



Bricco

EARNINGS CALL INTERIM REPORT Q2, 2023

—
AUGUST 22, 2023



AGENDA

- New President and CEO appointed
- Summary Q2 2023
- Financial performance
- Performance per business area
- Outlook
- Q&A



PRESS RELEASE
21 August 2023 18:45:00 CEST



Maria Forss is appointed new President and CEO of BICO Group AB (publ)

BICO Group AB (publ) announces that Erik Gatenholm, after initiating discussions with the Board of Directors, has decided to step down as President and CEO of BICO Group. Maria Forss has been appointed new President and CEO. Maria Forss will assume office on November 27, 2023, or sooner.

Maria Forss has been appointed new President and CEO and will assume office on November 27, 2023, or sooner. Maria Forss (born 1972) has extensive international experience from leading positions in both medtech and pharma companies, such as Vitrolife and AstraZeneca. The last years within Vitrolife Maria Forss has as the Senior Vice President led the Consumables Business Area and before that she was the Vice President of Business Development and Global Marketing. Maria Forss has successfully developed businesses through the whole value chain and in the whole product life cycle as well as acquisitions and integration of companies.

The Board of Directors has, together with Erik Gatenholm, concluded that the timing is right for a new CEO and President. This discussion was initiated by Erik Gatenholm, and he has together with the board concluded that in the next phase BICO needs a CEO with strong operating skills and experience in scaling a global organization.

"On behalf of the Board of Directors, I would like to welcome Maria Forss. She has profound leadership skills and life science experience, which will secure steadfast focus during BICO's further development and create shareholder value", says Rolf Classon, Chairman of the Board, BICO Group AB. "I would also like to thank Erik Gatenholm for his vision and dedication to build a strong life science company. During his tenure the company has evolved into a Group which is built on a market leading commercial portfolio."

In order to enable a seamless transition, Erik Gatenholm will remain in his current position until Maria Forss assumes as new President and CEO. To secure continuity Erik Gatenholm will, as major shareholder, also remain in his role as board member of BICO.

For more information, please contact:
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This information is information that BICO Group 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 out above, at 2023-08-21 18:45 CEST.

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Maria Forss appointed President and CEO of BICO Group

- The Board of Directors has, together with Erik Gatenholm, concluded that the timing is right for a new CEO and President.
- Maria Forss has been appointed new President and CEO and will assume office on November 27, 2023, or sooner
- Maria Forss (born 1972) has extensive international experience from leading positions in both medtech and pharma companies, such as Vitrolife and AstraZeneca. Maria Forss has successfully developed businesses through the whole value chain and in the whole product life cycle as well as acquisitions and integration of companies.
- Erik Gatenholm will remain in his current position until Maria Forss assumes as new President and CEO. To secure continuity Erik Gatenholm will, as major shareholder, also remain in his role as board member of BICO.



Continued focus on transformation towards profitability and change of leadership

- Strong sales growth in business areas Bioprinting and Biosciences
- Stable gross margin of 71.4% excluding effects of inventory write-down of SEK 42m.
- Divestment of Berlin property for EUR 21m which will strengthen BICO's financial position and is expected to generate a positive cash flow contribution in Q4 2023.
- One-off non-cash flow items affecting EBIT and EBITDA, resulting in an effect on EBITDA of SEK 94m and an effect on EBIT of SEK -830m in Q2 2023.

0.7

TOTAL SALES GROWTH
%

0.5

ORGANIC SALES GROWTH
%

-11.5

ADJUSTED EBITDA
SEK m

-2.1

ADJUSTED EBITDA
MARGIN
%

-47.7

CASH FLOW FROM
OPERATING ACTIVITIES
/ SEK m



Financial performance

One-off non-cash flow items affecting EBIT and EBITDA

Goodwill impairment

Write down of goodwill in the Group companies totaling SEK 768m after BICO conducted quarterly impairment test and is predominantly related to increased WACC, which is due to the higher interest rate environments.

Revised earn-out estimates

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

IFRS 2 revaluation

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

Write-downs in Ginolis

As communicated in Q1-report Ginolis has been right-sized and in connection, write-downs have been resolved related to intangible assets of SEK 102m, the property in Oulu, Finland of SEK 54m, contract assets of SEK 28m, valuation adjustments of other assets of SEK 25m and inventory of SEK 15m.

Write-off in inventory

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

One-off items affecting EBITDA

	SEK m
Revised earn-out estimates	161
IFRS 2 revaluation	28
Ginolis: write-down in contract assets	-28
Ginolis: valuation adjustment in other assets	-25
Ginolis: write-down in inventory	-15
Group companies: write-down in inventory	-27

One-off items affecting EBIT

	SEK m
Goodwill impairment	-768
Ginolis: write-down in intangible assets	-102
Ginolis: write-down in property	-54



Overview from reported to adjusted EBITDA

- Reported EBITDA amounted to SEK 66m in Q2, largely driven by the revised earn-out estimates resulting in a positive EBITDA effect of SEK 161m.
- Adjacent table shows all items affecting comparability in Q2, including the items on the previous slide:
 - Revaluation of contingent considerations (revised earn-out estimates)
 - Costs/income related to option programs (IFRS 2 revaluation)
 - One-off provision of bad debt (contract assets in Ginolis)
 - Valuation adjustment of other assets in Ginolis
 - Extraordinary inventory write-offs (inventory write-down in Ginolis of SEK 15m and SEK 27m in group companies)
- There are three one-off items which are not listed on the previous slide: restructuring costs related to personnel changes, extraordinary governmental support and acquisition-related costs and bonuses, since they are affecting cash flow.
- Adjusted EBITDA amounted to SEK -11.5m

Items affecting comparability in Q2

SEK m	April-June 2023
EBITDA	66.0
Revaluation of contingent considerations	-160.8
Costs/income related to option programs	-28.4
One-off provision for bad debt	27.7
Valuation adjustments of other assets in Ginolis	25.1
Extraordinary inventory write-offs	41.7
Restructuring costs related to personnel changes	23.2
Extraordinary governmental support	-6.9
Acquisition-related costs and bonuses	0.8
Adjusted EBITDA	-11.5

Non-cash flow affecting items

Items affecting Cash flow



FINANCIAL PERFORMANCE

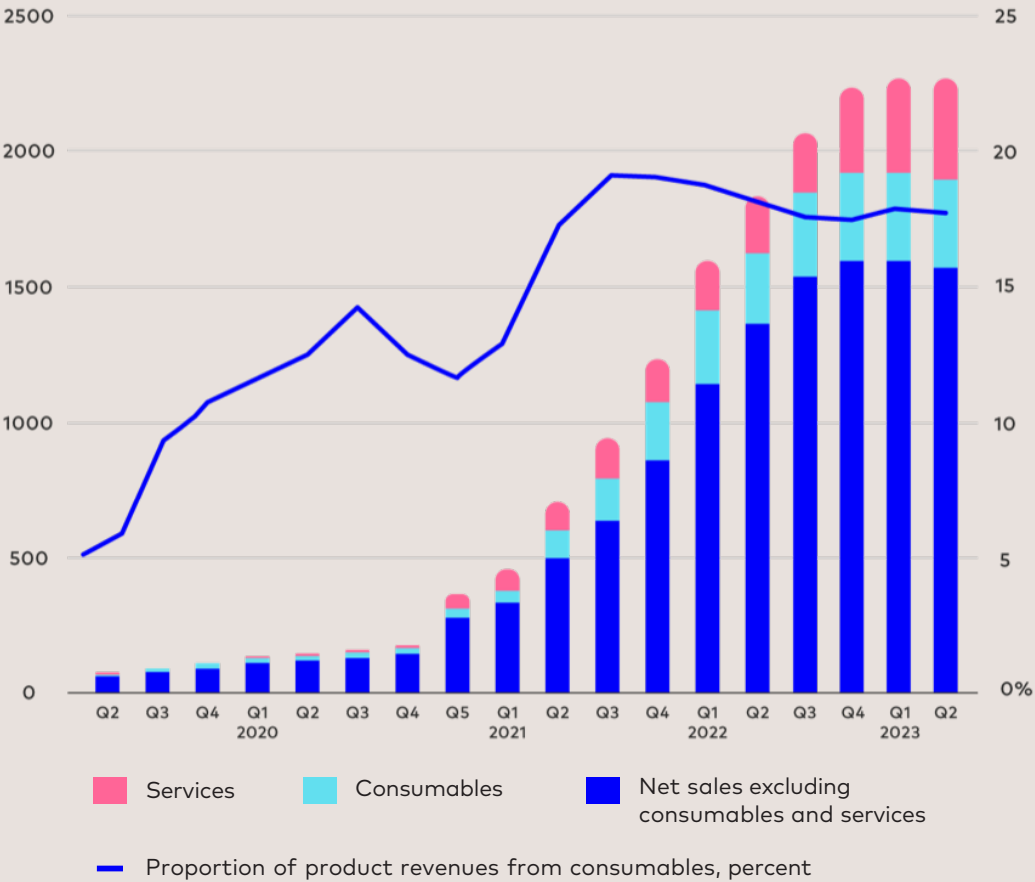
APRIL – JUNE 2023

541.1	0.7
NET SALES SEK m	TOTAL SALES GROWTH %
-11.5	66.0
ADJUSTED EBITDA SEK m	EBITDA SEK m
63.7	-898.4
GROSS MARGIN %	NET PROFIT/LOSS SEK m

Organic growth amounted to 0.5% (6.6%) and amounted to 8.3% (14.0%) excluding Ginolis.

Q2

NET SALES
SEK m / ROLLING 12 MONTHS



Financial impact of Ginolis Q2, 2023

- Ginolis has been right-sized to a minimum cost and organizational level with the ability to still accept new orders and honor current service obligations to customers.
- In connection to this, write-downs have been resolved related to intangible assets of SEK 102m and the property in Oulu, Finland of SEK 54m, contract assets SEK 28m, valuation adjustment of other assets SEK 25m and inventory of SEK 15m.
- Excluding Ginolis, organic growth in the quarter would have amounted to 8.3%, decreasing total group organic growth by 7.8 percentage points.
- Adjusted EBITDA for the quarter excluding Ginolis would have amounted to SEK 11.8m, decreasing the EBITDA margin by 4.3 percentage points.

April-June (Q2) 2023

SEK m	Including Ginolis	Excluding Ginolis
Net sales	541.1	535.2
Organic growth, %	0.5%	8.3%
Adjusted EBITDA	-11.5	11.8
Adjusted EBITDA margin, %	-2.1%	2.2%

January-June (H1) 2023

SEK m	Including Ginolis	Excluding Ginolis
Net sales	1,041.8	1,023.9
Organic growth, %	2.0%	9.2%
Adjusted EBITDA	-20.8	40.5
Adjusted EBITDA margin, %	-2.0%	3.9%



Comment on cash flow, working capital and financial position

- Cash flow from operating activities for Q2 amounted to SEK -48m
- This includes positive effect from release of working capital of total SEK 46m
 - Operating receivables contributed with SEK 65m
 - Inventories increased by SEK -18m
 - Cash flow from changes in operating liabilities amounted to SEK -1m
- Investment in tangible CAPEX amounted to SEK 61m in Q2, of which investments into our facilities in Oulu, Finland and Berlin, Germany comprised SEK 35m
- Investments in product development amounted to SEK 27m
- Earn-out payments amounted to SEK 27m in the quarter. Remaining earn-out payments amounts to estimated SEK 104m
- Total cash flow during Q2 amounted to SEK -167m, decreasing total cash reserves to SEK 691m per June 30th, 2023.
- BICO cash balance remains strong and will be further strengthened with approximately SEK 245m in Q4 when the divestment of the building in Berlin is expected to close.

APRIL – JUNE 2023

CASH FLOW FROM OPERATING ACTIVITIES



-47.7

SEK m

CHANGE IN WORKING CAPITAL, NET



46.3

SEK m

CASH AND CASH EQUIVALENTS PER JUNE 30



690.7

SEK m

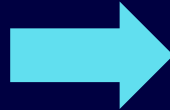


Strengthening Profitability and Cash Flow

DEVELOPMENT Q3, 2022 TO Q2, 2023

1/

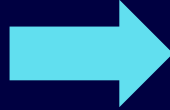
Cost savings program that targets reducing expenses in excess of SEK 100m on a 12-month basis in the four loss-making companies and Group common costs.



Status Q2, 2023: The cost savings program of SEK 100m has been completed. BICO has during Q2 implemented further cost-saving actions as well as initiated an extensive review of our operating model.

2/

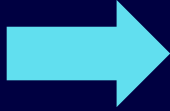
Activities to improve working capital with stricter payment terms in some companies, and use of collection agencies to ensure timely payments.



Status Q2, 2023: BICO has made an extensive overview of inventory levels which has resulted in a write-down in inventory of SEK 42m. SEK 65m positive contribution from improved collection in operating receivables

3/

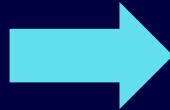
Establish factoring solutions for some of the companies at the beginning of 2023.



Status Q2, 2023: Some of the European companies have continued with factoring to a limited extent (SEK 15m) in Q2. While factoring remains an option, it had only minor effect on the working capital.

4/

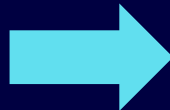
Reduce inventory following large proportion of deliveries to customers. We are also reviewing the safety stock levels for components to optimize inventory levels.



Status Q2, 2023: The Group's inventory is still at elevated levels, which are being addressed by action plans all over the Group focusing on improved inventory management.

5/

Facility financing regarding our buildings in Oulu, Finland and Berlin, Germany and evaluation of several options.



Status Q2, 2023: *Berlin, Germany:* divestment of building of EUR 21m, expected to strengthen financial position and generate positive cash flow in Q4, 2023. *Oulu, Finland:* write down of SEK 54m in Q2. BICO actively seeks to lease out the facility and is also evaluating the opportunity to divest.



Performance per business area

Bioprinting

APRIL-JUNE 2023



175.8

NET SALES
/ SEK m



13.8

ORGANIC
GROWTH
/ %



26.4

ADJUSTED EBITDA
/ SEK m





PERFORMANCE PER BUSINESS AREA

Biosciences

APRIL-JUNE 2023



256.9

NET SALES
/ SEK m



20.9

ORGANIC GROWTH
/ %



6.7

ADJUSTED EBITDA
/ SEK m

Bioautomation

APRIL-JUNE 2023



108.5

NET SALES
/ SEK m



-36.7

ORGANIC GROWTH
/ %



-26.1

ADJUSTED EBITDA
/ SEK m

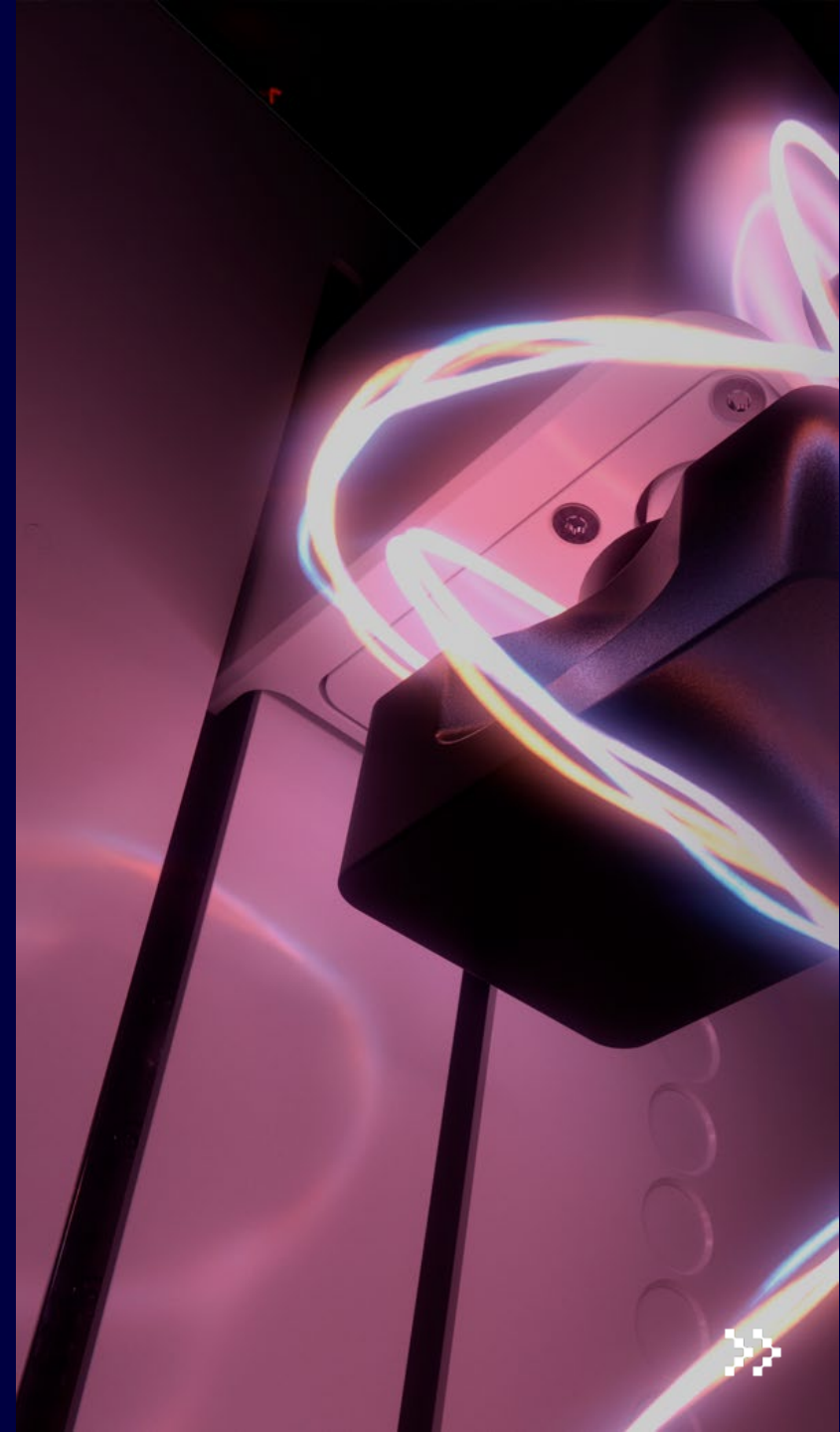


Outlook

Focus ahead

Continued focus on transformation towards profitability and activities to strengthen financial position, were the customer-centric operating model will be key.

Working proactively with cost control and working capital improvements across the Group.



Q&A

Telephone conference

If you joined via telephone conference, you have the possibility to ask questions verbally by pressing * five, on your telephone keypad, to enter the queue.

Webcast

if you joined via webcast, you have the possibility to send in written questions through the chat below.





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Upcoming events



NOVEMBER 14, 2023
Interim report Q3, 2023



FEBRUARY 20, 2024
Year-end report 2023



MARCH 15, 2024
Annual Report 2023

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Bioconvergence is enabling the future of health

Bioconvergence is an emerging industry segment within healthcare and life sciences that emphasizes the convergence between multidisciplinary fields of research such as engineering, computerized systems, robotics, artificial intelligence, big data and biology. BICO is creating the future of life-saving treatments by reducing the organ shortage and speeding up drug development.



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