes – such as the success enjoyed by our novel line of Echo microscopes. BICO combines a holistic patent portfolio with a first-mover advantage in many areas such as bioprinting and lab automation, which paves the way for long-term growth and profitability. Our technology and IP assets ensure there are high entry barriers for newcomers, which keeps competitors at bay, and promotes our market leadership position.

In short, we are now well positioned to capture market opportunities, and I am extremely grateful to our entire team for the huge steps they have taken toward improved profitability. We have the talent and the technologies, as well as the ability to map them efficiently onto real customer needs and problems. BICO is building next-generation technologies based on innovation and continuous improvement.

ERIK GATENHOLM, MSC / PRESIDENT & CEO

THIS IS BICO

– THE FUTURE OF LIFE-SAVING TREATMENTS

BICO reduces the organ shortage and speeds up drug development by providing accessible life science solutions that combine biology and technology, fundamentally shifting the global healthcare industry. We are industry-leading experts in bioconvergence. Using a combination of robotics, artificial intelligence, advanced genomics, and 3D bioprinting, we create the future of life-saving treatments. We extend the boundaries of what's possible, as we enable our customers to improve people's health and lives.



65+

COUNTRIES



28%

Q3 2022
ORGANIC GROWTH



1,200+

EMPLOYEES



3

BUSINESS AREAS



32,000+

INSTRUMENTS
IN THE FIELD



11,000+

PUBLICATIONS



Our innovative technologies enable researchers and practitioners in the life sciences to conduct improved cell line development; perform high-throughput drug screening and diagnostics; print human tissues and organs for the medical, pharmaceutical, and cosmetic industries; and perform multiomic analyses more efficiently. We help prevent disease outbreaks and proactively plan for new diseases with better diagnostics, while eliminating costly, unnecessary animal testing.

Our three business areas contribute to our common vision of creating life-saving treatments.



BIOPRINTING

Bioprinting enables printing with cells and biomaterials, creating tissues and organ-like structures that mimic physiological conditions.



BIOSCIENCES

Biosciences provides user-friendly instruments to bring efficiency and speed to multiple application areas such as cell line development, drug screening, and microscopy.



BIOAUTOMATION

Bioautomation accelerates development and manufacturing of diagnostic and bioanalysis test platforms for patients, consumers, public health and environment.

Under bioconvergence, we live in a post-genomic era, where the lines between biology, engineering, nanotech, and data are becoming increasingly blurred, allowing synergies that are creating a fundamental shift in the global healthcare industry. We are discovering that biology is really just masterful engineering that's been refined over billions of years.

Consolidated key data and ratios

In addition to financial measures defined by IFRS, BICO presents some alternative performance measures in this interim report that are not defined by IFRS. These alternative performance measures provide valuable additional information to investors and management for evaluating the financial

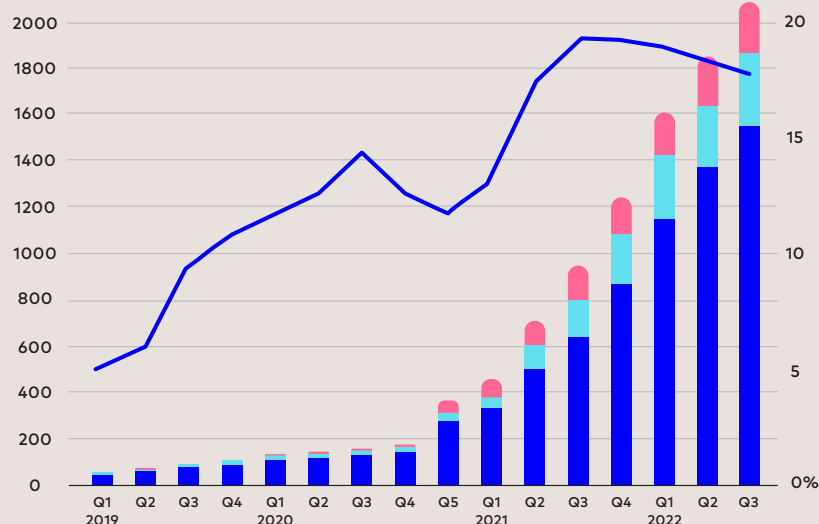
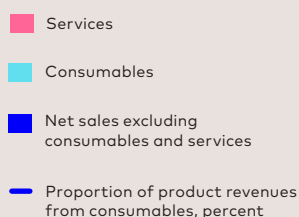
performance and position of BICO. These non-IFRS measures, as defined on page 31-33 of this report, will not necessarily be comparable to similarly titled measures in other companies' reports. Neither should they be considered as substitutes to financial reporting measures prepared in accordance with IFRS.

Amounts in MSEK	July-Sept 2022	July-Sept 2021	Jan-Sept 2022	Jan-Sept 2021	Jan-Dec 2021
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
Organic growth, %	28%	59%	24%	69%	44%
Organic growth excl currency, %	12%	62%	10%	82%	52%
Gross profit	421.1	230.7	1,166.1	533.2	908.3
Gross margin, %	76.5%	73.1 %	74.5%	72.2 %	72.2%
Operating profit before depreciation and amortization (EBITDA)	1.8	-33.8	-80.6	-58.1	-45.1
Operating margin before depreciation and amortization (EBITDA), %	0.3%	-10.7%	-5.1%	-7.9%	-3.6%
Adjusted EBITDA	18.1	-16.0	35.3	-7.3	16.9
Adjusted EBITDA, %	3.3%	-5.1%	2.3%	-1.0%	1.3%
Operating profit (EBIT)	-74.2	-91.3	-293.4	-183.5	-236.9
Operating margin (EBIT), %	-13.5%	-28.9%	-18.7%	-24.9%	-18.8%
Profit/loss for the period	66.5	-105.0	66.1	-203.3	-229.2
Earnings per share before and after dilution, SEK	1.04	-1.81	1.04	-3.62	-3.97
Net debt (-)/Net cash (+)	-692.6	-241.6	-692.6	-241.6	119.7
Cash flow from operating activities	-15.6	-160.3	-200.3	-296.9	-409.3
Number of shares at the end of the period	64,086,269	57,707,417	64,086,269	57,707,417	62,130,269
Share price on closing day, SEK	29.64	522.0	29.64	522.0	277.8
Market capitalization on closing day, BSEK	1.9	30.1	1.9	30.1	17.3
Number of employees at the end of the period	1,267	997	1,267	997	1,159

Financial Performance

JULY – SEPTEMBER 2022

NET SALES MSEK / ROLLING 12 MONTHS



THE GROUP

Net Sales

Net sales in the third quarter amounted to MSEK 550.6 (315.6), an increase of 74 percent (292) compared with the corresponding period last year.

Organic growth in the quarter amounted to 28 percent (59), and 12 percent excluding currency effects. Bioprinting reported organic growth of 33 percent, and 15 percent excluding currency effects. Bioscience reported organic growth of 27 percent, and 10 percent excluding currency effects. Bioautomation reported organic growth of 25 percent, and 11 percent excluding currency effects. For more information on the respective business area, please see pages 10-11.

Contributing to the total sales growth in the quarter were the acquisitions made in 2021, with acquired growth mainly coming from the Biosciences business area. Sequentially towards the second quarter, no acquisitions have been carried out.

Services accounted for 11.4 percent (12.9) of sales. Consumables accounted for 15.7 percent (23.0) of product sales for the quarter. The decrease is due to the product mix in acquired companies in late 2021. For more information on the distribution of net sales, see Note 3.

Results

Gross profit in the third quarter amounted to MSEK 421.1 (230.7), which meant a gross margin of 76.5 percent (73.1).

The gross margin was impacted positively by currency effects by approximately 1.3 percentage points. EBITDA for the third quarter amounted to MSEK 1.8 (-33.8), corresponding to an EBITDA margin of 0.3 percent (-10.7), and was positively impacted by currency.

Adjusted EBITDA for the third quarter amounted to MSEK 18.1 (-16.0). Items in the adjusted EBITDA measure for the third quarter are shown below.

Operating profit for the third quarter amounted to MSEK -74.2 (-91.3), corresponding to an operating margin of -13.5 percent (-28.9). Operating profit for the quarter was affected by amortization of acquired intangible assets of MSEK -32.5 (-26.2). The increased amortization compared with the corresponding period last year is the result of the number of acquisitions made in 2021, as well as a weakened SEK compared to USD and EUR.

Other operating income in the quarter amounted to MSEK 29.1 (8.2). Other operating income was mainly related to grants for development projects and positive effects of currency exchange rates due to the weakened SEK.

Financial items were affected by market development and dividends on the company's short-term investments of net MSEK 1.9 (5.7) in the quarter. Furthermore, there were net positive currency effects, mainly related to unrealized exchange rate effects on non-currency hedged intra-group loans in the Parent Company, of MSEK 258.5 (-6.4) in the quarter.

Financial items were also charged with costs related to convertible bonds totaling MSEK -20.0 (-17.9) for the quarter; see further information in Note 4.

Net profit for the period for the third quarter amounted to MSEK 66.5 (-105.0), corresponding to earnings per share before and after dilution of SEK 1.04 (-1.81).

Cash flow, investments and liquidity

Cash flow from operating activities for the quarter amounted to MSEK -15.6 (-160.3), of which MSEK -14.2 (-108.5) consisted of changes in working capital.

The cash flow from changes in inventories amounted to MSEK -54.8 (-50.7). The inventory increased to support the seasonally strong fourth quarter and to mitigate supply chain risks. The cash flow from changes in operating receivables amounted to MSEK -49.1 (-70.9). The operating receivables increased due to increased contract assets and, to a smaller extent, increased trade receivables. The cash flow from changes in operating liabilities amounted to MSEK 89.7 (13.2) and was mainly impacted by increased contract liabilities.

Items affecting comparability MSEK	July–Sep 2022	July–Sep 2021
Costs related to option programs	8.9	2.7
Legal costs	-	2.5
Acquisition-related costs	5.7	4.7
ERP, Phase one implementation costs	-	4.9
Restructuring costs related to personnel changes	1.8	-
Re-branding	-	3.0
Total	16.4	17.8

Cash flow from investing activities during the quarter amounted to MSEK -27.1 (30.0), of which MSEK -115.0 (-159.6) was attributable to the cash purchase price for the acquisitions and contingent considerations paid during the quarter, as well as associated acquisition costs. In Q3, the Group paid installments of the contingent considerations to former owners of Nanoscribe and Biosero. In the comparison period, Advanced Biomatrix was acquired.

MSEK 229.8 (242.4) was attributable to the purchase and sale of short-term interest rate funds and other short-term investments during the quarter. During the quarter, the Group invested MSEK -59.9 (-35.4) in intangible fixed assets, mainly attributable to development of new products. Investments in tangible fixed assets amounted to MSEK -82.1 (-17.4), of which MSEK -54.5 was due to the buildings that SCIENION and Ginolis are constructing for their operations in Berlin and Oulo, respectively. The remaining investments scheduled for these buildings are estimated at MSEK 55 in 2022 and MSEK 60 in 2023.

Cash flow from financing activities for the quarter amounted to MSEK -29.5 (20.8) and consisted mainly of amortization of lease liabilities and overdrafts. The quarter's total cash flow amounted to MSEK -72.2 (-109.4).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to MSEK 688.3 (1,107.1). The short-term investments are mainly short-term interest rate funds and corporate bonds, which can be converted into liquid funds on short notice. The Group's external financing consisted of interest-bearing liabilities of MSEK

1,380.8, of which MSEK 1,355.8 relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling MSEK 461.8. Reported contingent considerations to be paid amount to MSEK 367.8, of which MSEK 106.1 is reported as due within 12 months. See note 6 for more information on the contingent considerations.

Trade receivables update

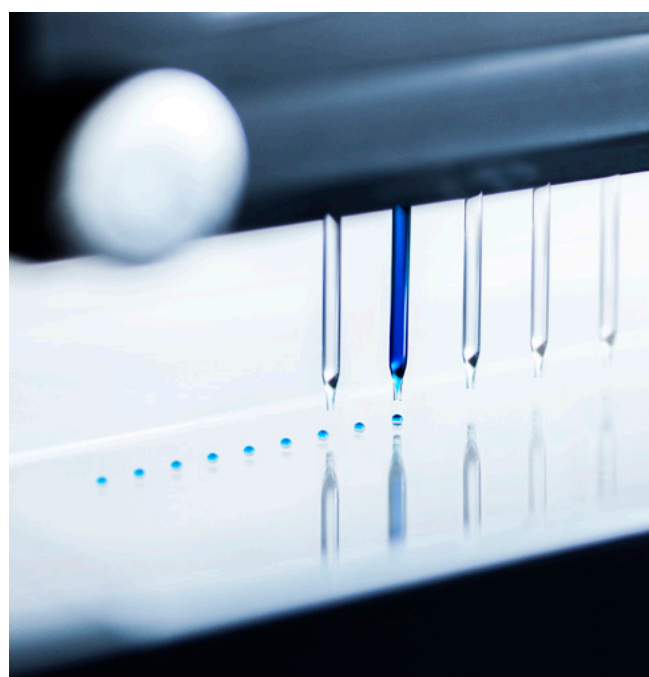
As per September 30, 2022, gross trade receivables amount to 667 MSEK, whereof 83 MSEK are reserved as doubtful. The corresponding numbers as of December 31, 2021 were 609 MSEK and 32 MSEK, respectively.

In Q3, gross receivables overdue more than 90 days amounts to 141 MSEK, meaning that the Group's net exposure for these receivables amounts to 58 MSEK or 41%. The corresponding numbers as of December 31, 2021 were 103 MSEK, 71 MSEK and 69%, respectively.

The main reason for the increased nominal amounts in SEK compared to 2021 is related to the weakened SEK towards the USD, where the Group has the majority of the revenue, during 2022. The decreased exposure for overdue receivables is mainly due to the One-off items related to accounts receivables communicated in the Group's Q2 report, 2022, where proactive resolutions of old accounts and uncertain receivables resulted in total credits and credit provisions of -59 MSEK, as well as improved credit evaluations of customers.

Improving working capital and liquidity – work in progress

Activities to improve working capital are ongoing, including stricter payment terms in some companies, more use of collection agencies to secure timely payments, as well as establishing factoring solutions for some companies at the beginning of next year. Together, these activities are estimated to free up significant amount of capital tied up in accounts receivables. Another important initiative to increase the company's cash position is facility financing regarding the buildings in Finland and Germany. The initiative is in process, and we are evaluating several options.



Financial performance

JANUARY – SEPTEMBER 2022

THE GROUP

Net Sales

Net sales for the first nine months amounted to MSEK 1,565.4 (738.2), an increase of 112 percent (365) compared with the corresponding period last year.

Organic growth for the first nine months amounted to 24 percent (69), and 10 percent excluding currency effects. Bioprinting reported organic growth of 39 percent, and 23 percent excluding currency effects. Bioscience reported organic growth of 37 percent, and 22 percent excluding currency effects. Bioautomation reported organic growth of 6 percent, and -4 percent excluding currency effects. For more information on these business areas, please see pages 10-11.

Contributing to the total sales growth for the first nine months were the acquisitions made in 2021. The acquired growth mainly came from the Biosciences business area.

Services accounted for 10.3 percent (13.2) of sales. Consumables accounted for 17.3 percent (19.0) of product sales in the period. For more information on the distribution of net sales, see Note 3.

Results

Gross profit for the first nine months amounted to MSEK 1,166.1 (533.2), which meant a gross margin of 74.5 percent (72.2). The gross margin is slightly higher than previous periods, which is partly due to positive impact from currency effects by approximately 1.2 percentage points.

EBITDA for the first nine months amounted to MSEK -80.6 (-58.1), corresponding to an EBITDA margin of -5.1 percent (-7.9). EBITDA was negatively impacted by one-off bad debt and restructuring costs, and positively impacted by currency.

Adjusted EBITDA for the first nine months amounted to MSEK 35.3 (-7.3). Items in the adjusted EBITDA measure for the first nine months are shown below.

Operating profit for the first nine months amounted to MSEK -293.4 (-183.5), corresponding to an operating margin of -18.7 percent (-24.9). Operating profit for the period was affected by amortization of acquired intangible assets of MSEK -97.9 (-52.8). The increased amortization compared with the corresponding period last year is the result of the number of acquisitions made in 2021 as well as a weakened SEK in relation to USD and EUR.

Other operating income for the period amounted to MSEK 73.5 (22.5). Other operating income consisted mainly of grants for development projects and positive effects of currency exchange rates due to the weakened SEK.

Financial items were affected by negative market development and dividends on the company's short-term investments of net MSEK -26.2 (11.8) in the period. Furthermore, there were net positive currency effects, mainly related to unrealized exchange rate effects on non-currency hedged intra-group loans in the Parent Company, of MSEK 563.2 (-4.5) in the period.

Financial items were also charged with costs related to

convertible bonds totaling MSEK -59.6 (-37.7) for the period, see further information in Note 4.

Net profit for the first nine months amounted to MSEK 66.1 (-203.3), corresponding to earnings per share before and after dilution of SEK 1.04 (-3.62).

Cash flow, investments and liquidity

Cash flow from operating activities for the first nine months amounted to MSEK -200.3 (-296.9), of which MSEK -147.5 (-202.9) consisted of changes in working capital.

The cash flow from changes in inventories amounted to MSEK -178.4 (-127.0). The inventory increased to support future growth and mitigation of supply chain risks. The cash flow from changes in operating receivables amounted to MSEK -91.3 (-130.2). The operating receivables increased mainly due to increased contract assets following an increased amount of ongoing large customer projects. The cash flow from changes in operating liabilities amounted to MSEK 122.2 (54.3) and was mainly impacted by increased contract liabilities.

Items affecting comparability MSEK	Jan-Sep 2022	Jan-Sep 2021
Costs related to option programs	33.8	5.1
One-off provision for bad debt	43.9	-
Restructuring costs related to personnel changes	11.9	-
Acquisition-related costs	17.0	34.3
Governmental support	-	-1.1
Re-branding	-	5.1
ERP, Phase one implementation costs	8.3	4.9
Legal costs	1.0	2.5
Total	115.9	50.8

Cash flow from investing activities during the first nine months amounted to MSEK 157.6 (-2,715.7), of which MSEK -190.3 (-2,116.6) was attributable to the cash purchase price for the acquisitions and contingent considerations paid during the period, as well as associated acquisition costs. During the first nine months, the Group acquired Allegro 3D and paid installments of the contingent considerations to former owners of Nanoscribe and Biosero. In the comparison period, Ginolis, MatTek, Visikol, Nanoscribe, Discover Echo and Advanced Bio-matrix were acquired.

MSEK 761.6 (-422.7) was attributable to the purchase and sale of short-term interest rate funds and other short-term investments during the period. During the first nine months,

the Group invested MSEK -188.8 (-121.0) in intangible fixed assets, mainly attributable to development of new products. Investments in tangible fixed assets amounted to MSEK -224.9 (-55.4), of which MSEK -124.0 was due to the buildings that SCIENION and Ginolis are constructing for their operations in Berlin and Oulo, respectively. The remaining investments scheduled for these buildings are estimated at MSEK 55 in 2022 and MSEK 60 in 2023.

Cash flow from financing activities for the first nine months amounted to MSEK 2.4 (2,907.6) and consisted mainly of exercised options in one of the Group's option programs and amortization of lease liabilities. During the comparison period, the Group carried out a new issue of MSEK 1,500 and a convertible issue of MSEK 1,500.

The total cash flow for the first nine months amounted to MSEK -40.3 (-105.1).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to MSEK 688.3 (1,107.1). The short-term investments are mainly short-term interest rate funds and corporate bonds, which can be converted into liquid funds on short notice. The Group's external financing consisted of interest-bearing liabilities of MSEK 1,380.8, of which MSEK 1,355.8 relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling MSEK 461.7. Reported contingent considerations to be paid amount to MSEK 367.8, of which MSEK 106.1 is reported as due within 12 months. See note 6 for more information on the contingent considerations.

PARENT COMPANY

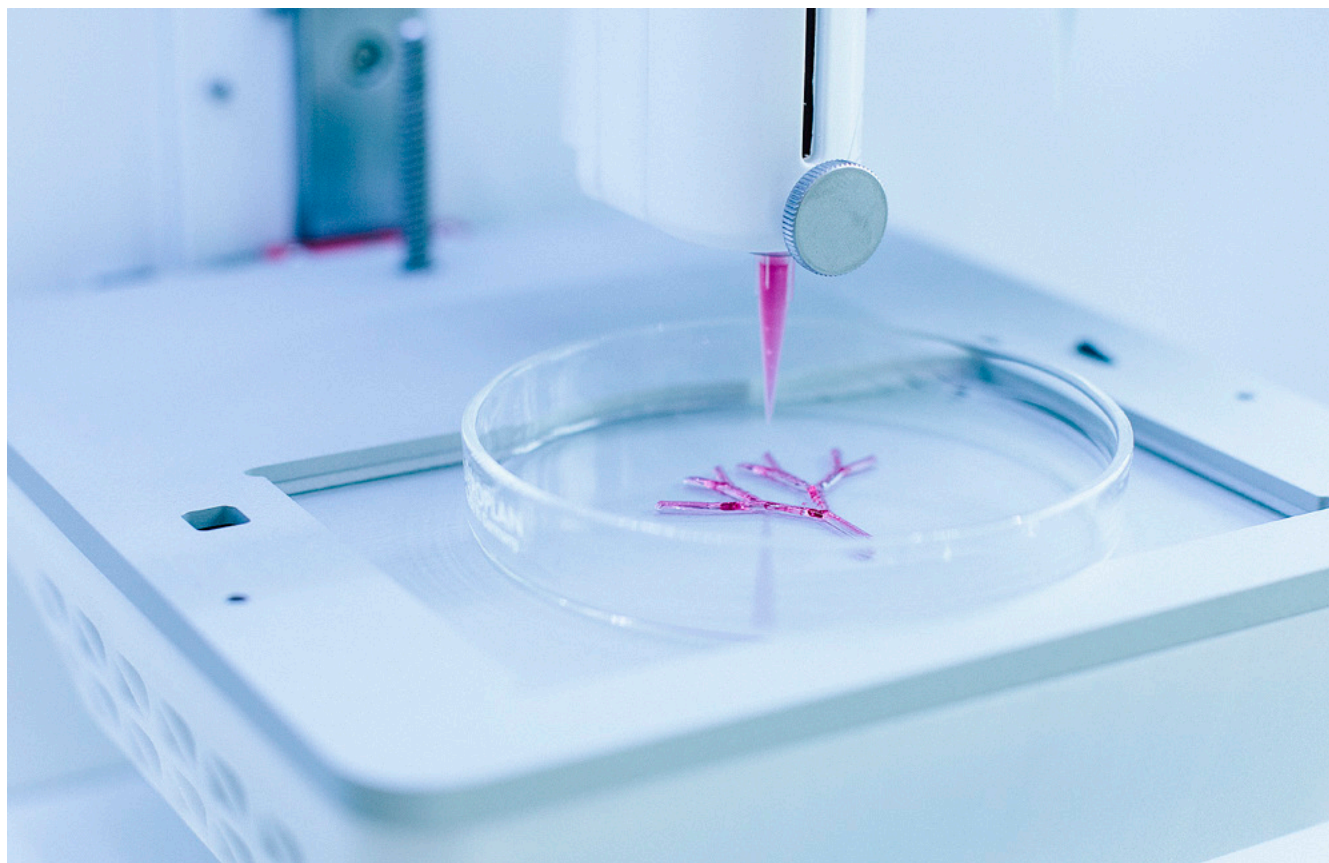
The Parent Company's net sales during the first nine months amounted to MSEK 24.5 (175.2), of which MSEK 17.7 (78.6) pertained to intra-group revenues. Sales for 2022 mainly consisted of invoiced costs from the parent company to the subsidiaries, while operating activities were still ongoing in the parent company during the comparison period.

Profit after financial items amounted to MSEK 477.9 (-144.2) and profit for the period amounted to MSEK 403.2 (-130.6).

The positive result is mainly attributable to unrealized currency gains and interest income from intra-company receivables denominated in USD.

During the second half of 2021, the Group carried out a gradual restructuring, in which personnel, IP, inventories and fixed assets were transferred from the parent company to three subsidiaries. The restructuring also led to a reorganization of the invoicing flow, which has led to the parent company's net sales decreasing in favor of the subsidiaries. As of December 1, 2021, external invoicing takes place directly from subsidiaries.

At the end of the quarter, the parent company's cash and cash equivalents and short-term investments amounted to MSEK 296.0 (794.8). The parent company's external financing consisted of a convertible debt of MSEK 1,355.8, external loans of MSEK 4.5 and other long-term financing of MSEK 0.6. For more information on convertible debt, see Note 4.



Our Business Areas

Our three business areas – Bioprinting, Biosciences and Bioautomation – operate with a decentralized approach under focused leadership teams.

BIOPRINTING

Bioprinting is a world leader in 3D bioprinters and bioinks with a wide range of technologies for different demanding applications, resolutions (50 – 10 micro), and volume/speed requirements. Our hardware, software and biomaterials have earned us a premier position in reliable in vitro human tissue model innovation. These models are used to assess safety and efficacy throughout the cosmetics, chemical, pharmaceutical, and household product industries – while lowering testing costs and reducing animal testing. Our pioneering work in additive microfabrication uses 2-photon polymerization 3D printing with a resolution down to 200 nano, enabling applications in microoptics, micromechanics, biomedical engineering, and photonics. In addition, we provide CRO services focused on accelerating drug discovery and development, with advanced tissue imaging and cell culture services. Customers include research labs and pharma companies, as well as semiconductor and optics manufacturers.

Comments on the quarterly result

In the third quarter, the Bioprinting business area reported net sales of SEK 145.7 million, representing 26 percent of total Group sales. The organic growth was 33 percent, and 15 percent in constant currency. The segment generated an adjusted EBITDA of SEK 1.3 million, representing a margin of 1.0 percent. Reported EBITDA was SEK -3.0 million, corresponding to a margin of -2.0 percent.

The third quarter shows again that Bioprinting continues to deliver strong organic growth from all companies in this business area and has also taken the necessary actions to become profitable, presenting a positive adjusted EBITDA, as well as improving our cash flow. The increased market demand has generated a good order stock for Nanoscribe and Cellink, which also indicates future sustainable profitable growth. The proportion of pharma and industrial sales compared to the research and academic segments is also growing. Growth in MatTek, Advanced BioMatrix, and Visikol is conforming to plan.

Market conditions

We are in a good position presently and continue to see positive growth for products and services. Our customers are ordering at a similar frequency and we do not see any changes in market dynamics. Our customer base in the research area is not sensitive to short-term changes in the economy. For example, demand for CRO services is increasing, because pharma companies are striving to be more cost-efficient through outsourcing. Our tissue model segment continues growing positively. And for 3D bioprinting, we are seeing 30% organic growth. Our newest acquisition, Allegro, is addressing a new additional market – the need for higher throughput in drug development. Likewise, Nanoscribe continues to grow, because it is filling a need in micro optics and other industrial applications. With our good growth and momentum, we don't foresee large effects from macroeconomic conditions.

Operational efficiency and innovation

Being the market leader in bioprinting requires constant innovation from our side. We have been improving production and pre-assembly of our systems, consolidated production for bioinks, and removed parts of the portfolio that do not have high margins. At the same time we are reprioritizing all new product development in the pipeline based on market and customer requirements instead of our full R&D extended vision. This will lead to improved cash flow and faster market entries. On a higher level, we are working on the next generation of bioprinters and bioinks, as well as GMP printers for pharma and industrial customers.

Management, control and reporting

Regarding accounts receivable, we have improved the days outstanding orders (DSO) and collected past due accounts. We have instituted a very clear sales policy that qualifies customers through credit checks.

Future outlook and market potential Bioprinting

While current macroeconomic effects are unavoidable, there is a willingness in the pharma industry to increase investments in new drug development, which is expected to have rapid effects on our sales, and big pharma is showing an interest in 3D bioprinters. Their demand for higher throughput and efficient workflows will generate new opportunities for us. What is really exciting is that we are enabling a real impact on patients. Major industrial customers are also starting to buy our systems, not just researchers, opening up a great business potential for real scalability.

/ Artur Aira, Medtech Eng. and MBA, SVP and Business Area Director

BIOSCIENCES

Biosciences supplies advanced lab instrumentation and smart workflow connectivity software to analyze data from applications in cell culture, cell imaging, cell sorting, and sample preparation for different analytics, such as genomics. We also deliver laboratory integration and automation solutions that enable researchers to orchestrate and accelerate their discoveries at every stage. Customers include pharma and biotech companies, as well as academic research labs. Our instruments are sold with proprietary consumables and/or proprietary software.

Comments on the quarterly result

In the third quarter, the Biosciences business area reported net sales of SEK 235.8 million, representing 43 percent of total Group sales. The organic growth was 27 percent, and 10 percent in constant currency. The segment generated an adjusted EBITDA of SEK -1.6 million, representing a margin of -0.7 percent. Reported EBITDA was SEK -9.6 million, corresponding to a margin of -4.1 percent.

During the third quarter, we saw a differentiated picture where large pharma customers continued to invest, which has benefitted Biosero, for example, by taking in several multimillion-dollar orders from first-tier global pharma players. In general Discover Echo continues to grow profitably, while organic growth was particularly strong, given a slow quarter last year. Other Biosciences companies such as Cytena and Dispendix have faced challenges in fully delivering on their ambitious sales targets, but have made good progress in reducing their operational costs and improving cash flow.

Market conditions

The commercial environment is starting to stabilize, as we now see continued momentum in pharma and academic sectors, while new and upcoming biotech customers remain cautious. In the laboratory automation space, Biosero is particularly well positioned, since its software platform is vendor-agnostic when it comes to connecting instruments, devices, and robotics with laboratory information management systems and data analysis tools. Discover Echo is commercially distributing CELLCYTE X product from Cytena in Q3 and has had success taking orders for this product along with its own products. While not all orders have been converted to net sales yet, this shows good market momentum.

While some distributors in Asia continue to place orders with us, others in China are still impacted by local market environments. We are actively working with our local partners and customers to mitigate these effects.

Our Business Areas

Operational efficiency and innovation

The cost-cutting measures we started last quarter are well underway at Cytena and Dispandex, while Biosero and Discover Echo continue to carefully expand in line with customer demand. In Cytena and Dispandex, we have reduced operational expenses (FTEs and hours worked), as well as closed some regional offices, reduced R&D team sizes, and merged commercial teams between different operating companies.

Management, control and reporting

We are continuously improving our pricing, collection and credit scoring processes, and have enforced stricter payment terms in future contracts. We are now seeing the first positive effects of these improved payment terms on cash flow in some of our companies.

Future outlook and market potential Biosciences

We are expecting strong year-end business, steadily improving profitability, and an improved market sentiment, especially with big pharma. Discover Echo will continue to grow faster than the mature microscopy market, partially driven by the fact that they have moved beyond the supply chain issues they experienced in Q3 last year. We also see that some R&D investments are now starting to result in more and more sales. Some recently launched products have had good reception in the marketplace and we expect additional sales in the future. The strong growth at Biosero will benefit other instruments categories. Having secured many large long-term projects with major pharma players, Biosero is positioned very strongly to continue to gain market share in the growing lab automation market. This continuous increase in demand for automation in clinical and pharma laboratories creates a very attractive opportunity for BICO Biosciences.

/ Jonas Schöndube, PhD, SVP and Business Area Director

BIOAUTOMATION

Bioautomation offers scientific instruments and solutions for scalable manufacturing of diagnostics as well as consumables to enable single cell- and other workflows. Our customer base is mainly in diagnostics, with increasing interest from biopharma CROs and pharma companies. A typical customer journey might start as an R&D project, then turn the results into manufacturing for clinical studies, and finally full-scale manufacturing for worldwide use. Our main differentiator is that we can scale projects to any size, while utilizing only marginal volumes (e.g. 100 pl) of typically expensive biological reagents, or just a single cell. This results in enormous savings of resources and costs. We also offer contract manufacturing services on all the technologies we offer, letting customers decide if they want to invest in equipment or just obtain a service. All services can later be tech transferred to customers at any time.

Comments on the quarterly result

In the third quarter, the Bioautomation business area reported revenue of SEK 169.0 million, representing 31 percent of total Group sales. The organic growth was 25 percent, and 11 percent in constant currency. The segment generated an adjusted EBITDA of SEK 32.0 million, representing a margin of 18.9 percent. Reported EBITDA was SEK 28.5 million, corresponding to a margin of 16.9 percent.

The Bioautomation business area is a mixed bag where QInstruments is seeing an all-time high demand for their unique portfolio of BioShakers, and there is good uptake as well for single-cell handling products from SCIENION and Cellenion. We are seeing hesitation in standard diagnostic segments, partly due to unsteady demand for covid-related diagnostics. Cellenion is on its way to a

record year, expecting to quadruple its user base. Due to covid effects, Ginolis has been struggling with both generating new orders and executing delivery of ongoing projects. This has led to major restructuring, and we are starting to see movement in right direction. The largest company in our business area, SCIENION, had a weak quarter in terms of sales and orders, but expects a robust fourth quarter following normal seasonal effects. Overall, our sales performance during the third quarter has been somewhat better than we expected at the end of the second quarter.

In September, Cellenion released proteoCHIP Label Free 48, which allows fully automated sample preparation for label-free single-cell proteomic analyses. Single-cell proteomics is a cutting-edge research field, as proteins are the main drivers of cellular function. Mass spectrometry proteomics leads to new discoveries about biological processes and allows better understanding of disease mechanisms.

Market conditions

As most of our businesses are cyclical, we are gearing up towards concluding business in the fourth quarter and continuing our move towards more pharmaceutical and biotech applications, and away from diagnostics. We expect a slowdown in orders from customers that are solely active in covid-19 diagnostics. We expect a shift from simple yes/no lateral flow tests to multiparameter tests, for example, adding flu diagnostics to covid-19 tests. We expect precision medicine to be a major long-term trend. With single-cell technology, we have the ultimate resolution for sample preparations in this area.

Management, control and reporting

We continue to work with commercial and operational teams, and cost-efficient synergies in Bioautomation. Our supply chain is in place in all companies, enabling us to deliver on customer demand. Concurrent with our opening of a new facility in Portsmouth, UK – capable of running customer R&D projects, single-cell applications, and contract manufacturing – we merged Ginolis and SCIENION in the UK, and have also opened joint operations in China. In the interest of operational efficiency and innovation, we have activated a combined Bioautomation sales force globally.

We know our customers very well. By the time we have built a multimillion-dollar automation line, we have built a lasting relationship with a customer we have known for years. Perhaps starting with contract services and moving on to lab instruments, so the risk of financial exposure is low. Down payments and progress payments limit financial risk.

Future outlook and market potential

There are three significant strands that we are pursuing into the future. The first is our entry into the wellbeing and lifestyle segment, involving biosensors for human medical applications. Lifestyle sensors, for example, might sample minute amounts of sweat or other body liquids relating to fitness. The cosmetic industry is another potential new market for us.

The second is the development of multiparameter tests, such as adding flu diagnostics to covid-19 tests, which will give us a powerful edge in the ever-shifting diagnostics market.

The third opportunity is single-cell multiomic analyses, working both with genomic (DNA/RNA) analyses and proteomics, an analysis of the proteins encoded in the DNA – which determines the cell's functional role. We are possibly the only company enabling analysis of all DNA content plus the protein content – from a single cell. This is critical for increased analytical precision required in oncology and autoimmune diseases, which is exactly the role we want to play in the future of healthcare.

/ Holger Eickhoff, PhD



TOM GILMAN / CEO BIOSERO

Strong demand and record order intake

Biosero was founded in 2003 and recently surpassed 100 employees. Biosero develops laboratory automation solutions that enable researchers to orchestrate their discoveries at every stage. The

company is headquartered in San Diego, California, but we have employees around the world.

LAB AUTOMATION COUPLED WITH ENGINEERING AND APPLICATIONS SUPPORT

Our flagship software platform, Green Button Go Scheduler, connects instruments, devices, and robotics with laboratory information management systems (LIMS) and data analysis tools, to provide completely automated laboratory processes. Our platform is vendor agnostic, so scientists can use the tools they prefer that best match their application requirements.

A recent addition to the platform collects data from manual tasks (barcode reading, scale readouts, Bluetooth-connected pipettors, etc.) as if the processes were automated. The team can now connect manually derived data to the data from their

automated work cells for a fully integrated analytical environment. Another app provides data visualization tools for real-time monitoring, dynamic analytics, and historical metrics, creating an unprecedented level of laboratory transparency, data harmonization, and data contextualization. This enables users to continually improve processes, which accelerates scientific innovations, discoveries, and cures.

CAN WE INTEGRATE AND AUTOMATE THE WORLD?

After we joined BICO in late December 2021, we started working on our vision of creating a fully digitized BICO environment. This would allow scientists and engineers to plug in any BICO device to our digital platform for automatic device registration, automated (or predicted) maintenance, automated data capture at all user sites, universal data visualization, etc., providing unparalleled analytical capabilities.

This ambition isn't science fiction. We built an award-winning acceleration lab at our headquarters to help scientists visualize how these tools can accelerate their discoveries. Thus far 2500 visitors from 300 companies have visited our lab to view our showcase technologies, and the future of lab automation. Our team recently worked with our sister company Cytena in Freiburg, Germany to build a second acceleration lab there.

SUSTAINABILITY

A big breakthrough for saving animal lives

BICO's efforts pushing for animal-free testing, already saving more than 100,000 animal lives, is in step with recent legislation. If the FDA Modernization Act 2.0 in the US passes, aligning with EU and Mexico, it would allow pharma companies applying for market approval for a new drug to use methods other than animal testing to establish the drug's safety and effectiveness.

BICO's sustainability agenda reflects a strong corporate culture impacting UN Sustainable Development Goals 3, 9 and 12.

HIGHLIGHTS IN Q3



OUR OFFERING

KPI: Lead the industry to zero animal testing by 2030

More than 100,000 animal lives saved YTD.

US enacts the FDA Modernization Act 2.0 in September.



OUR PEOPLE

KPI: 100% of employees shall be educated biannually in our CoC

Code of Conduct training rolled out throughout BICO



OUR PLANET

KPI: Minimize the use of materials

A Life Cycle Assessment done at Cellink Bioprinting for refurbished vs new instrument sales

KPI: Reducing CO2 emissions

BICO and Cellink Bioprinting moved into a self-sufficient building powered by solar panels

Financial Comments

SIGNIFICANT EVENTS

DURING THE THIRD QUARTER

- **July:** BICO announces preliminary financial performance for the second quarter. On July 18 a conference call was held. <https://bico.com/investors/financials/financial-reports-and-presentations/>
- **August:** Publication of Interim Report January–June 2022

SIGNIFICANT EVENTS

AFTER THE END OF THE QUARTER

- **October:** Nomination Committee 2023 AGM appointed
- **October:** Invitation to BICO Group's Capital Markets Day November 10, 2022
- **November:** Invitation to presentation of BICO's Q3 performance 2022

PARENT COMPANY

BICO Group AB (publ) is the parent company for the Group with Group-wide functions and with a focus on delivering on the agenda for bioconvergence, identifying synergies, developing the offering and technologies, and contributing to the development of the Group's various companies.

REPORTING SEGMENTS

Since Q1 2022, the BICO Group consists of three reporting segments, mirroring the three business areas: Bioprinting, Biosciences and Bioautomation. In addition to this, there is also a Group-wide segment. Due to the lack of relevant financial information for the new segments in the comparison periods, information is provided according to both the old and the new segmentation. For more information, see Note 3.

RELATIONSHIPS WITH RELATED PARTIES

No transactions that materially affected the company's earnings and financial position were carried out with related parties during the quarter. Certain members of the Group's management team and the Board of Directors hold options in BICO, see Note 5. For information on related relationships, see the annual report for 2021, Note 29, page 119.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group is exposed to various types of risks through its operations. Risks can be divided into external risks, operational risks and financial risks. External risks include changes in economic conditions, commodity prices and the legal environment. Operational risks include BICO's ability to develop, patent and sell new innovative products and solutions, and that the Group can attract and retain qualified employees. The main risk is that the acquired companies will not develop in line with expectations. The financial risks are summarized under currency risk, liquidity and financing risk, market risk, credit risk and interest rate risk. BICO's risks and uncertainties

are described in the Annual Report for 2021 on pages 65-68 and 82-84.

During 2022, the company has been impacted by disruptions in the macro economic environment such as rising interest rates, rising inflation, war in Ukraine and covid lockdowns in China. These factors have impacted the Group's sales both direct but mostly indirect. The inflation risk has been mitigated through price increases during the year in all Group companies. The other risks have been proactively mitigated through discussions with customers, redirected sales and cost-cutting measures.

SEASONAL VARIATIONS

BICO's sales are affected by seasonal effects. Historically, the Group has gradually increased sales and profit during the calendar year, with a certain decline during the holiday period (July-August). Q1 is normally the weakest quarter, and Q4 the strongest.

EXECUTIVE MANAGEMENT FOR FURTHER FOCUS

The Executive Management of BICO Group as of May 2022 consists of: President and CEO Erik Gatenholm (Founder), EVP and CTO Hector Martinez (Co-founder), Interim Group CFO Mikael Engblom, SVP and General Counsel Lotta Bus, Interim SVP and Head of Investor Relations Åsa Hillsten, SVP and Chief People Officer Erica Bell, SVP and Business Area Director Jonas Dr. Jonas Schöndube, SVP and Business Area Director Dr. Holger Eickhoff, SVP and Business Area Director Artur Aira.

EMPLOYEES

As of 30 September 2022, the Group had a total of 1,267 employees, of whom 818 were men and 449 were women. Expressed as percentages, men represented 65 percent of the total number of employees, while women represented 35 percent. Out of our 1,267 employees, 1,179 are employed full-time and 88 are employed on a part-time basis.

Financial Comments

BUSINESS UPDATE JULY

On July 15 Bico Group announced preliminary results for the second quarter 2022 and a one-off item related to accounts receivable, an update on financial and operational performance, changed market conditions, potential effects in the near future and measures taken to ensure improvements.

CAPITAL MARKETS DAY

On November 10, 2022 BICO Group will hold its digital Capital Markets Day. Erik Gatenholm and members of management team as well as CEOs for portfolio companies will cover company strategy, financials, and operations momentum as well as present case studies. The Capital Markets Day will be broadcast live online. A recording of the Capital Markets Day will be available on demand on our website shortly after the event. To participate, use the following link: <https://tv.stream-fabriken.com/bico-cmd-2022/register>

SHARE CAPITAL

As of September 30, 2022, share capital amounted to SEK 1,602,057 divided among 64,086,269 ordinary shares. As of September 30, 2022, the closing price for the BICO Group share was SEK 29.64. The Company has two (2) classes of shares: 1,500,000 A-shares which entitle the owner to ten (10) votes per share, and 62,586,269 shares which entitle the owner to one (1) vote per share at the General Meeting. The total number of shareholders as of September 30, 2022 was approximately 24,000.

SHAREHOLDER STRUCTURE

Ten largest shareholders as of September 30, 2022

%	
15.00%	Erik Gatenholm
9.86%	Hector Martinez Avila
9.62%	Handelsbanken Funds
4.99%	Fourth Swedish National Pension Fund
4.26%	Third Swedish National Pension Fund
3.04%	Deka Investments
2.03%	ARK Investment Management LLC
2.01%	Gusten Danielsson
1.84%	Carl Bennet
1.66%	Vanguard
54.33%	Subtotal, 10 largest shareholders
45.67%	Other shareholders
100%	Total

ANNUAL GENERAL MEETING 2022

This year's Annual General Meeting was held on Tuesday April 26, 2022, at Biotech Center, Arvid Wallgrens backe 20, Gothenburg, Sweden. In accordance with the Nomination Committee's proposal Carsten Browall, Bengt Sjöholm, Christian Wildmoser, Erik Gatenholm, Helena Skåntorp and Susan Tousi were re-elected as members of the Board of Directors. Further,

Rolf Classon and Ulrika Dellby were elected new members of the Board of Directors. Carsten Browall was re-elected as Chairman of Board of Directors. <https://bico.com/investors/governance/annual-general-meetings>.

ANNUAL GENERAL MEETING 2023

The 2023 Annual General Meeting will be held May 9, 2023 in Gothenburg, Sweden. All documentation from previous AGMs are published on <https://bico.com/investors/governance/annual-general-meetings/>

NOMINATION COMMITTEE 2023 AGM APPOINTED

In accordance with the decision by the Annual General Meeting 2022, the Nomination Committee of BICO Group AB shall consist of five members, one of whom shall be the Chairman of the Board. On October 28, 2022 the company announced the committee have been appointed based on the ownership structure per September 30, 2022 and consists of: Mats Engström (representing Erik Gatenholm), Claes Dinkelspiel (representing Hector Martinez), Malin Björkmo (representing Handelsbanken), Jannis Kitsakis (representing Fourth Swedish National Pension Fund) and Carsten Browall, Chairman of the Board for Directors BICO Group.

DIVIDEND

According to the current dividend policy, BICO will focus on growth, meaning that dividends may be low or not occur at all in the medium term. There was no dividend paid for the financial period ending September 30, 2022.

REVIEW

This interim report has been subject to review by the company's auditors.



Financial Comments



PRESENTATION TO INVESTORS AND MEDIA

A combined audiocast with telephone conference, with the opportunity to ask questions, will be held on 9 November 2022 at 9:00 am CET, at which President & CEO Erik Gatenholm and Interim Group CFO Mikael Engblom will present the Q3 report. The presentations will be given in English.

Audiocast, at 9:00 am CET:

<https://ir.financialhearings.com/bico-q3-2022>

To participate via telephone, please call:

SE: +46 8 505 16 386

UK: +44 203 198 4884

US: +1 412 317 6300

Please use pin 6705948#

Bioconvergence is enabling the future of health

Bioconvergence is an industry segment within healthcare and research in life science that emphasizes the synergies between multidisciplinary fields of research including engineering, computerized systems, technology such as robotics, artificial intelligence, Big Data and biology.

TRENDS SHAPING THE FUTURE OF BIOCONVERGENCE

- 1/ GROWTH AND DEVELOPMENT IN REGENERATIVE MEDICINE
- 2/ ALTERNATIVES TO ANIMAL TESTING
- 3/ CONTINUOUS FOCUS ON BIOLOGICAL DRUGS
- 4/ INCREASED FOCUS OF PERSONALIZED MEDICINE
- 5/ EVOLVING FIELD OF GENE THERAPIES
- 6/ HEALTH 4.0, DIGITAL TECHNOLOGIES, SMART MACHINES AND DATA

» Supplemental Information

FOR FURTHER INFORMATION PLEASE CONTACT

Erik Gatenholm / President and CEO

+46 732 67 00 00
+1 (650) 515 5566
eg@bico.com

Mikael Engblom / Interim Group CFO

+46 70 991 86 04
me@bico.com

Åsa Hillsten / Interim SVP & Head of Investor Relations

+46 70 081 81 17
ash@bico.com

REGISTERED OFFICE

BICO Group AB (publ)
Långfilsgatan 9
412 77 Gothenburg, Sweden

bico.com
ir@bico.com

This information is information that BICO Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set to the left, on November 9, 2022 at 07:00 CET.

Upcoming Events

NOVEMBER 10, 2022 / Capital Markets Day

The Capital Markets Day will be broadcast live online. A recording of the presentation will be available on our website shortly after the event. participate use the following link: <https://tv.streamfabriken.com/bico-cmd-2022/register>

FEBRUARY 22, 2023 / Year-end report 2022 January–December 2022

MARCH 15, 2023 / Annual Report 2022

The report will be available on our website:
<https://bico.com/investors/financials/financial-reports-and-presentations/>

MAY 4, 2023 / Interim report January - March 2023

Review Report

BICO Group AB (publ) org. no. 559050-5052

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of BICO Group AB (publ) as of September 30, 2022 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant

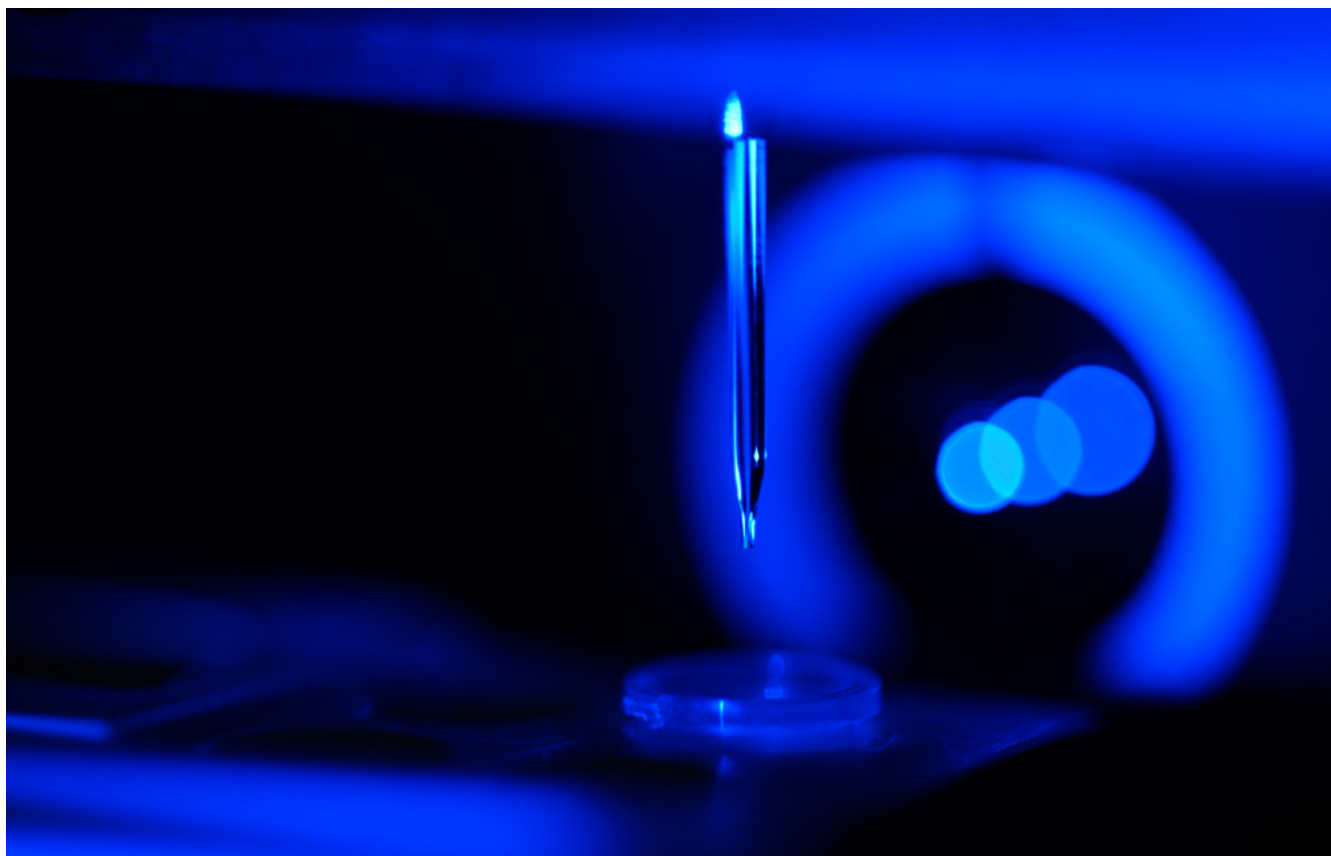
matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, November 9, 2022
Deloitte AB
Signature on Swedish original

Fredrik Jonsson
Authorized Public Accountant



Condensed consolidated income statements

Amounts in MSEK	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	3	550.6	315.6	1,565.4	738.2	1,257.3
Change in inventories*		8.4	3.3	4.0	9.9	13.2
Capitalized work for own account		43.5	23.5	134.1	65.9	94.0
Other operating income		29.1	8.2	73.5	22.5	73.8
OPERATING EXPENSES						
Raw materials and supplies		-137.9	-88.2	-403.3	-214.9	-362.2
Other external costs		-168.9	-113.8	-523.9	-268.8	-433.1
Personnel expenses		-313.6	-182.3	-909.3	-406.9	-669.8
Depreciation and amortization of fixed assets		-76.1	-57.5	-212.9	-125.4	-191.8
Other operating expenses		-9.4	-0.1	-21.1	-4.0	-18.3
Operating profit/loss		-74.2	-91.3	-293.4	-183.5	-236.9
FINANCIAL ITEMS						
Financial income		258.3	6.3	570.1	12.1	96.3
Financial expenses		-23.6	-29.2	-106.9	-46.1	-72.8
Profit/loss after financial items		160.5	-114.2	169.8	-217.5	-213.4
Tax for the period		-93.9	9.2	-103.7	14.2	-15.8
Net profit/loss for the period		66.5	-105.0	66.1	-203.3	-229.2
ATTRIBUTABLE TO						
Parent company shareholders		66.4	-104.2	66.4	-202.0	-227.6
Non-controlling interest		0.1	-0.8	-0.3	-1.3	-1.6
Earnings per share before dilution, SEK		1.04	-1.81	1.04	-3.62	-3.97
Earnings per share after dilution, SEK		1.04	-1.81	1.04	-3.62	-3.97
Average number of shares before dilution		64,086,269	57,652,721	63,967,544	55,746,831	57,265,416
Average number of shares after dilution**		66,592,019	59,350,884	66,501,637	57,349,179	61,352,967

* The row change in inventories has been retroactively changed in 2021 due to incorrect classification in earlier quarters. The corresponding amounts have been accounted as raw material and supplies. The adjustment has no impact on accounted gross profit or EBITDA.

** Average number of shares including potential ordinary shares.

Condensed consolidated statements of comprehensive income

Amounts in MSEK	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net profit/loss for the period		66.5	-105.0	66.1	-203.3	-229.2
<i>Items that have been transferred or can be transferred to profit for the period</i>						
Translation differences on foreign operations		141.3	78.1	412.4	95.5	81.0
Tax attributable to items that have been transferred or can be transferred to profit		-1.3	-0.4	-5.2	-0.8	1.6
Total comprehensive income		206.5	-27.3	473.3	-108.6	-146.6
ATTRIBUTABLE TO						
Parent company shareholders		205.1	-26.5	471.7	-107.4	-146.0
Non-controlling interest		1.4	-0.8	1.6	-1.2	-0.6

Condensed consolidated statements of financial position

Amounts in MSEK	Note	2022-09-30	2021-09-30	2021-12-31
ASSETS				
Fixed assets				
Intangible fixed assets	6	7,596.0	4,393.8	6,522.7
Property, plant and equipment		411.8	159.7	209.1
Right-of-use assets		456.1	215.9	248.5
Financial fixed assets	4	33.1	20.2	23.8
Deferred tax assets		122.6	114.3	96.5
Total fixed assets		8,620.5	4,903.9	7,100.6
Current assets				
Inventories		556.9	278.3	353.5
Contract assets		192.2	76.9	132.2
Accounts receivable		583.7	332.7	576.9
Prepaid expenses		63.9	23.3	19.1
Other current assets		84.1	62.4	97.3
Short-term investments	4	223.0	773.9	993.8
Cash and cash equivalents		465.3	333.2	481.2
Total current assets		2,169.8	1,880.7	2,654.0
Total assets		10,790.2	6,784.6	9,754.6
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders		7,332.3	4,396.4	6,773.9
Non-controlling interest		30.4	28.3	28.8
Total equity		7,362.7	4,424.7	6,802.7
Long-term liabilities				
Long-term interest-bearing liabilities	4	1,373.3	1,344.3	1,350.3
Long-term lease liabilities		374.3	166.0	198.2
Other provisions		24.6	17.6	19.5
Other long-term liabilities	6	269.8	203.3	393.2
Deferred tax liabilities		341.7	134.7	260.2
Total long-term liabilities		2,383.6	1,865.9	2,221.4
Current liabilities				
Short-term interest-bearing liabilities		7.5	4.4	5.0
Short-term lease liabilities		87.5	50.1	53.3
Accounts payable		164.3	90.5	129.1
Contract liabilities		316.9	76.6	201.5
Other current liabilities	6	271.3	174.4	161.4
Accrued expenses		196.3	98.0	180.2
Total current liabilities		1,043.9	494.0	730.5
Total liabilities		3,427.5	2,359.9	2,951.9
Total equity and liabilities		10,790.2	6,784.6	9,754.6

Condensed consolidated cash flow statements

Amounts in MSEK	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Profit/loss after financial items		160.4	-114.2	169.8	-217.5	-213.4
Adjustments for non-cash items		-154.1	72.7	-202.9	148.2	173.7
Income tax paid		-7.7	-10.4	-19.7	-24.8	-21.5
Increase (-)/Decrease (+) in inventories		-54.8	-50.7	-178.4	-127.0	-169.5
Increase (-)/Decrease (+) in operating receivables		-49.1	-70.9	-91.3	-130.2	-352.9
Increase (+)/Decrease (-) of operating liabilities		89.7	13.2	122.2	54.3	174.4
Cash flow from operating activities		-15.6	-160.3	-200.3	-296.9	-409.2
Acquisition of property, plant and equipment		-82.0	-17.4	-224.9	-55.4	-110.9
Acquisition of intangible fixed assets		-59.9	-35.4	-188.8	-121.0	-156.1
Acquisition of subsidiaries/operations, net proceeds		-115.0	-159.7	-190.3	-2,116.6	-3,540.2
Acquisition/disposal of short-term investments, net		229.8	242.4	761.6	-422.7	-646.6
Cash flow from investing activities		-27.1	30.0	157.6	-2,715.7	-4,453.8
Option premiums received		-	-	0.9	-	-
New issues		-	40.0	52.6	1,565.9	3,609.5
Issue costs		-	-1.2	-0.6	-64.6	-97.9
Issue of convertible loan		-	-	-	1,500	1,500.0
Borrowings		-	-	-	-	-
Repayment of loans		-10.3	-6.2	-1.6	-68.7	-73.9
Amortization of lease liabilities		-19.2	-11.7	-48.9	-25.1	-37.6
Cash flow from financing activities		-29.5	20.8	2.4	2,907.6	4,900.1
Cash flow for the period		-72.2	-109.4	-40.3	-105.1	37.1
Opening cash and cash equivalents		547.1	441.2	481.2	434.9	434.9
Exchange difference in cash and cash equivalents		-9.6	1.4	24.4	3.3	9.2
Closing cash and cash equivalents		465.3	333.2	465.3	333.2	481.2

Consolidated changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Balanced profit including profit for the period	Non-controlling interest	Total equity
Opening balance as of January 1, 2021	1.3	2,299.5	-52.5	-46.4	6.6	2,208.5
Net profit/loss for the period	-	-	-	-202.0	-1.3	-203.2
Other comprehensive income	-	-	94.6	-	0.1	94.7
New share issue	0.1	1,542.9	-	-	22.8	1,565.9
Non-cash issue	0.0	617.1	-	-	-	617.2
Convertible bonds	-	167.1	-	-	-	167.1
Transaction costs, net of tax	-	-30.5	-	-	-	-30.5
Share-based compensation	-	5.1	-	-	-	5.1
Closing balance as of September 30, 2021	1.4	4,601.2	42.2	-248.4	28.3	4,424.7
Opening balance as of January 1, 2022	1.6	7,017.1	29.0	-273.8	28.8	6,802.7
Net profit/loss for the period	-	-	-	66.4	-0.3	66.1
Other comprehensive income	-	-	405.3	-	1.9	407.2
New share issue	0.0	52.6	-	-	-	52.6
Premium from issuing share options	-	0.9	-	-	-	0.9
Transaction costs, net of tax	-	-0.6	-	-	-	-0.6
Share-based compensation	-	33.8	-	-	-	33.8
Closing balance as of September 30, 2022	1.6	7,103.8	434.3	-207.4	30.4	7,362.7

Condensed income statements for the parent company

Amounts in MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	11.3	63.0	24.5	175.2	217.7
Change in inventories*	-	-0.3	-	-0.9	-1.3
Capitalized work for own account	-	0.0	-	13.7	14.2
Other operating income	3.7	3.9	18.2	11.0	195.5
OPERATING EXPENSES					
Raw materials and supplies*	-5.0	-45.5	-6.1	-113.7	-134.8
Other external costs	-15.8	-35.2	-72.2	-111.9	-120.5
Personnel expenses	-11.9	-15.3	-61.0	-76.4	-131.6
Depreciation and amortization of fixed assets	-0.5	-6.7	-1.4	-17.8	-22.1
Other operating expenses	0.0	-0.8	-0.2	-2.0	-10.5
Operating profit/loss	-18.2	-36.8	-98.2	-122.8	6.7
FINANCIAL ITEMS					
Profit from shares in Group companies	-6.1	0.0	-46.1	-0.3	-40.3
Financial income	311.7	16.4	723.2	31.3	156.8
Financial expenses	-24.0	-32.1	-101.0	-52.4	-63.9
Profit/loss after financial items	263.4	-52.5	477.9	-144.2	59.3
Tax for the period	-55.7	-2.8	-74.7	13.6	-37.3
Net profit/loss for the period**	207.7	-55.3	403.2	-130.6	22.0

* The row change in inventories has been retroactively changed in 2021 due to incorrect classification in earlier quarters. The corresponding amounts have been accounted as raw material and supplies. The adjustment has no impact on accounted gross profit or EBITDA.

** Profit for the year and comprehensive income for the year amount to the same amount for all reported periods.

Condensed parent company statements of financial position

Amounts in MSEK	Note	2022-09-30	2021-09-30	2021-12-31
ASSETS				
Fixed assets				
Intangible fixed assets		4.0	170.6	4.7
Property, plant and equipment		3.5	13.3	2.1
Shares in Group companies		4,181.8	4,466.8	4,221.7
Receivables from Group companies		3,809.9	407.7	3,405.9
Other financial fixed assets		4.5	4.8	4.7
Deferred tax assets		10.9	50.9	-
Total fixed assets		8,014.6	5,114.1	7,639.1
Current assets				
Inventories		-	13.8	-
Accounts receivables		7.5	63.0	38.9
Receivables from Group companies		978.5	53.7	87.9
Other current assets		9.8	11.7	16.5
Prepaid expenses and accrued income		8.9	27.8	4.6
Short-term investments		223.0	773.9	993.6
Cash and cash equivalents		73.0	20.9	91.1
Total current assets		1,300.7	964.8	1,232.7
Total assets		9,315.3	6,078.9	8,871.7
EQUITY AND LIABILITIES				
Equity				
		7,431.7	4,440.4	6,973.2
Long-term liabilities				
Other provisions		0.2	0.7	-
Long-term interest-bearing liabilities		1,358.3	1,325.3	1,332.4
Other long-term liabilities		262.3	181.5	389.2
Total long-term liabilities		1,620.8	1,507.5	1,721.6
Current liabilities				
Short-term interest-bearing liabilities		2.0	2.0	2.0
Liabilities to Group companies		6.7	1.9	1.4
Accounts payable		3.1	6.1	5.6
Other current liabilities		229.9	117.1	110.7
Accrued expenses and deferred income		21.1	39.9	57.2
Total current liabilities		262.8	167.1	177.0
Total equity and liabilities		9,315.3	6,078.9	8,871.7

Notes to the financial reports

NOTE 1.

ACCOUNTING PRINCIPLES

This interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting and the applicable provisions of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act and RFR 2. For the Group and the Parent Company, the same accounting principles and calculation criteria have been applied as in the most recent annual report.

In addition to the financial statements and its accompanying notes, disclosures pursuant to IAS 34.16A are also included in other parts of the interim report.

NOTE 2.

ESTIMATES AND ASSESSMENTS

The preparation of the interim report requires management to make assessments and estimates and make assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. The critical assessments and sources of uncertainty in estimates during the interim period of 2022 are generally the same as described in the annual report for 2021, Note 3, pages 84–85.

Preliminary purchase price allocations for acquisitions carried out in the past 12 months have in some cases been adjusted after the end of the previous financial year. This is due to adjustments to the acquired companies' net assets and updated assessments regarding contingent considerations. For more information, see Note 6. The purchase price allocations concerning Ginolis, MatTek, Visikol, Nanoscribe, Discover Echo and Advanced Biomatrix were finalized in 2022. Refer to note 6 for a description of any adjustments made compared to the preliminary figures presented in the annual report 2021.

NOTE 3.

OPERATING SEGMENTS AND BREAKDOWN OF REVENUES

Revenue recognition

BICO's promised performance obligations to customers normally consist of sales of products that are self-manufactured, as well as the performance of services. These performance obligations are stated in the agreement with the customer. The Group reports revenue from the transfer of promised products or services to customers, in an amount that reflects the compensation to which the company expects to be entitled in exchange for these products or services.

The Group's products offered on the market consist of instruments, bioinks, tissues and consumables. BICO also sells services in the form of service contracts linked to products, contract manufacturing, contract studies and software. See below for a more detailed description of the market offerings in each segment.

Products have been assessed as separate performance obligations. Sales of products are reported as revenue at the time control of the products was transferred to the customer, which is when the products have been delivered in accordance with agreed shipping terms. However, the Group also recognizes revenue over time on certain major product projects that run over several periods. This is done in cases where the company's performance does not create an asset with an alternative use for the company, and the company is entitled to payment for performance achieved to date. For these projects, BICO estimates the degree of completion of the projects based on the actual cost incurred compared to the total expected cost of completing the delivery, and reports the project's revenue over time in accordance with this assessment.

Services are to some extent invoiced in advance, and are recognized as revenue over time or at a point in time depending on the nature of the service. Non-recognized service income is reported as prepaid income (contract liabilities) in the balance sheet.

Of the Group's other operating income, the majority consists of different types of government grants that the Group receives to run research and development projects. Revaluation of contingent considerations is also classified as other operating income, or other operating expenses.

Segments

The Group's operations are divided into operating segments based on which parts of the operations the company's highest executive decision-maker, the Group's CEO, follows up. The business is organized in such a way that the CEO monitors the sales and earnings generated by the Group's segments. Each operating segment has a manager who is responsible for day-to-day operations and who regularly reports the outcome of the operating segment's performance and the need for resources to the CEO. Since the CEO monitors the results of operations and decides on the distribution of resources based on the description of segments below, these constitute the Group's operating segments.

The Group's segments are identified on the basis that different market offerings have been merged into one segment in cases where they have similar financial properties, products, production processes, customers and distribution methods. Follow-up of the Group's segments is mainly on sales and EBITDA, which is why these performance measures are presented in tables on the next page.

Segment reporting

Since Q1 2022, the Group consists of three reporting segments: Bioprinting, Biosciences and Bioautomation. In addition to this, there is also a Group-wide segment. The division of the former segment Laboratory Solutions into Bioprinting and Biosciences has thus been completed. Due to the lack of relevant financial information for the new segments in the comparison periods, information is provided according to both the old and the new segmentation below. For information on the previous segmentation, see the annual report for 2021, note 4, page 86.

Bioprinting

Bioprinting consists of CELLINK Bioprinting, MatTek, Visikol, Nanoscribe, Advanced BioMatrix and Allegro 3D. The segment offers 3D bioprinters, 3D printers and biopinks with a wide range of technologies for different demanding applications, resolutions (50 micro – 200 nanometer), and volume/speed requirements, as well as services focused on accelerating drug discovery and development, with advanced tissue imaging and cell culture services.

Biosciences

Biosciences consists of CYTENA, CYTENA Bioprocess Solutions, DISPENDIX, Discover Echo and Biosero. The segment supplies advanced lab instrumentation and smart workflow connectivity software to analyze data from applications in cell culture, cell imaging, cell sorting, and sample preparation for

different analytics, such as genomics. The instruments are sold with proprietary consumables and/or proprietary software.

Bioautomation

Bioautomation consists of SCIENION, with the subsidiary Cellenion, Ginolis and QInstruments. The segment offers scientific instruments and solutions for scalable manufacturing of diagnostics as well as consumables to enable single-cell and other workflows. The segment also offers contract manufacturing services using the technologies.

Group

Group consists of costs that cannot be allocated to any of the other segments, such as Group-wide administration and shareholder costs.

Segment reporting Amounts in MSEK	Bioprinting Jan-Sep 2022	Biosciences Jan-Sep 2022	Bioautomation Jan-Sep 2022	Group Jan-Sep 2022	Total Jan-Sep 2022
Net sales	422.4	660.4	482.5	-	1,565.4
Raw materials and supplies reduced with changes in inventories	-91.9	-173.8	-133.5	-	-399.3
Capitalized work for own account	40.2	63.4	30.5	-	134.1
Other operating income	23.9	17.0	18.4	14.3	73.5
Other external costs	-137.5	-219.9	-133.3	-33.2	523.9
Personnel expenses	-269.7	-351.9	-225.9	-61.7	-909.3
Other operating expenses	-9.5	-9.5	-1,1	-1.0	-21.1
EBITDA	-22.3	-14.4	37.6	-81.5	-80.6
EBITDA, %	-5.3%	-2.2%	7.8%	N/A	-5.1%
Depreciation and amortization of fixed assets	-	-	-	-	-212.9
Financial income	-	-	-	-	570.1
Financial expenses	-	-	-	-	-106.9
Result before tax	-	-	-	-	169.8

	LABORATORY SOLUTIONS		BIOAUTOMATION		TOTAL	
Segment reporting Amounts in MSEK	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Net sales	1,082.8	407.4	482.5	330.7	1,565.4	738.2
Raw materials and supplies reduced with changes in inventories	-265.8	-100.9	-133.5	-104.1	-399.3	-204.9
Gross profit	817.1	306.3	349.0	226.6	1,166.1	533.2
Gross margin, %	75.5%	75.2%	72.3%	68.5%	74.5%	72.2%
Capitalized work for own account	-	-	-	-		65.9
Other operating income	-	-	-	-		22.5
Other external costs	-	-	-	-		-268.8
Personnel expenses	-	-	-	-		-406.9
Depreciation and amortization of fixed assets	-	-	-	-		-125.4
Other operating expenses	-	-	-	-		-4.0
Financial income	-	-	-	-		12.1
Financial expenses	-	-	-	-		-46.1
Profit/loss before tax	-	-	-	-		-217.5

The BICO Group

Net sales by geographic region and by business area

	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
Amounts in MSEK	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Europe	111.9	55.3	161.8	43.5	191.0	161.0	464.7	259.8
North America	221.0	100.8	420.4	120.3	244.2	147.2	885.7	368.3
Asia	77.6	29.4	76.4	37.6	27.3	19.3	181.3	86.3
Rest of the world	11.9	11.8	1.7	8.8	20.1	3.2	33.7	23.7
Total	422.4	197.3	660.4	210.2	482.5	330.7	1,565.4	738.2

Net sales broken down by products and services

	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
Amounts in MSEK	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Products	359.8	179.0	632.6	195.9	411.6	265.9	1,404.1	640.7
Services	62.6	18.3	27.8	14.3	70.9	64.8	161.3	97.4
Total	422.4	197.3	660.4	210.2	482.5	330.7	1,565.4	738.2

Net sales products broken down by consumables and instruments

	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Amounts in MSEK								
Instruments	168.3	93.8	616.5	174.1	375.2	232.2	1,160.0	500.2
Consumables	191.2	85.2	16.0	21.8	36.4	33.6	244.0	140.6
Total	359.8	179.0	632.6	195.9	411.6	265.9	1,404.0	640.7

NOTE 4.

FINANCIAL INSTRUMENTS

The Group's financial instruments consist of long-term investments, long-term receivables, accounts receivables, contractual assets, receivables and liabilities to Group companies, short-term investments, cash and cash equivalents, interest-bearing liabilities, contingent considerations, and accounts payable. All instruments except long-term and short-term investments and contingent considerations are valued at amortized cost. With the exception of convertible bonds, financial instruments that are not reported at fair value have fair values that do not differ significantly from the reported values. For fair value of the convertible bonds, see below.

Long-term investments

The Group's long-term investments consist of strategic investments in other companies, which as a result of the ownership interest are not considered subsidiaries or associated companies. These holdings are reported in accordance with IFRS 13 level 3, as they are not traded on an active market.

Short-term investments

The Group's short-term investments, consisting of interest-bearing funds and market-listed bonds, are valued at fair value in accordance with IFRS 13 level 1 (listed market values on the active market).

Valuation at fair value regarding short-term investments during the first nine months generated an impact on the income statement of MSEK -26.2 (11.8). This effect is reported among financial items.

Contingent considerations

In connection with acquisitions of Visikol, Nanoscribe, Advanced BioMatrix, QInstruments and Biosero in 2021, and Allegro 3D in 2022, part of the purchase price is contingent on the companies meeting certain financial targets in future periods and that certain senior executives (not including the previous shareholders) remain in the acquired companies for a period after the acquisitions.

In connection with preparing the purchase price allocation, the contingent purchase prices have been valued at fair value through a weighted probability assessment of the various possible outcomes, which has subsequently been discounted to present value. Significant non-observable input data in the calculation are future sales and order intake as well as the

discount rate. An increase in these inputs (or a decrease in the discount rate) increases the outcome of the contingent purchase prices.

The contingent purchase prices have been classified as other long-term liabilities and other current liabilities, respectively, and are valued at fair value in accordance with IFRS 13 level 3. Renewed assessments of the potential outcome of the contingent consideration are performed quarterly. Information received after the acquisition is assessed with respect to whether new information has emerged that relates to circumstances that existed at the time of the acquisition or that relates to subsequent events. In the latter case, any adjustments to the previously reported amount are reported as other income or other operating expenses in the period in which the change arises. In the former case, any adjustments are reported as an adjustment to goodwill in the purchase price allocation, provided that this is still preliminary.

Convertible bonds

On March 19, 2021, the company issued a convertible bond totalling MSEK 1,500. The number of promissory notes amounts to 750 and the nominal value per convertible is MSEK 2.0. As of March 19, 2026, the holders of the promissory notes have the right to convert them into shares at a conversion price of SEK 598.5/share, which corresponded to a premium of 42.5% against the share price at issue. Debentures that are not converted into shares will be redeemed at the nominal amount on March 19, 2026. The coupon rate amounts to 2.875% and is paid semi-annually in September and March.

The liability for convertible bonds is reported at amortized cost, which means that reported financial expenses exceed the cash flow-affecting coupon interest that is paid semi-annually. In the first nine months, the cost of coupon interest amounted to MSEK 32.3 (22.9) (affecting cash flow) and the implicit interest expense to MSEK 23.4 (12.8) (not affecting cash flow). Accrued issue costs amounted to MSEK 4.0 (2.1).

The convertible bonds are traded on the Frankfurt stock exchange. As of Sept 30, 2022, they traded at a value of 57% of nominal value.

Fair values – level 3

The table below presents a reconciliation between opening and closing balances for financial instruments valued at level 3.

Amounts in MSEK	Level	2022-09-30	2021-09-30	2021-12-31
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE				
Short-term investments	1	223.0	773.9	993.8
Long-term investments	3	3.4	3.4	3.4
Contingent considerations	3	-367.8	-323.0	-496.6

Amounts in MSEK		Contingent purchase prices	Long-term investments
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE AT LEVEL 3			
Fair value 2022-01-01		-496.6	3.4
Initial acquisition value		-47.0	-
Adjustment from contingent considerations and acquired net assets to goodwill within 12 months of preliminary purchase price allocation		115.4	-
Payments to sellers		123.4	-
Total reported gains and losses in this year's net financial items		-63.0	-
Fair value 2022-09-30		-367.8	3.4

NOTE 5. INCENTIVE PROGRAMS

In 2022 BICO had three long-term incentive programs aimed at the Group's staff and board members. The purpose of the incentive programs is to encourage broad shareholding among BICO's employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed the Group's goals.

The first program includes a maximum of 1,600,000 options for employees and 80,000 options for the Board, each redeemable for a share at a price of SEK 74.34. The program expired in January 2022 for the employees and expires in January 2023 for the Board. In December 2021 and in Q1 2022, the subscription price was paid in for the corresponding 856,000 shares in the company. As of the date of this report, 80,000 options remain for the Board in this program.

The second program includes a maximum of 1,600,000 options for employees and 220,000 options for board members. For employees, each of the options will be redeemable for a share at a price of SEK 126.46 in January 2023. For board members, each of the options will be redeemable for a share at a price of SEK 143.32 during the period December 2024 to December 2025.

The Annual General Meeting 2021 resolved on April 26, 2021 to introduce an additional incentive program aimed at employees within the BICO Group. The program comprises a maximum of 3,000,000 options, of which 2,500,000 are free of charge. For employees, options may be redeemed against

a share at a price of SEK 598.50 during the period May 2025 to May 2026, provided that the following conditions are met:

1. 50 percent if the BICO Group's sales per share has amounted to or equated SEK 50 per share during 2024; and
2. 50 percent if BICO Group's EBITDA has been positive in each year from 2021 to 2024 (earnings shall decrease by 12.5 per-cent for each year that the BICO Group's EBITDA has not been positive from 2021 through 2024).

As a result of the Group presenting negative EBITDA in 2021, the maximum number of free options that can be exercised against shares in the program has decreased by 12.5% to 2,187,500.

Valuation and accounting policies for the incentive programs are described in Note 6 of the Annual Report for 2021. As of September 30, 2022, a total of 3,513,086 options are outstanding, of which 2,318,810 options are reported within the framework of IFRS 2. The remaining outstanding options are issued at market price and do not contain any consideration requirements for the participants and are thus not covered by the rules in IFRS 2.

Of the total number of outstanding options, 659,214 are held by members of the Group's management team and the Board of Directors.

If all outstanding options were to be redeemed against shares, this would correspond to a total dilution of approximately 5.5 percent of the number of outstanding shares as of September 30, 2022.

NOTE 6. ACQUISITIONS

Acquired net assets at the time of acquisition (preliminary purchase price allocations):

Acquisition of Allegro 3D Inc.

On May 5 2022, BICO Group AB acquired 100% of the shares in Allegro 3D Inc. (corporate id number C3956310 based in San Diego, California, USA). The acquisition of Allegro 3D and its light-based 3D bioprinting technology further strengthens the Bioprinting business area's position as a global market leader in 3D bioprinting. The company's products improve customers' ability to achieve scalability in their production and development of biofabricated designs in regenerative medicine and drug development.

The purchase price initially amounts to USD 6 million in cash. In addition, the sellers have the opportunity to receive a maximum of USD 5 million in the form of a contingent consideration over the next two years. For maximum outcome of the contingent purchase price, it is required, among other things, that the company has revenues of at least USD 5.5 million in 2023/2024. Allegro 3D's sales in 2021 amounted to approximately SEK 1 million.

Based on an analysis of the company, identifiable assets, in addition to book net assets, are expected to consist of surplus values in the form of primarily technology. Due to the fact that all acquired surplus values have not yet been fully analyzed, the purchase price allocation is still preliminary. A majority of the purchase price is expected to be allocated to goodwill. The goodwill value includes the value of the acquired staff's know-how and synergy effects in the form of more efficient production and sales processes in the Group after the acquisition. No part of the goodwill is expected to be tax deductible.

Allegro 3D has contributed with sales of SEK 11 million in 2022. If Allegro 3D had been included in the company's accounts throughout the financial year, the acquisition would have contributed sales of a total of SEK 12 million in 2022.

Preliminary purchase price allocations

During the interim period, the purchase price allocations concerning Ginolis, Mattek, Visikol, Nanoscribe, Discover Echo, Hurel and Advanced Biomatrix have been finalized. Purchase price allocations for QInstruments and Biosero have not yet been finalized.

Preliminary purchase price allocations for acquisitions carried out in the past 12 months have in some cases been adjusted after the end of the previous financial year. This is due to adjustments to the acquired companies' net assets and updated assessments regarding contingent purchase prices. For information on preliminary purchase price allocations as of 31 December 2021, see the annual report for 2021, Note 26, pages 113-116. For information on implemented changes in 2022, see below.

Visikol

The reported contingent consideration for Visikol decreased by MSEK 33.0 as a result of a new assessment of payout probability. The change entails a corresponding reduction in goodwill.

Amounts in MSEK

Allegro 3D

Identified intangible fixed assets	-
Tangible fixed assets	0.2
Deferred tax asset	-
Inventories	0.5
Accounts receivable	-
Other receivables	2.2
Cash and cash equivalents	1.8
Provisions	-
Interest-bearing liabilities	-
Accounts payable	-
Other operating liabilities	-1.8
Deferred tax liability	-
Net identifiable assets and liabilities	2.9
Group goodwill	106.3
Total purchase price	109.2
<i>Paid by:</i>	
Cash and cash equivalents	-62.2
Issued shares	-
Contingent consideration	-47.0
<i>Net cash outflow of acquisition:</i>	
Purchase price paid in cash	-62.2
Less: Cash in acquired company	1.8
Effect on group cash and cash equivalents	-60.4

Nanoscribe

Nanoscribe's acquired net assets were adjusted upwards by MSEK 1.9 as a result of a new assessment of deferred tax assets at the time of acquisition. The change entails a corresponding reduction in goodwill.

Furthermore, the reported contingent consideration for Nanoscribe has decreased by MSEK 13.2 as a result of a new assessment of payout probability. The change entails a corresponding reduction in goodwill.

Discover Echo

Discover Echo's acquired net assets were adjusted upwards by MSEK 9.5 as a result of a new assessment of the value of the identifiable intangible assets at the time of acquisition, with an adjustment for deferred tax. The change entails a corresponding reduction in goodwill.

Advanced BioMatrix

Advanced BioMatrix's acquired net assets were adjusted upwards by MSEK 2.3 as a result of a new assessment of the value of the identifiable intangible assets at the time of acquisition, with an adjustment for deferred tax. The change entails a corresponding reduction in goodwill.

Furthermore, in Q3 2022 a final assessment was made of valuation of ingoing inventory balances per acquisition date, increasing the inventory by MSEK 1.5 per acquisition date. The change entails a corresponding reduction in goodwill.

Biosero

The reported contingent consideration for Biosero decreased by MSEK 69.0 since December 31, 2021 mainly as a result of reallocation of the amount from contingent purchase price to future potential bonus cost and lower assessed probability for full payout. The contingent consideration has also been more closely calculated, which contributed to the change. The reallocation to future bonus costs are reported as cost over time, if and when the set goals are met during 2022-2024. The change entails a corresponding reduction in goodwill.

Furthermore, the fair value of the acquired net assets was adjusted downwards by MSEK 7.3, which entails a corresponding increase in goodwill.

Per Q3 2022, a preliminary purchase price allocation has been prepared, resulting in intangible assets of MSEK 103.2 (net of deferred taxes) being identified, mainly in the form of acquired technology. The change entails a corresponding reduction in goodwill.

In Q3 2022, an additional purchase price was agreed based on net working capital adjustments in the ingoing balances. This amounted to 20.3 MSEK and entails a corresponding increase in goodwill.

Acquisition costs

Acquisition costs amounted to MSEK 6.1 (29.6) during the first nine months and refer to the acquisition of Allegro 3D and late costs for the previous year's acquisitions that were not accrued in 2021. These expenses have been reported as other external costs in the consolidated income statement and in acquisitions of subsidiaries/operations within the net cash flow from investing activities in the group's cash flow statement.

Goodwill

Below is a reconciliation of the reported value of goodwill at the beginning and end of the reporting period.

Amounts in MSEK	Goodwill
Book value 2022-01-01, net	5,441.5
Adjustments of preliminary PPAs	-226.4
Additional purchase price, Biosero	20.3
Acquisitions	106.3
Translation difference	808.8
Book value 2022-09-30, net	6,150.5

NOTE 7.

NEW ISSUE OF SHARES

Exercise of options

During the first quarter of 2022, the subscription price was paid for the corresponding 707,100 shares at a price of SEK 74.34 per share in the first incentive program described in Note 5. This added SEK 52.6 million to the company.

Gothenburg November 9, 2022

Erik Gatenholm

CEO and President, BICO Group AB

Alternative Key Ratios

In this interim report, alternative key ratios are stated, which supplement the measures defined or specified in the applicable rules for financial reporting. Some of these measures are defined in IFRS, while others are alternative measures and are not recognized in accordance with applicable financial reporting frameworks or other legislation.

The alternative key ratios are derived from the company's consolidated financial statements. The measures are used by BICO to provide clearer or more in-depth information in their context than the measures defined in the applicable rules for financial reporting, and thus to help investors and management alike to analyze its operations. Here are descriptions of the measures in this interim report, together with definitions and the reason why they are used.

ALTERNATIVE KEY RATIO	DEFINITION	PURPOSE
Equity ratio	Equity divided by total assets.	BICO considers that solvency is a useful measure for the company's survival.
Gross profit	Net sales less raw materials and supplies reduced by inventory change. Personnel costs and depreciation of fixed assets in production are not included in the gross profit, but are reported on separate lines in the income statement	Shows efficiency in BICO's operations and together with EBITDA gives an overall picture of the ongoing profit generation and expenses.
Gross margin	Gross profit as a percentage of net sales.	The ratio is used for analysis of the Company's effectiveness and profitability.
Net debt (-)/Net cash (+) excl. leasing	Short-term investments and cash and cash equivalents, reduced by interest-bearing long-term and short-term liabilities excluding leasing liabilities. Contingent considerations are not included in the net debt measure. A positive number indicates net cash.	BICO believes that net debt/net cash is a useful measure of the company's survival and the ability to execute on an established business plan.
Operating profit before depreciation and amortization (EBITDA)	Earnings before interest, tax, depreciation and amortization.	This alternative key ratio is a useful measure for demonstrating the result generated in day-to-day operations. As operating profit is burdened by amortization of surplus values linked to the acquisitions made by BICO, the Group's management considers that operating profit before depreciation (EBITDA) is a fair measure of the Group's earning capacity.
Operating margin (EBITDA), %	Earnings before interest, tax, depreciation and amortization (EBITDA) as a percentage of net sales.	BICO considers operating margin (EBITDA, %) to be a useful measure for showing the performance generated in operating activities.
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortization adjusted for income and costs affecting comparability.	The same definition as EBITDA, but with the addition of adjustment for income and costs affecting comparability, which improves the possibility of comparisons over time by excluding items with irregularity in frequency or size.
Adjusted EBITDA, %	Adjusted EBITDA as percentage of net sales.	BICO considers that adjusted EBITDA, % to be a useful measure for showing results generated in the operating activities.
Operating profit (EBIT)	Earnings before interest and similar items and tax.	BICO considers operating profit (EBIT) to be a useful measure for demonstrating the result generated in operating activities.
Operating margin (EBIT), %	Operating profit (EBIT) as a percentage of net sales.	BICO considers that operating margin (EBIT, %) is a useful measure for showing the result generated in operating activities.
Organic revenue growth	Growth generated from operations in companies that existed in the Group during the corresponding comparison period.	Shows the growth in the existing business adjusted for acquisitions in the last 12 months.

Reconciliation of Alternative Key Ratios

Amounts in MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
GROSS PROFIT					
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
Raw materials and supplies reduced by inventory change	-129.5	-84.9	-399.3	-205.0	-349.0
Gross profit	421.1	230.7	1,166.1	533.2	908.3
GROSS MARGIN, %					
Gross profit	421.1	230.7	1,166.1	533.2	908.3
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
Gross margin, %	76.5%	73.1%	74.5%	72.2%	72.2%
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)					
Operating income	-74.2	-91.3	-293.4	183.5	-236.9
Depreciation and amortization	-76.1	-57.5	-212.9	-125.4	191.8
Operating profit before depreciation and amortization (EBITDA)	1.8	-33.8	-80.6	-58.1	-45.1
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION, (EBITDA), %					
EBITDA	1.8	-33.8	-80.6	-58.1	-45.1
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
EBITDA margin, %	0.3%	-10.7%	-5.1%	-7.9%	-3.6%
ADJUSTED EBITDA					
EBITDA	1.8	-33.8	-80.6	-58.1	-45.1
Costs related to option programs	8.9	2.7	33.8	5.1	16.4
Acquisition related costs	5.6	4.7	17.0	34.3	47.4
Rebranding	-	3.0	-	5.1	7.1
Restructuring costs related to personnel changes	1.8	-	11.9	-	-
One-off provision for bad debt	-	-	43.9	-	-
Revaluation of contingent consideration	-	-	-	-	-25.0
Government support	-	-	-	-1.1	-1.1
ERP, Phase one implementation costs	-	4.9	8.3	4.9	9.6
Legal costs	-	2.5	1.0	2.5	7.6
Adjusted EBITDA	18.1	-16.0	35.3	-7.3	16.9
ADJUSTED EBITDA, %					
Adjusted EBITDA	18.1	-16.0	35.3	-7.3	16.9
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
Adjusted EBITDA, %	3.3%	-5.1%	2.3%	-1.0%	1.3%

Reconciliation of Alternative Key Ratios

Amounts in MSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
OPERATING MARGIN (EBIT), %					
Operating income	-74.2	-91.3	-293.4	183.5	-236.9
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
EBIT margin, %	-13.5%	-28.9%	-18.7%	-24.9%	-18.8%
ORGANIC REVENUE GROWTH, %					
Net sales	550.6	315.6	1,565.4	738.2	1,257.3
Net sales generated from companies acquired in the last 12 months	-147.3	-187.3	-652.7	-470.1	-730.2
Organic net sales	403.3	128.2	912.7	268.1	527.1
Net sales comparison period	315.6	80.6	738.1	158.8	365.8
Organic revenue growth, %	28%	59%	24%	69%	44%
EQUITY RATIO, %					
Equity	7,362.7	4,424.7	7,362.7	4,424.7	6,802.7
Total assets	10,790.2	6,784.6	10,790.2	6,784.6	9,754.6
Equity ratio, %	68%	65%	68%	65%	70%
NET DEBT (-)/NET CASH (+) EXCL. LEASING					
Short-term investments	223.0	773.9	223.0	773.9	993.8
Cash and cash equivalents	465.3	333.2	465.3	333.2	481.2
Long-term interest-bearing liabilities excl. leasing liabilities	-1,373.3	-1,344.3	-1,373.3	-1,344.3	-1,350.3
Short-term interest-bearing liabilities excl. leasing liabilities	-7.5	-4.4	-7.5	-4.4	-5.0
Net debt (-)/Net cash (+)	-692.6	-241.6	-692.6	-241.6	119.7

Amounts in MSEK	Bioprinting Jan-Sep 2022	Biosciences Jan-Sep 2022	Bioautomation Jan-Sep 2022	Group Jan-Sep 2022	Total Jan-Sep 2022
EBITDA	-22.3	-14.4	37.6	-81.5	-80.6
Costs related to option programs	13.3	9.5	8.5	2.4	33.8
Acquisition related costs	5.6	9.3	2.1	-	17.0
One-off provision for bad debt	12.7	31.2	-	-	43.9
Restructuring costs related to personnel changes	-	0.5	1.3	10.1	11.9
ERP, Phase one implementation costs	0.7	1.7	1.6	4.3	8.3
Legal costs	0.2	-	-	0.8	1.0
Adjusted EBITDA, MSEK	10.2	37.8	51.1	-63.9	35.3
Net sales	422.4	660.5	482.5	-	1,565.4
Adjusted EBITDA, %	2.4%	5.7%	10.6%	N/A	2.3%

Consolidated Income Statements by Quarter

Amounts in MSEK	Jul-Sep 2022	April-June 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021
Net sales	550.6	537.6	477.2	519.1	315.6	293.1	129.5
Change in inventories	8.4	-4.1	-0.3	3.3	3.3	3.3	3.3
Capitalized work for own account	43.5	49.1	41.5	28.1	23.5	26.3	16.1
Other operating income	29.1	25.7	18.7	51.3	8.2	9.0	7.9
OPERATING EXPENSES							
Raw materials and supplies	-137.9	-141.1	-124.3	-147.3	-88.2	-94.0	-32.7
Other external costs	-168.9	-212.9	-142.1	-164.3	-113.8	-84.1	-70.9
Personnel expenses	-313.6	-314.1	-281.6	-262.9	-182.3	-138.0	-86.6
Depreciation and amortization of fixed assets	-76.1	-73.4	-63.4	-66.4	-57.5	-42.0	-25.9
Other operating expenses	-9.4	-3.2	-8.5	-14.3	-0.1	-5.0	-1.5
Operating income	-74.2	-136.3	-82.8	-53.4	-91.3	-31.4	-60.8
FINANCIAL ITEMS							
Financial income	258.3	240.6	71.2	84.2	6.3	5.5	9.7
Financial expenses	-23.6	-47.3	-35.9	-26.7	-29.2	-23.1	-3.2
Profit/loss after financial items	160.5	56.9	-47.5	4.1	-114.2	-49.0	-54.3
Tax for the period	-93.9	-13.8	4.0	-30.0	9.2	-1.5	6.5
Net profit/loss for the period	66.5	43.1	-43.5	-25.9	-105.0	-50.5	-47.8
ATTRIBUTABLE TO							
Parent company shareholders	66.4	43.6	-43.6	-25.6	-104.2	-50.3	-47.5
Non-controlling interest	0.1	-0.5	0.1	-0.3	-0.8	-0.2	-0.3

* All quarters in 2020 were recalculated as a result of the financial year's transition to a calendar year from January 2021.



BICO GROUP (PUBL) 559050-5052
LÅNGFILSGATAN 9
412 77 GOTHENBURG, SWEDEN

BERLIN BLACKSBURG BOSTON FREIBURG GOTHENBURG JENA KARLSRUHE KYOTO OULU PHOENIX SAN DIEGO STUTTGART