BICO GROUP AB (PUBL)

Q2 INTERIM REPORT JANUARY – JUNE 2022

INTERIM REPORT JANUARY–JUNE 2022

Strong sales despite external challenges

APRIL – JUNE 2022
(COMPARED WITH APRIL – JUNE 2021)

- Net sales amounted to MSEK 537.6 (293.1), which corresponds to an increase of 83% (628) compared to the corresponding period previous year.
- Organic growth for the period amounted to 7% (95).
- EBITDA amounted to MSEK -62.9 (10.6), corresponding to a margin of -11.7% (3.6).
- Adjusted EBITDA amounted to MSEK 11.1 (21.5), corresponding to a margin of 2.1% (7.3). For adjustments made, see Financial Performance pages 6-9.
- Net profit/loss for the period amounted to MSEK 43.1 (-50.5), corresponding to earnings per share before and after dilution of SEK 0.68 (-0.89).
- The gross margin amounted to 73.0% (69.1). The gross margin structure in the acquired companies 2021 varies depending on the product mix.

JANUARY – JUNE 2022
(COMPARED WITH JANUARY – JUNE 2021)

- Net sales amounted to MSEK 1,014.8 (422.6), which corresponds to an increase of 140% (440) compared to the corresponding period previous year.
- Organic growth for the period amounted to 21% (79).
- EBITDA amounted to MSEK -82.3 (-24.3), corresponding to a margin of -8.1% (-5.8).
- Adjusted EBITDA amounted to MSEK 17.1 (8.7), corresponding to a margin of 1.7% (2.1). For adjustments made, see Financial Performance pages 6-9.
- Net profit/loss for the period amounted to MSEK -0.4 (-98.3), corresponding to earnings per share before and after dilution of SEK 0.00 (-1.78).
- The gross margin amounted to 73.4% (72.5). The gross margin structure in the acquired companies 2021 varies depending on the product mix.

"The company pulse is strong. We have a tremendous portfolio of products and services that contribute to the future of life-saving treatments."

ERIK GATENHOLM / PRESIDENT & CEO

Q2 KEY TAKEAWAYS

- Highest turnover ever
- Cash flow improvement measures
- Strengthened finance processes
- Continued success in innovation
- Focus on operational efficiency and acquisition synergies
- Cost reduction program decided after the end of the period

APRIL – JUNE 2022

83

TOTAL SALES GROWTH / %

APRIL – JUNE 2022

7

ORGANIC SALES GROWTH / %

APRIL – JUNE 2022

-62.9

EBITDA / MSEK

APRIL – JUNE 2022

-11.7

EBITDA MARGIN / %

APRIL – JUNE 2022

-115.4

CASH FLOW FROM OPERATING ACTIVITIES / MSEK

CEO COMMENTS FOR THE SECOND QUARTER

STRONG GLOBAL DEMAND AND CONTINUED HIGH SALES

I am pleased to report that we achieved strong results this quarter with record-high net sales of SEK 538 million, corresponding to revenue growth of 83 percent for the quarter and 140 percent for the first half of the year. Organic growth amounted to 7 percent for the quarter and 21 percent for the first half.

Worldwide demand for BICO's products remained strong in the second quarter, reflected by high order intake and continued interest in our expanding laboratory tools portfolio, especially throughout our Bioprinting and Biosciences business areas. Much of this success is because our automation, laboratory sample preparation tools, tissue engineering platforms, and workflow products are tailored to some of the most complex and demanding customer applications in the world, meeting the needs of major players such as global pharma companies and major healthcare providers.

More specifically, the demand for our additive manufacturing and bioprinting technologies continues to grow. And with new clinical applications on the horizon, as well as the recently published, first-ever clinically implanted bioprinted human tissue, the area has a long-term potential to transform health care.

Another important example is where Biosero's revolutionary automation scheduling software was recently implemented by the largest automated cancer diagnosis systems in existence, enabling early detection of multiple types of cancers through a single blood draw. Now Biosero is building a similar size system for another customer in another application (read more in the Biosciences section).

BICO will continue to deliver what our customers need – improved efficiency and significantly reduced costs for research and discovery, as well as improved healthcare. At the end of the quarter, we noted a reduction in market confidence, resulting in some industrial customers postponing purchase orders, which primarily impacted the Bioscience and Bioautomation divisions. As the Bioprinting division primarily serves research Institutions, they are less impacted by changes in the economy. In fact, the Bioprinting division reported excellent organic sales growth of 47 percent this quarter.

During the quarter, the reported EBITDA amounted to SEK -62.9 million, corresponding to a margin of -11.7 percent. The negative result was caused by sales growth being lower than expected and the one-off item related to bad debt provision of uncertain accounts receivables communicated in July, among other things. The adjusted EBITDA margin amounted to 2.1 percent.

OPTIMIZING CUSTOMER CREDIT PROCESSES

Assuming a more tentative market situation this year, we have made the following essential operational changes:

- Improved our customer credit processes to better assess customers' liquidity and creditworthiness, and strengthened prepayment requirements, favoring working capital. Worth noting is that we have become even more selective in working with new customers
- Revamped our accounts receivable processes and improved collection and invoicing activities.
- A one-off bad debt provision of uncertain accounts receivables in two group subsidiaries resulted in a negative EBITDA effect of SEK -44 million. The preliminary trading update released on July 15 stated that this item would be accounted for as negative revenue. However, after a more detailed technical accounting assessment, this is instead primarily accounted for as a cost of bad debt in the Income statement.

FOCUS ON STRENGTHENING CASH FLOW

Cash flow including changes in short-term investments during the second quarter amounted to SEK -323 million, reducing total cash reserves from SEK 1,313 million per March 31 to SEK 991 million per June 30. The negative cash flow this quarter reflects our ambitious growth agenda focusing on product development, expansion, and rapid increased sales. For more information on cash flow during the quarter, please see page 7. However, with the changing macro environment in term of customer demand and financing, management has taken measures to strengthen cash flow with a view to self-finance organic growth.

In July, the company launched a cost-reduction program that targets reducing expenses by SEK 100 millon on a twelve-month basis. This includes, but is not limited to, organizational restructuring and improved efficiencies. The cost reductions are expected to materialize gradually over the rest of the year and be in full effect from the first quarter of 2023. Several cost reduction initiatives, such as personnel cost reductions, were executed this summer and the cost reduction program is on track, aiming to strengthen cash flow by increasing EBITDA and reducing capitalized development costs.

Management is currently working on reducing working capital, which has increased substantially over the last twelve months. This includes continuing to focus on accounts receivables, payment terms and collection processes, as well as optimizing inventory levels. Management is also addressing the cash flow from tangible investments by investigating financing opportunities for the ongoing facility investments in Germany and Finland. In summary, management is committed to strengthening cash flow with several ongoing initiatives.

CONTINUED INTEGRATION AND INNOVATION

After two years of successful acquisitions, we shifted into an integration phase at the beginning of this year, focusing on commercial success through continued innovation and strengthening synergies across our three business areas. You'll find additional operational details and results in the presentation of our three business areas beginning on page 10. There you will read important updates on our joint development and sales, improved automation of vital research and clinical areas, innovation awards, and technical excellence in key areas, such as cancer diagnosis, next-generation sequencing, single-cell proteomics, biomimetic models, regenerative medicine and disease modelling.

This quarterly report adds a new feature, highlighting one BICO company at a time, and it's Cellenion's turn, on page 12. I would like to especially note their launch of BICO's Single-Cell Analysis Center of Excellence in Lyon, France, which processes samples from around the world that affect clinical decisions in ongoing patient cases. They also held a very inspiring international workshop on single-cell proteomics in Lyon in June with more than seventy participants. It's that kind of innovation, service delivery, and customer engagement that makes BICO special in this industry.

> "The company pulse is strong. We have a tremendous portfolio of products and services that contribute to the future of life-saving treatments."

LOOKING AHEAD

While experiencing an increasingly uncertain world around us, I am more confident in the business than ever before. We have improved our way of working. We are pushing technological advances with new products and more value-driving solutions in the pipeline. The company pulse is strong. Based on years of research and development, we have a tremendous portfolio of products and services that contribute to the future of life-saving treatments, such as G-STATION™, C-STATION™ and cellenONE® HT. These are synergistic solutions based on multiple subsidiaries cooperating to meet customer needs.

Due to the anticipated market slowdown BICO has adopted a more cautious approach for the rest of this year, even as our core laboratory tools business has strong prospects in the long term. With our cost reduction program delivering improved efficiencies and cash flow, we remain focused on maintaining our positive momentum. We remain committed to our strategy of achieving desirable organic growth while delivering a positive EBITDA.

We are committed to building a long-term business based on customer demand and delivering value, focusing on sustainable growth, improving efficiencies, and delivering first-in-class products and services to our customers. The measures we are now taking are nessessary to the continued success of the company. And ultimately to our mission: creating the future of life-saving treatments.

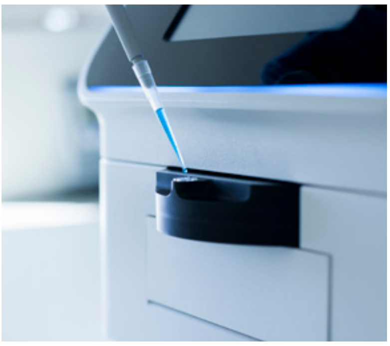
ERIK GATENHOLM / PRESIDENT & CEO

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+	7%	1,200+
COUNTRIES	Q2 2022,ORGANIC GROWTH	EMPLOYEES

16	32,000+	11,000+
PROFIT CENTERS	INSTRUMENTS IN THE FIELD	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 analysis more efficiently. We help prevent disease outbreaks and pro-actively plan for new diseases with better diag-nostics, while eliminating costly, unnecessary animal testing.

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

BIOPRINTING	BIOSCIENCES	BIOAUTOMATION
Bioprinting enables printing with cells and biomaterials, creating tissues and organ-like structures that mimic physiological conditions.	Biosciences provides user-friendly instruments to bring efficiency and speed to multiple application areas such as cell line development, drug screening, and microscopy.	Bioautomation accelerates develop-ment 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.

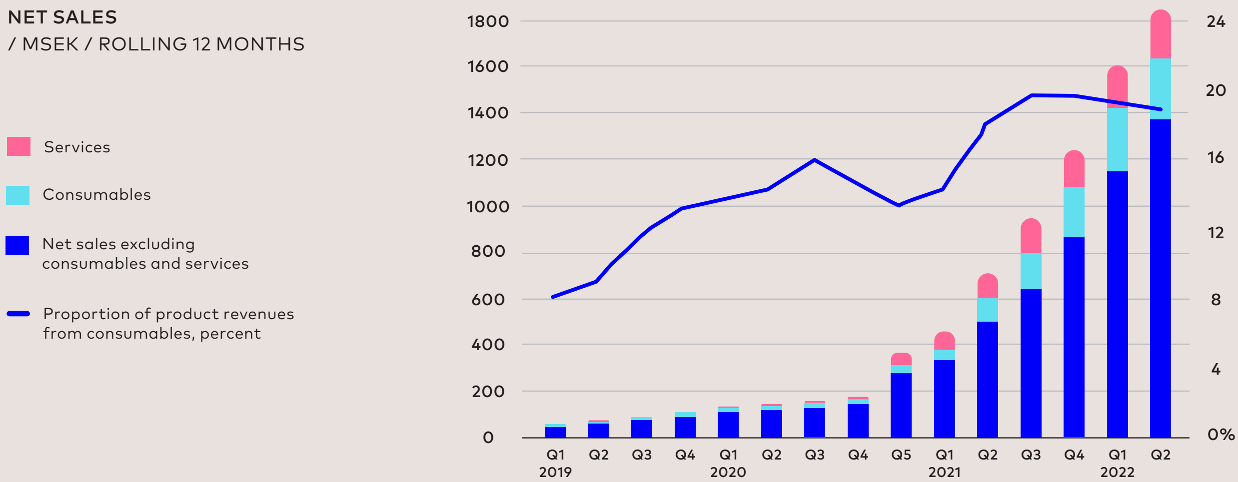
Consolidated key data and ratios

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	April–June 2022	April–June 2021	January–June 2022	January–June 2021	Jan–Dec 2021
Net sales	537.6	293.1	1,014.8	422.6	1,257.3
Organic growth, %	7%	95%	21%	79%	44%
Gross profit	392.4	202.4	745.0	302.5	908.3
Gross margin, %	73.0%	69.1%	73.4%	71.6%	72.2%
Operating profit before depreciation and amortization (EBITDA)	-62.9	10.6	-82.3	-24.3	-45.1
Operating margin before depreciation and amortization (EBITDA), %	-11.7%	3.6%	-8.1%	-5.8%	-3.6%
Adjusted EBITDA	11.1	21.5	17.1	8.7	16.9
Adjusted EBITDA, %	2.1%	7.3%	1.7%	2.1%	1.3%
Operating profit (EBIT)	-136.3	-31.4	-219.1	-92.2	-236.9
Operating margin (EBIT), %	-25.4%	-10.7%	-21.6%	-21.8%	-18.8%
Profit/loss for the period	43.1	-50.5	-0.4	-98.3	-229.2
Earnings per share before and after dilution, SEK	0.68	-0.89	0.00	-1.78	-3.97
Net debt (-)/Net cash (+)	-391.6	138.8	-391.6	138.8	119.7
Cash flow from operating activities	-115.4	-116.8	-184.7	-133.1	-409.3
Number of shares at the end of the period	64,086,269	57,326,417	64,086,269	57,326,417	62,130,269
Share price on closing day, SEK	88.7	424.2	88.7	424.2	277.8
Market capitalization on closing day, BSEK	5.7	24.3	5.7	24.3	17.3
Number of employees at the end of the period	1,291	924	1,291	924	1,159

Financial Performance

APRIL – JUNE 2022



THE GROUP

Net Sales

Net sales in the second quarter amounted to MSEK 537.6 (293.1), an increase of 83 percent (628) compared with the corresponding period last year. A weaker SEK relative primarily to the USD, a currency in which the Group has more than half of its revenues, contributed positively to growth in the quarter. During the second quarter 2022, SEK was about 15 percent lower against the USD compared with the second quarter 2021 and 10 percent lower compared with the fourth quarter 2021.

Organic growth in the quarter amounted to 7 percent (95). Bioprinting reported organic growth of 47 percent. Bioscience reported organic growth of 19 percent. Bioautomation reported organic growth of -17 percent. 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 first quarter, the acquisition of Allegro contributed with incomparable sales of about 5 MSEK. Other changes compared to the first quarter's sales are mainly explained by general slowdowns in emerging biopharma and biotech, as well as seasonal fluctuations.

Services accounted for 9.3 percent (10.0) of sales, and consumables for 17.4 percent (23.4) this quarter. For more information on the distribution of net sales, see Note 3.

Results

Gross profit in the second quarter amounted to MSEK 392.4 (202.4), which meant a gross margin of 73.0 percent (69.1). The gross margin is slightly higher than the average for 2021.

EBITDA for the second quarter amounted to MSEK -62.9 (10.6), corresponding to an EBITDA margin of -11.7 percent (3.6).

In order to increase transparency regarding items affecting comparability in the Group's accounts, an adjusted EBITDA is reported from the fourth quarter of 2021. Adjusted EBITDA for the second quarter amounted to MSEK 11.1 (21.5). Items in the adjusted EBITDA measure for the second quarter are shown below.

Operating profit for the second quarter amounted to MSEK -136.3 (-31.4), corresponding to an operating margin of -25.4 percent (-10.7). Operating profit for the quarter was affected by amortization of acquired intangible assets of MSEK -35.2 (-15.6). 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 25.7 (9.0). Other operating income was mainly related to grants for development projects and positive effects of currency exchange rates.

Financial items were affected by negative market development and dividends on the company's short-term investments of net MSEK -20.9 (1.7) 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 243.7 (-3.3) in the quarter.

Financial items were also charged with costs related to convertible bonds totaling MSEK -19.8 (-14.3) for the quarter; see further information in Note 4.

Net profit for the period for the second quarter amounted to MSEK 43.1 (-50.5), corresponding to earnings per share before and after dilution of SEK 0.68 (-0.89).

Items affecting comparability MSEK	**April–June 2022**	April–June 2021
Costs related to option programs	10.8	1.4
Contingent considerations	0.7	-
One-off credits	43.9	
Acquisition related costs	8.5	9.1
Restructuring costs	10.1	-
Re-branding	-	1.5
Governmental support	-	-1.1
Total	**74.0**	**10.8**

Cash flow, investments and liquidity

Cash flow from operating activities for the quarter amounted to MSEK -115.4 (-116.8), of which MSEK -74.9 (-116.0) consisted of changes in working capital.

The cash flow from changes in inventories amounted to MSEK -64.9 (37.7). The inventory increased to support future growth and mitigation of supply chain risks. The cash flow from changes in operating receivables amounted to MSEK -82.4 (-70.6). The cash flow from operating receivables mainly increased 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 72.5 (-7.7) and was impacted by increased trade payables and accruals, among other things.

Cash flow from investing activities during the quarter amounted to MSEK 269.8 (-2,100.7), of which MSEK -72.7 (-1,080.4) was attributable to the cash purchase price for the acquisitions and contingent considerations paid during the quarter, as well as associated acquisition costs. In Q2, the Group acquired Allegro 3D and paid an installment of the contingent consideration to former owners of Biosero. In the comparison period, Visikol, Nanoscribe and Discover Echo were acquired. MSEK 479.6 (-944.2) 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 -59.5 (-48.4) in intangible fixed assets, mainly attributable to product development in new products. Investments in tangible fixed assets amounted to MSEK -77.6 (-27.7), of which MSEK -42.4 was due to the buildings that SCIENION and Ginolis are constructing for their operations in Berlin and Oulo, respectively. The remaining investments schduled for these buildings are estimated at MSEK 110 in 2022 and MSEK 60 in 2023.

Cash flow from financing activities for the quarter amounted to MSEK -15.4 (-15.9) and consisted mainly of amortization of lease liabilities. The quarter's total cash flow amounted to MSEK 139.0 (-2,233.4).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to MSEK 990.8 (1,462.6). 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 1,382.4, of which MSEK 1,346.5 relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling MSEK 459.0. Reported contingent considerations to be paid amount to MSEK 489.7, of which MSEK 225.9 is reported as due within 12 months. See note 6 for more information on the contingent considerations.

Adapting costs – expense reduction programs

Given the changing macroeconomics and the ongoing integration of subsidiaries, on 15 July the company announced it began implementing cost savings, given the financial target of achieving a positive EBITDA result. The cost reduction program targets reducing expenses by 100 MSEK on a twelve-month basis, including organizational restructuring and improved efficiencies. These cost reductions are expected to materialize gradually over the rest of the year and be in full effect from the first quarter of 2023.

One-off item related to accounts receivable

In the same press release, the company announced a clear shift in customers' liquidity position and buying behavior, with purchasing decisions for larger CAPEX being pushed forward and therefore presaging a more reserved market situation in H2 2022. Therefore, measures were taken to assess customers' liquidity and ability to pay in detail, favoring strengthened working capital and adapting a more conservative approach to credit terms on a prospective basis. New agreements and settlements with customers having unpaid overdue balances and new assessments of uncertain receivables resulted in total adjustments to accounts receivable of -59 MSEK in the second quarter, resulting in a negative EBITDA effect of -44 MSEK after consideration of products which have been taken back in order to limit the credit losses. This one-off adjustment significantly reduces the due accounts receivable in the group.

After further analyzing the adjustments to accounts receivable and after a more detailed technical accounting assessments post the press release on July 15, it was concluded that 5 MSEK should be reducing 2022 revenue (4 MSEK in gross profit) and the remaining 40 MSEK in net exposure should be booked as a cost for credit losses in the income statement in addition to provisions earlier made. The reason for this conclusion is that 5 MSEK was related to errors that should have been identified in the 2021 closing procedures, whereas 54 MSEK was related to changed evaluation of the value of the trade receivables done in connection with the June 30, 2022 closing due to changed market sentiment, new judgements and estimates made, settlements with customers and new information received after the release of Annual report 2021. The 5 MSEK reduction in revenue has been posted in Q2 2022 instead of restating 2021, due to the non-material effect on the financial statements as a whole.

As commented above, the company has instead of taking further legal actions separately agreed to take back certain products from customers with an estimated value of 15 MSEK, hence the negative EBITDA effect is limited to 44 MSEK whereas the total adjustments to accounts receivable are 59 MSEK. The aim is to deliver the returned products to new customers in the upcoming quarters.

Financial performance

JANUARY – JUNE 2022

THE GROUP

Net Sales

Net sales for the first six months amounted to MSEK 1,014.8 (422.6), an increase of 140 percent (440) compared with the corresponding period last year. A weaker SEK relative primarily to the USD, a currency in which the Group has more than half of its revenues, contributed positively to growth in the quarter. During the first six months 2022, SEK was about 15 percent lower against the USD compared with the first six months 2021, and 10 percent lower compared with the fourth quarter 2021.

Organic growth for the first six months amounted to 21 percent (79). Bioprinting reported organic growth of 46 percent. Bioscience reported organic growth of 51 percent. Bioautomation reported organic growth of -3 percent. For more information on the respective business area, please see pages 10-11.

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

Services accounted for 9.7 percent (13.4) of sales, and consumables for 16.5 percent (21.2) in the period. For more information on the distribution of net sales, see Note 3.

Results

Gross profit for the first six months amounted to MSEK 745.0 (302.5), which meant a gross margin of 73.4 percent (71.6). The gross margin is slightly higher than the average for 2021.

EBITDA for the first six months amounted to MSEK -82.3 (-24.3), corresponding to an EBITDA margin of -8.1 percent (-5.8).

In order to increase transparency regarding items affecting comparability in the Group's accounts, an adjusted EBITDA is reported from the fourth quarter of 2021. Adjusted EBITDA for the first six months amounted to MSEK 17.1 (8.7). Items in the adjusted EBITDA measure for the first six months are shown below.

Operating profit for the first six months amounted to MSEK -219.1 (-92.2), corresponding to an operating margin of -21.6 percent (-21.8). Operating profit for the period was affected by amortization of acquired intangible assets of MSEK -65.4 (-26.6). 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 to USD and EUR.

Other operating income for the period amounted to MSEK 44.4 (16.9). Other operating income consisted mainly grants for development projects and positive effects of currency exchange rates.

Financial items were affected by negative market development and dividends on the company's short-term investments of net MSEK -28.1 (6.1) 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 304.7 (1.9) in the period.

Financial items were also charged with costs related to convertible bonds totaling MSEK -39.6 (-14.3) for the period; see further information in Note 4.

Net profit for the period for the first six months amounted to MSEK -0.4 (-98.3), corresponding to earnings per share before and after dilution of SEK 0.00 (-1.78).

Items affecting comparability MSEK	Jan–June 2022	Jan–June 2021
Costs related to option programs	24.9	2.4
One-off credits	43.9	-
Restructuring costs	10.1	-
Acquisition related costs	11.3	29.6
Governmental support	-	-1.1
Re-branding	-	2.1
ERP, Phase one implementation costs	8.3	-
Legal costs	1.0	-
Total	**99.5**	**33.0**

Cash flow, investments and liquidity

Cash flow from operating activities for the first six months amounted to MSEK -184.6 (-133.1), of which MSEK -133.3 (-94.3) consisted of changes in working capital. The cash flow from changes in inventories amounted to MSEK -123.5 (-76.3). The inventory increased to support future growth and mitigation of supply chain risks. The cash flow from changes in operating receivables amounted to MSEK -42.3 (-59.1). The cash flow from changes in operating receivables increased due to increased contract assets following an increased amount of ongoing large customer projects, and decreased due to collection of accounts receivables. The cash flow from changes in operating liabilities amounted to MSEK 32.5 (41.1) and was impacted by increased trade payables and accruals, among other things.

Cash flow from investing activities during the first six months amounted to MSEK 184.6 (-2,745.7), of which MSEK -75.2 (-1,956.9) was attributable to the cash purchase price for the acquisitions and contingent considerations paid during the quarter, as well as associated acquisition costs. During the first six months, the Group acquired Allegro 3D and paid an installment of the contingent consideration to former owners of Biosero. In the comparison period, Ginolis, MatTek, Visikol, Nanoscribe and Discover Echo were acquired. MSEK 531.7 (-665.2) was attributable to the purchase and sale of short-term interest rate funds and other short-term investments during the period. During the first six months, the Group invested MSEK -129.0 (-85.6) in intangible fixed assets, mainly attributable to development of new products. Investments in tangible fixed assets amounted to MSEK -142.9 (-38.0), of which MSEK -69.5 was due to the buildings that SCIENION and Ginolis are constructing for their operations in Berlin and Oulo, respectively. The remaining investment scheduled for these buildings are estimated at MSEK 110 in 2022 and MSEK 60 in 2023.

Cash flow from financing activities for the first six months amounted to MSEK 31.9 (2,883.2) 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 six months amounted to MSEK 31.9 (4.4).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to MSEK 990.8 (1,462.6). The short-term investments are mainly short-term interest rate funds and corporate bonds, which can be converted into liquid funds at short notice. The Group's external financing consisted of interest-bearing liabilities of MSEK 1,382.4, of which MSEK 1,346.5 relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling MSEK 459.0. Reported contingent considerations to be paid amounts to MSEK 489.7, of which MSEK 225.9 is reported as due within 12 months. See note 6 for more information on contingent considerations.

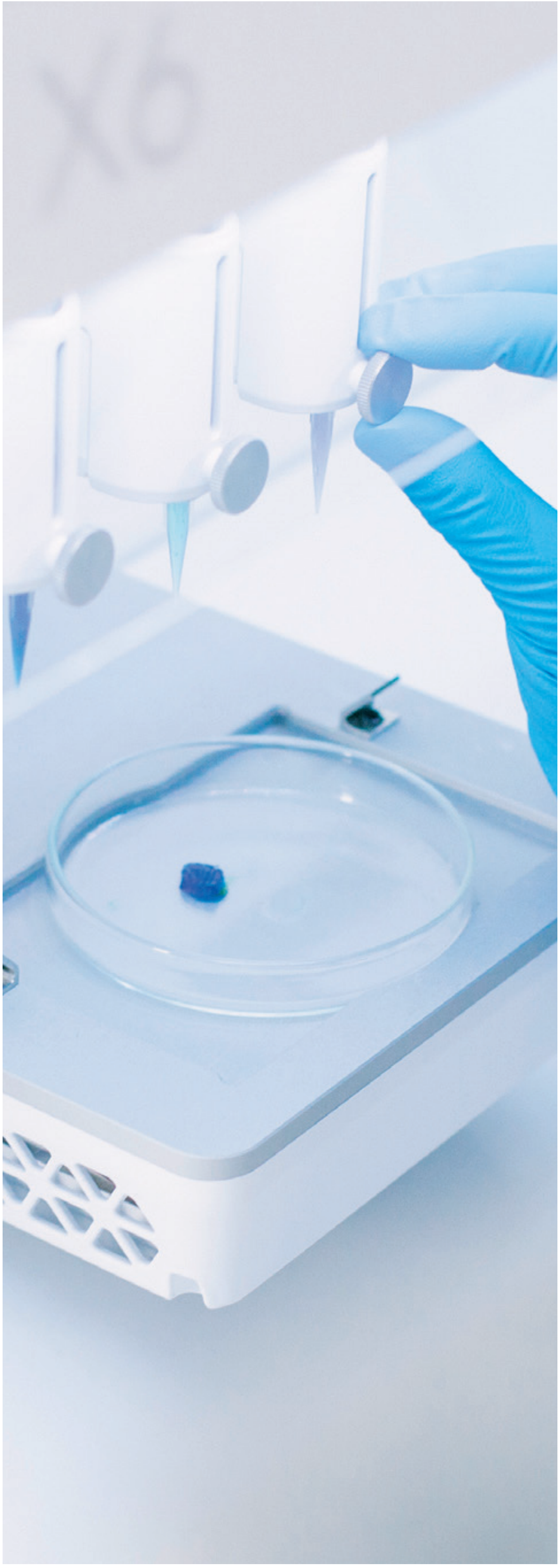
PARENT COMPANY

The Parent Company's net sales during the first six months amounted to MSEK 13.2 (112.2), of which MSEK 11.9 (53.8) 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 214.4 (-91.7) and profit for the period amounted to MSEK 195.4 (-75.3). The positive result is mainly attributable to unrealized currency gains and interest income from intra-company receivables nominated 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, all 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 593.5 (1,224.4). The parent company's external financing consisted of a convertible debt of MSEK 1,346.5, external loans of MSEK 5.0 and other long-term financing of MSEK 0.6. For more information on convertible debt, see Note 4.



Our Business Areas

We operate through 16 profit centers organized into three business areas: Bioprinting, Biosciences and Bioautomation. BICO companies operate with a decentralized approach under focused leadership teams. Collaboration on product development, marketing and sales comes naturally and produces positive synergy.

BIOPRINTING

In the second quarter, the Bioprinting business area reported net sales of SEK 153.7 million, representing 29 percent of total Group sales. The organic growth was 47 percent. The segment generated an adjusted EBITDA of SEK 7.4 million, representing a margin of 4.8 percent. Reported EBITDA was SEK -14.4 million, corresponding to a margin of -9.4 percent.

Continued innovation - including industrial approcations

One example of market success is bioNovaX, just launched this quarter by Allegro, which only joined the BICO family in May. The bioNovaX accelerates research in biomimetic models, regenerative medicine and disease modelling. Interest in this system is so high that the business area will surpass our full year sales targets well before year end.

Nearly all of the global top twenty pharmaceutical companies use Visikol HUREL Micro Liver plates in internal studies, in some cases contracting with Visikol for the testing services. Taking a strategic step into the future, we are developing a first-pass metabolism model that combines the MatTek EpiIntestinal Model with the Visikol HUREL Micro Liver Model to assess how drugs are metabolized via digestion. Our model will combine well-validated and advanced in vitro models, creating a robust dual-organ in vitro system.

Since our systems enable Biomimetic models to effortlessly recapitulate in vivo biomechanical properties, tissue models are moving out of clinical research and into industrial applications, such as producing better lenses for mobile phone optics. Nanoscribe enables 3D bioprinting at nano resolution – less than 10 micros – using two-photon polymerization.

MatTek delivered our first batch of EpiAirway-Monkey this quarter to the National Center for Advancing Translational Sciences (NCATS), an arm of the National Institute of Health (NIH), allowing them to translate their historical in vivo monkey data to in vitro human model (EpiAirway) data. This enabled a deeper understanding of Sars-CoV-2 infection in the human lung, and screening for antiviral therapeutics. Additional shipments are planned over several months.

This quarter Visikol offered its new cell painting assay service to two pharmaceutical clients for phenotypic drug screening of large numbers of compounds, combining high-throughput imaging with advanced cell culture models. This service enables clients to determine which compounds within a large library of potential therapeutics can shift the phenotype of a cell from a disease phenotype to a healthy phenotype. Its assay services and multiplex tissue imaging services continue to see significant demand.

Profitability and cost savings

In order to improve our profitability, we have launched several initiatives. A review of our manufacturing productivity and our R&D roadmap led to a more streamlined structure and organization. We are also improving our gross margins as a positive effect of optimizing production and logistics.

Q2 and outlook

Our organic growth continues to outpace overall market growth, and demand is especially high in Asia-Pacific, which is just emerging from pandemic closures. We are in a market segment where capital investments are less sensitive, and there is a growing demand for industrial applications of our products, for example in the integrated photonic space, and pharma customers replacing animal models with tissue models to get better and more consistent results in drug development. Market demand for our products continues to increase in all segments and markets.

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

BIOSCIENCES

In the second quarter, the Biosciences business area reported net sales of SEK 212.5 million, representing 39 percent of total Group sales. The organic growth was 19 percent. The segment generated an adjusted EBITDA of SEK 23.5 million, representing a margin of 11.1 percent. Reported EBITDA was SEK -15.0 million, corresponding to a margin of -7.1 percent.

Continued innovation and automation

Our newest acquisition, Biosero, continues to develop well, announcing a key patent underlying its Green Button Go® laboratory automation scheduling software. Biosero also recently installed what may be the largest automated cancer diagnosis systems in the world. This system runs tests on patient samples that detect multiple types of cancers through a single blood draw, contributing to early cancer detection and monitoring a patient's response to treatment. Now Biosero is building a similar size system for another customer in another application.

DISPENDIX sees high demand for their recently launched system that automate workflows for next-generation sequencing, which include components from CYTENA, and QInstrument (from the Bioautomation business area). This success is proof of our bioconvergence agenda, as it combines products from multiple BICO companies across business areas with a molecular biology workflow to solve customer problems.

Discover Echo continues to capitalize on its innovations within microscopy, where they have replaced traditional eyepieces with high-resolution touch displays (iPads) to allow easy viewing, manipulation and collaboration. The microscopy market is stable and continues to show strong growth. Echo is ahead of plan for this year, and has improved gross margins, making them a profitably growing anchor of the business.

CYTENA was named Innovator of the Year 2022 in the Compamedia TOP 100 awards in June. The TOP 100 has been honoring the most innovative of Germany's SMEs for over 25 years. Furthermore, CYTENA has expanded its Cell Line Development product offering by launching a consumable kit to measure therapeutic antibodies.

Meeting market challenges

While we are facing some headwinds in the markets, we are encouraged by our adjusted EBITDA margin expansion in Q2, with the overall adjusted EBITDA margin for the first half of the year at 9.3 percent. Reported EBITDA in Q2 was negatively impacted by customer credit notes.

Our Business Areas

While our organic growth in Q2 was below BICO's financial target – 19 percent vs 35 percent – organic growth for the first half reached 51 percent.

Within Biosciences, demand is strongest for automated workflows and microscopes. At the same time, we have seen somewhat of a reduction in market confidence at biotech customers and distributors, and the impact will likely continue this year. Therefore, we have started to right-size some of our operations. Implementation of this started in Q3 and is expected to wind up in Q1 next year. Measures include closing some regional offices, reducing R&D team sizes, and merging commercial teams between different operating companies.

Improving processes

We continue to improve delivery times to reduce our backlog for some products. We are also steadily improving our supply chains in several key areas and are increasing synergies among companies.

We reviewed outstanding accounts receivables and have improved our pricing, collection and credit scoring processes, and have started enforcing stricter payment terms in future contracts. We have also reduced commercial efforts in developing regions, where we have experienced difficulties with collection. We expect to see the results of our efforts later this year or early in 2023.

All in all, we are confident in our capacity to deliver on our commercial agenda, while increasing focus on profitability and cashflow.

/ Jonas Schöndube, PhD, SVP and Business Area Director

BIOAUTOMATION

In the second quarter, the Bioautomation business area reported revenue of SEK 171.4 million, representing 32 percent of total Group sales. The organic growth was -17 percent. The segment generated an adjusted EBITDA of SEK 7.7 million, representing a margin of 4.5 percent. Reported EBITDA was SEK 2.9 million, corresponding to a margin of 1.7 percent.

Strong customer demand

We are very pleased with the strong customer demand for our new innovative products and the earnings contribution from these launches. This is our most launch-intensive year ever, especially for single-cell handling instruments (cellenONE), consumables (cellenCHIP and proteoCHIP) and services. We expect a strong earnings contribution from this mix for the 2022 full year to compensate for the anticipated volume decline in custom bioautomation instrumentation.

Providing relevant innovations under well-established brands to our target customers in diagnostics and pharma is a key driver for profitable growth. One great example of this is how we strengthen our single cell proteomics offerings through a great network of key opinion leaders, co-marketing agreements and partnering programs, leading to record sales of our cellenONE products.

Bioautomation organic revenue growth was mainly affected by Covid-related effects on Ginolis business, especially a delay in high-margin project revenues due to the pandemic hitting the manufacturing facility in Oulu, Finland. Contract manufacturing service revenues, mainly for Point of Care PCR-based Covid tests, developed better compared with the prior-year period. The strong performance of the QInstruments business and higher revenues in particular for their BioShake products helped to offset the declines in our custom instrumentation revenues, which were below expectations. The lower sales volumes and dampened sales development were mainly due to the lockdowns in China and disruptions to global supply chains.

SCIENION UK Ltd moved into new offices in Portsmouth, including cleanrooms and demo laboratories for the entire BICO group. SCIENION began building its new 5,700 m² headquarters in Berlin-Adlershof, which will enable efficient consolidation of our working area, currently scattered throughout two separate buildings. SCIENION also strengthened its leadership in June by naming Dr. Frauke Hein as Co-Chief Executive Officer. A noted executive, investor and entrepreneur in the life science industry, she brings us detailed knowledge of both the diagnostics and pharma industries, with a single-cell focus.

Increased efficiency

SCIENION signed an agreement with Bruker for co-distribution of a complete solution for single-cell proteomics that integrates our cellenONE and proteoCHIP products for sample prepping with Bruker's timsTOF SCP Mass Spectrometer for analysis.

In the volatile times we are now experiencing, it is vital to continue on our long-term strategic journey while also being efficient and agile. With inflation soaring to historically high levels, increased interest rates, global supply chain constraints, as well as uncertainty regarding the coronavirus pandemic and the war in Ukraine, visibility for the rest of the year is limited and we are preparing for those uncertainties. SCIENION and Cellenion have a hiring freeze. While Ginolis has just completed its largest customer installation in Vancouver, Canada, a 24-cell assembly line with a 108 ppm capacity, it is also undergoing a massive restructuring to better address customer needs. We brought in external advisors to prepare for future business growth and more synergies within Bioautomation. Cellenion's activities are featured in a separate article in this report.

Our strategic focus has so far been on better products, more targeted brands, and increased manufacturing efficiency. We are now expanding our scope beyond the product itself to all interactions we have with our customers, including post-sales global service and support, where our Global Service and Support (GSS) business made a positive contribution to revenue overall.

Through our new sales organization with a dedicated Commercial & Customer Journey team, we are ready to take our game to the next level by getting even closer to our customers.

We maintain our regional market demand outlook for the full year 2022, with the exceptions of Russia and China, which are revised to negative. For all other geographic areas, however, we still estimate revenue to be above pre-pandemic levels.

/ Holger Eickhoff, PhD, SVP and Business Area Director

BICO GROUP – PORTFOLIO INSIGHT, CELLENION

Unique positioning in the growing field of single-cell proteomics

We established ourselves in Lyon, France, as a spinoff from SCIENION in 2016 with two employees, but we're now close to 50 people. Cellenion develops products, consumables and applications, while SCIENION produces and markets our products. Whether working on our own or closely with our customers, we concentrate on applications that accelerate discoveries.

AUTOMATED SINGLE-CELL ISOLATION AND SAMPLE PREPARATION WITH DEDICATED CONSUMABLES

Order intake YTD more than doubled compared to last year, and it's clear what's driving this boom: the new and growing field of single-cell proteomics, where we have a unique positioning.

Rather than using one system for single cell isolation, and additional devices for sample preparation and incubation, our cellenONE device offers fully automated workflows in a single device. To further increase usability and sensitivity, we developed proteoCHIP, a range of dedicated consumables for single cell isolation, nanoliter sample preparation, on-deck incubation, and easy sample pooling and interfacing for subsequent analyses.

The cellenONE is so versatile that one of our partners, Pacific Northwest National Laboratory in Richland, Washington, has been able to develop a groundbreaking multiomic method allowing high-performance transcriptomic and proteomic analyses on the same individual cells.

AUTOMATED CELL LINE DEVELOPMENT

Another pioneering example is our fully automated Cell Line Development (CLD) platform that integrates the cellenONE HT system, used by pharma and biotech companies to accelerate their drug discovery programs. Unlike cell sorters that induce a lot of cell stress and are very complex to use, automated cloning using cellenONE HT provides best-in-class clonal outgrowth, ensures monoclonality of isolated cells, and allows true walkaway operation for processing unlimited number of samples.

Thanks to our sister company Biosero in San Diego, and their outstanding GreenButtonGo scheduler, our customers can select virtually any complementary systems they need for their specific CLD workflows. They can seamlessly integrate our new cellenONE HT with their existing devices to maximize the output and quality of the cell lines at the core of their businesses.

/ Guilhem Tourniaire, PhD, Managing Director, Cellenion

SUSTAINABILITY

The way ahead for our sustainability agenda

Last year, BICO made a solid effort to develop a sustainability agenda that is integrated into the company's business strategy. The agenda is based on a strong corporate culture, clear focus areas and the UN Sustainable Development Goals. BICO's sustainability efforts are defined by the BICO Way, which describes who we are and what we stand for. The BICO Way is based on our core values – passion, inspiration and persistence – which guide our daily decisions and actions. The BICO Way includes our sustainability platform.

BICO'S SUSTAINABILITY PLATFORM

The platform comprises three focus areas – our people, our offering and our planet – which are strongly linked to BICO's business strategy and corporate culture. In 2021, a baseline for the KPIs was established. A selection of KPIs, targets and initiatives linked to the focus areas are presented below.

FOCUS AREA	DESCRIPTION	EXAMPLES OF TARGETS AND KPIS	INITIATIVES IN 2022
OUR OFFERING	'Our offering' is based on an ethical business acumen that is defined in our Code of Conduct. It also includes sustainable offerings, a sustainable production process and responsible collaborations and supplier relationships.	**Target**: A mean NPS of 20 **Outcome in 2021:** An NPS of 18	• Make the manufacturing of products more resource-efficient to reduce the number of components needed • Switch to more environmentally friendly transportation • Increase the focus on circularity
OUR PEOPLE	'Our people' are defined in the Group's overarching HR strategy. Ultimately, the strategy is about having thriving employees who are offered the opportunity to develop in a safe production environment.	**Target**: An employee turnover of <13% **Outcome in 2021:** An employee turnover of 15.8%	• Expand the training platform, "The Academy" • Increase the number of employee benefits • Establish a mentor program
OUR PLANET	'Our planet' entails an ambition to conduct BICO's operations within the planetary limits. We strive to increase the proportion of renewable energy sources and reach net zero emissions in scopes 1–3 by 2040.	**Target**: Net zero emissions by 2040 **Outcome in 2021:** Due to incomplete data collection, the outcome cannot be reported.	• Devise travel and shipping policies for the Group • Refine the measurement of BICO's carbon dioxide emissions • Begin the work on a climate roadmap for our climate targets

Financial Comments

SIGNIFICANT EVENTS
DURING THE SECOND QUARTER

- **May:** BICO Publishes Q1 Report. Continued growth in sales, improved profitability and focus on commercial synergies.
- **May:** BICO Group adds senior IR manager to its executive management, Åsa Hillsten.
- **May:** BICO acquires Allegro 3D, adding new light-based 3D bioprinting technology – complementing the existing offering of application tailored products.
- **May:** BICO Group AB publishes a business update, and indicates that BICO delivered results are in line with and exceed the company's financial targets.
- **April:** New Interim CFO appointed, Mikael Engblom.
- **April:** BICO's Board of Directors: "Full confidence in the CEO, management and current strategic direction".
- **April:** Bulletin from Annual General Meeting in BICO Group AB.
- **April:** With immediate effect, BICO's CFO, Gusten Danielsson leaves the company and his role as CFO. A recruitment process for a new CFO has begun.
- **April:** The BICO Group has been awarded 7 iF design awards for excellence in product design.

SIGNIFICANT EVENTS
AFTER THE END OF THE QUARTER

- **July:** Invitation to presentation of BICO's preliminary Q2 performance 2022. 18 July a conference call was held. https://bico.com/investors/financials/financial-reports-and-presentations/
- **July:** BICO announces preliminary financial performance for the second quarter.

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. Organizationally, BICO is divided into three business areas: Bioprinting, Biosciences and Bioautomation. Each business area includes the profit centers: CELLINK Bioprinting, MatTek, Visikol , Nanoscribe, Advanced Biomatrix and Allegro 3D (Bioprinting), CYTENA, CYTENA BPS, Dispendix, Discover Echo and Biosero (Biosciences) and SCIENION, CELLENION, Ginolis and QInstruments (Bioautomation).

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.

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.

Financial Comments

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, 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. This new set of roles in executive management provides increased control, business optimisation and greater focus on gouvernance.

EMPLOYEES

As of 30 June 2022, the Group had a total of 1,291 employees, of whom 852 were men and 439 were women. Expressed as percentages, men represented 66 percent of the total number of employees, while women represented 34 percent . Out of our 1,291 employees, 1,244 are employed full-time and 47 are employed on a part-time basis.

BOARD OF DIRECTORS HAS CONFIDENCE

On 27 April BICO Group published a message from the board of directors addressing the ongoing communication and speculation in media related to former CFO, Gusten Danielsson´s resignation. The board pointed out that the company had been careful to follow both stock exchange rules as well as labor laws and that the board has continuous full confidence in the CEO, management, and the current strategic direction of the company. For the full press release: https://bico.com/single-press-release/?slug=bicos-board-of-directors-full-confidence-in-the-ceo-management-and-current-strategic-direction-fbef3cad

INTERIM GROUP CFO

On April 26, 2022, BICO Group announced that the former CFO, Gusten Danielsson, had left the company and that a recruitment process for a new CFO had begun. On 29 April 2022, BICO Group announced that Mikael Engblom would succeed Group CFO Gusten Danielsson as Interim Group CFO, while the process is still ongoing. Engblom most recently came from the role of CFO at Vitrolife AB. https://bico.com/single-press-release/?slug=new-interim-cfo-at-bico-8a44bf07

BUSINESS UPDATE MAY

On 2 May BICO Group published a trading update on the company´s financial and operational development (January-March 2022), addressing that BICO delivered results are in line with and exceeds the company´s financial targets. For the full update: https://bico.com/single-press-release/?slug=business-update-for-bico-group-ab-publ-7dc2e4f1

BUSINESS UPDATE JULY

On 15 July 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. The announcement was followed by a conference call 18 July.

SHARE CAPITAL

As of 30 June 2022, share capital amounted to SEK 1,602,157 divided among 64,086,269 ordinary shares. As of 30 June 2022, the closing price for the BICO Group share was SEK 88.72. 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 30 June 2022 was approximately 23,000.

SHAREHOLDER STRUCTURE

Ten largest shareholders as of 30 June 2022	%
Erik Gatenholm	15,0%
Hector Martinez Avila	9,9%
Handelsbanken Funds	9,7%
Fourth Swedish National Pension Fund	5,0%
Capital Group	4,7%
Third Swedish National Fund	4,3%
Swedbank Robur Fonder	4,1%
Gusten Danielsson	2,0%
Carl Bennet	1,8%
Berenberg Funds	1,8%
Subtotal, 10 largest shareholders	**58,3%**
Other shareholders	**41,7%**
Total	**100%**

ANNUAL GENERAL MEETING

This year's Annual General Meeting was held on Tuesday 26 April 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

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 ended 30 June 2022.

Financial Comments

BICO CAPITAL MARKETS DAY 10 NOVEMBER

BICO Group AB will arrange a Capital Markets Day in Stockholm, 10 November 2022 at Kapitel8, Västra Trädgårdsgatan 15. The company will publish an invitation well in advance of the event and no later than 10 October 2022.

PRESENTATION TO INVESTORS AND MEDIA

Combined audiocasts with telephone conferences, with the opportunity to ask questions, will be held on 24 August 2022 at 9:00 am CET and at 16.00 pm CET, at which CEO Erik Gatenholm and Interim Group CFO Mikael Engblom will present the Q2 report. The presentations will be given in English.

Morning audiocast, at 09:00 CEST:

https://tv.streamfabriken.com/bico-q2-2022-am

To participate via telephone, please call:
SE: +46 8 505 16 386
UK: +44 203 198 48 84
US: +1 412 317 6300
Please use pin 3144420#

Afternoon audiocast, at 16:00 CEST:

https://tv.streamfabriken.com/bico-q2-2022-pm

To participate via telephone, please call:
SE: +46 8 505 163 86
UK: +44 203 198 4884
US: +1 412 317 6300,
Please use pin 3505431#

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, artificiell intelligence, Big Data and biology.

TRENDS SHAPING THE FUTURE OF BIOCONVERGENCE

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

Supplemental Information

The Board of Directors and the CEO give their assurance that the interim report provides a true and fair view of the Parent Company's and Group's operations, financial position and results and describes significant risks and uncertainties facing the Parent Company and companies within the Group.

This interim report has not been subject to review by the company's´s auditors.

Gothenburg, 24 August 2022

THE BOARD OF DIRECTORS

Carsten Browall
Chairman of the Board

Bengt Sjöholm
Board member

Christian Wildmoser
Board member

Ulrika Dellby
Board member

Erik Gatenholm
CEO and Board member

Helena Skåntorp
Board member

Susan Tousi
Board member

Rolf Classon
Board member

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This information is information that BICO Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons, on 24 August 2022 at 07:00 CET.

Upcoming Events

9 NOVEMBER 2022
Interim report Q3
January–September 2022

An audiocast with telephone conference will be held. The presentation starts at 9 am (CEST) and at 4 pm (CET).

10 NOVEMBER 2022
Capital Markets Day

Kapitel8, Västra Trädgårdsgatan 15 in Stockholm, Sweden.

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

15 MARCH 2023
Annual Report 2022

Condensed consolidated income statements

Amounts in MSEK	Note	April–June 2022	April–June 2021	Jan–June 2022	Jan–June 2021	Jan–Dec 2021
Net sales	3	**537.6**	293.1	**1,014.8**	422.6	**1,257.3**
Change in inventories [2]		**-4.1**	3.3	**-4.4**	6.6	**13.2**
Capitalized work for own account		**49.1**	26.3	**90.6**	42.4	**94.0**
Other operating income		**25.7**	9.0	**44.4**	16.9	**73.8**
OPERATING EXPENSES						
Raw materials and supplies		-141.1	-94.0	-265.4	-126,7	-362.2
Other external costs		-212.9	-84.1	-355.0	-155.0	-433.1
Personnel expenses		-314.1	-138.0	-595.7	-224.6	-669.8
Depreciation and amortization of fixed assets		-73.4	-42.0	-136.8	-67.9	-191.8
Other operating expenses		-3.2	-5.0	-11.7	-6.5	-18.3
Operating profit/loss		**-136.3**	**-31.4**	**-219.1**	**-92.2**	**-236.9**
FINANCIAL ITEMS						
Financial income		240.6	5.5	311.8	15.2	96.3
Financial expenses		-47.3	-23.1	-83.3	-26.3	-72.8
Profit/loss after financial items		**56.9**	**-49.0**	**9.4**	**-103.3**	**-213.4**
Tax for the period		-13.8	-1.5	-9.8	5.0	-15.8
Net profit/loss for the period		**43.1**	**-50.5**	**-0.4**	**-98.3**	**-229.2**
ATTRIBUTABLE TO						
Parent company shareholders		43.6	-50.3	0.0	-97.8	-227.6
Non-controlling interest		-0.5	-0.2	-0.4	-0.5	-1.6
Earnings per share before dilution, SEK		0.68	-0.89	0.00	-1.78	-3.97
Earnings per share after dilution, SEK		0.68	-0.89	0.00	-1.78	-3.97
Average number of shares before dilution		64,086,269	56,733,471	63,907,197	54,881,136	57,265,416
Average number of shares after dilution [1]		66,622,931	58,705,239	66,626,092	56,766,285	61,352,967

[1] Average number of shares including potential ordinary shares.
[2] 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.

Condensed consolidated statements of comprehensive income

Amounts in MSEK	Note	April–June 2022	April–June 2021	Jan–June 2022	Jan–June 2021	Jan–Dec 2021
Net profit/loss for the period		**43.1**	**-50.5**	**-0.4**	**-98.3**	**-229.2**
Items that have been transferred or can be transferred to the profit for the period						
Translation differences on foreign operations		**210.5**	-33.6	**271.1**	17.4	**81.0**
Tax attributable to items that have been transferred or can be transferred to profit		-3.9	-1.0	-3.9	-0.4	1.6
Total comprehensive income		**249.7**	**-85.1**	**266.8**	**-81.3**	**-146.6**
ATTRIBUTABLE TO						
Parent company shareholders		249.4	-84.7	266.6	-80.9	-146.0
Non-controlling interest		0.3	-0.4	0.2	-0.4	-0.6

Condensed consolidated statements of financial position

Amounts in MSEK	Note	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Fixed assets				
Intangible fixed assets	6	7,198.8	4,123.9	6,522.7
Property, plant and equipment		341.5	151.9	209.1
Right-of-use assets		456.3	206.8	248.5
Financial fixed assets	4	27.7	12.7	23.8
Deferred tax assets		126.5	81.7	96.5
Total fixed assets		**8,150.8**	**4,577.0**	**7,100.6**
Current assets				
Inventories		489.6	224.4	353.5
Contract assets		166.0	30.5	132.2
Accounts receivable		537.6	305.7	576.9
Prepaid expenses		29.0	16.4	19.1
Other current assets		134.4	76.6	97.3
Short-term investments	4	443.7	1,021.4	993.8
Cash and cash equivalents		547.1	441.2	481.2
Total current assets		**2,347.4**	**2,116.2**	**2,654.0**
Total assets		**10,498.2**	**6,693.2**	**9,754.6**
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders		7,118.3	4,426.0	6,773.9
Non-controlling interest		29.0	6.2	28.8
Total equity		**7,147.3**	**4,432.2**	**6,802.7**
Long-term liabilities				
Long-term interest-bearing liabilities	4	1,366.7	1,319.6	1,350.3
Long-term lease liabilities		373.6	161.5	198.2
Other provisions		22.6	15.4	19.5
Other long-term liabilities	6	272.1	196.9	393.2
Deferred tax liabilities		316.9	87.1	260.2
Total long-term liabilities		**2,351.9**	**1,780.5**	**2,221.4**
Current liabilities				
Short-term interest-bearing liabilities		15.7	4.2	5.0
Short-term lease liabilities		85.4	45.3	53.3
Accounts payable		167.0	116.3	129.1
Contract liabilities		186.0	48.6	201.5
Other current liabilities	6	345.0	168.6	161.4
Accrued expenses		199.9	97.4	180.2
Total current liabilities		**999.0**	**480.5**	**730.5**
Total liabilities		**3,350.9**	**2,261.0**	**2,951.9**
Total equity and liabilities		**10,498.2**	**6,693.2**	**9,754.6**

Condensed consolidated cash flow statements

Amounts in MSEK	Note	April–June 2022	April–June 2021	Jan–June 2022	January–June 2021	Jan–Dec 2021
Profit/loss after financial items		**56.9**	**-49.0**	**9.4**	**-103.3**	**-213.4**
Adjustments for non-cash items		-90.5	56.2	-48.8	78.9	173.7
Income tax paid		-6.9	-8.0	-12.0	-14.4	-21.5
Increase (-)/Decrease (+) in inventories		-64.9	-37.7	-123.5	-76.3	-169.5
Increase (-)/Decrease (+) in operating receivables		-82.4	-70.6	-42.2	-59.1	-352.9
Increase (+)/Decrease (-) of operating liabilities		72.5	-7.7	32.5	41.1	174.4
Cash flow from operating activities		**-115.4**	**-116.8**	**-184.6**	**-133.1**	**-409.2**
Acquisition of property, plant and equipment		-77.6	-27.7	-142.9	-38.0	-110.9
Acquisition of intangible fixed assets		-59.5	-48.4	-128.9	-85.6	-156.1
Acquisition of subsidiaries/operations, net proceeds		-72.7	-1,080.4	-75.2	-1,956.9	-3,540.2
Acquisition/disposal of short-term investments, net		479.6	-944.2	531.7	-665.2	-646.6
Cash flow from investing activities		**269.8**	**-2,100.7**	**184.7**	**-2,745.7**	**-4,453.8**
Option premiums received		0.9	-	0.9	-	
New issues		-	5.6	52.6	1,495.5	3,609.5
Issue costs		-0.4	-0.2	-0.6	-33.0	-97.9
Issue of convertible loan		-	-	-	1,500.0	1,500.0
Borrowings		-	-	9.3	-	-
Repayment of loans		-	-13.0	-0.6	-65.9	-73.9
Amortization of lease liabilities		-15.9	-8.3	-29.7	-13.4	-37.6
Cash flow from financing activities		**-15.3**	**-15.9**	**31.9**	**2,883.2**	**4,900.1**
Cash flow for the period		**139.0**	**-2,233.4**	**31.9**	**4.4**	**37.1**
Opening cash and cash equivalents		378.7	2,679.3	481.2	434.9	434.9
Exchange difference in cash and cash equivalents		29.3	-4.7	34.0	1.9	9.2
Closing cash and cash equivalents		**547.1**	**441.2**	**547.1**	**441.2**	**481.2**

Consolidated changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Balanced profit includ-ing 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	-	-	-	-227.5	-1.7	-229.2
Other comprehensive income	-	-	81.5	-	1.1	82.6
New share issue	0.2	3,586.2	-	-	22.8	3,609.2
Non-cash issue	0.1	1,012.8	-	-	-	1.012.9
Convertible bonds	-	167.1	-	-	-	167.1
Transaction costs, net of tax	-	-60.6	-	-	-	-60.6
Share-based compensation	-	12.1	-	-	-	12.1
Closing balance as of December 31, 2021	**1.6**	**7,017.1**	**29.0**	**-273.8**	**28.8**	**6,802.7**
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	-	-	-	0.0	-0.4	-0.4
Other comprehensive income	-	-	266.6	-	0.6	267.2
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	-	24.9	-	-	-	24.9
Closing balance as of June 30, 2022	**1.6**	**7,094.9**	**295.6**	**-273.8**	**29.0**	**7,147.3**

Condensed income statements for the parent company

Amounts in MSEK	**April–June 2022**	April–June 2021	**Jan–June 2022**	Jan–June 2021	**Jan–Dec 2021**
Net sales	1.4	65.3	13.2	112.2	217.7
Change in inventories**	-	-0.3	-	-0.6	-1.3
Capitalized work for own account	-	7.0	-	13.8	14.2
Other operating income	13.1	1.2	14.5	7.0	195.5
OPERATING EXPENSES					
Raw materials and supplies**	-1.0	-41.0	-1.1	-68.2	-134.8
Other external costs	-32.8	-39.0	-56.4	-76.7	-120.5
Personnel expenses	-31.3	-38.2	-49.1	-61.2	-131.6
Depreciation and amortization of fixed assets	-0.4	-6.3	-0.9	-11.1	-22.1
Other operating expenses	-	-0.3	-0.2	-1.2	-10.5
Operating profit/loss	**-51.1**	**-51.6**	**-80.1**	**-86.0**	**6.7**
FINANCIAL ITEMS					
Profit from shares in Group companies	-40.0	-	-40.0	-0.3	-40.3
Financial income	309.0	2.4	411.5	14.9	156.8
Financial expenses	-50.6	-18.7	-77.0	-20.3	-63.9
Profit/loss after financial items	**167.3**	**-67.9**	**214.4**	**-91.7**	**59.3**
Tax for the period	-19.0	11.5	-19.0	16.4	-37.3
Net profit/loss for the period*	**148.4**	**-56.4**	**195.4**	**-75.3**	**22.0**

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

** 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.

Condensed parent company statements of financial position

Amounts in MSEK	Note	2022-06-30	2021-06-30	2021-12-31
ASSETS				
Fixed assets				
Intangible fixed assets		4.2	173.7	4.7
Property, plant and equipment		3.4	14.7	2.1
Shares in Group companies		4,191.2	4,315.9	4,221.7
Receivables from Group companies		4,207.8	251.4	3,405.9
Other financial fixed assets		4.4	0.9	4.7
Deferred tax assets		4.6	53.5	-
Total fixed assets		**8,415.7**	**4,810.1**	**7,639.1**
Current assets				
Inventories		-	45.7	-
Accounts receivables		7.9	51.7	38.9
Receivables from Group companies		125.2	14.6	87.9
Other current assets		21.9	6.2	16.5
Prepaid expenses and accrued income		5.5	3.0	4.6
Short-term investments		443.7	1,021.4	993.6
Cash and cash equivalents		149.8	203.0	91.1
Total current assets		**754.0**	**1,345.6**	**1,232.7**
Total assets		**9,169.7**	**6,155.7**	**8,871.7**
EQUITY AND LIABILITIES				
Equity		**7,223.3**	**4,465.7**	**6,973.2**
Long-term liabilities				
Other provisions		-	0.7	-
Long-term interest-bearing liabilities		1,349.5	1,297.0	1,332.4
Other long-term liabilities		264.5	196.9	389.2
Total long-term liabilities		**1,614.0**	**1,494.6**	**1,721.6**
Current liabilities				
Short-term interest-bearing liabilities		2.0	2.0	2.0
Liabilities to Group companies		13.0	13.9	1.4
Accounts payable		9.7	16.2	5.6
Other current liabilities		269.4	110.7	110.7
Accrued expenses and deferred income		38.4	52.6	57.2
Total current liabilities		**332.5**	**195.4**	**177.0**
Total equity and liabilities		**9,169.7**	**6,155.7**	**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 and Nanoscribe have have been finalized during 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 has been transferred to the customer, which is when the products have been delivered in accordance with agreed shipping terms. However, the Group also recognize 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 various 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 the profit centers CELLINK Bioprinting, MatTek, Visikol, Nanoscribe, Advanced BioMatrix and Allegro 3D. The segment offers 3D bioprinters as well as related services and consumables such as bioinks, reagents, software, printheads, 3D-reconstructed human tissue and 3D cell culture.

Biosciences
Biosciences consists of the profit centers CYTENA, CYTENA Bioprocess Solutions, DISPENDIX, Discover Echo and Biosero. The segment offers hybrid microscopes, single-cell dispensing instruments and liquid dispensing instruments, as well as services and consumables associated with these products, such as microscope lenses, software, microtiter plates and the like.

Bioautomation
The operations within Bioautomation consist of the profit centers SCIENION, with the subsidiary Cellenion, Ginolis and QInstruments. The segment offers products in precision dispensing and biosensor technology to industrial customers that contribute to customers' high-capacity production as well as automated diagnostics and advanced robotics solutions for the medical and diagnostic industry.

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–June 2022	Biosciences Jan–June 2022	Bioautomation Jan–June 2022	Group Jan–June 2022	Total Jan–June 2022
Net sales	276.7	424.6	313.5	-	**1,014.8**
Raw materials and supplies reduced with changes in inventories	-59.8	-111.1	-98.8	-	**-269.8**
Capitalized work for own account	26.2	42.8	21.6	0.0	**90.6**
Other operating income	15.8	6.2	11.3	11.0	**44.4**
Other external costs	-97.8	-138.0	-91.1	-28.0	**-355.0**
Personnel expenses	-175.0	-226.0	-145.8	-48.8	**-595.7**
Other operating expenses	-5.3	-3.2	-1.6	-1.5	**-11.7**
EBITDA	**-19.3**	**-4.8**	**9.1**	**-67.3**	**-82.3**
EBITDA, %	**-7.0%**	**-1.1%**	**2.9%**	**E/T**	**-8.1%**
Depreciation and amortization of fixed assets	-	-	-	-	**-136.8**
Financial income	-	-	-	-	**311.8**
Financial expenses	-	-	-	-	**-83.3**
Result before tax	**-**	**-**	**-**	**-**	**9.4**

Segment reporting Amounts in MSEK	LABORATORY SOLUTIONS Jan–June 2022	Jan–June 2021	BIOAUTOMATION Jan–June 2022	Jan–June 2021	TOTAL Jan–June 2022	Jan–June 2021
Net sales	701.3	192.5	313.5	230.1	1,014.8	422.6
Raw materials and supplies reduced with changes in inventories	-171.0	-40.5	-98.8	-79.6	-269.8	-120.1
Gross profit	**530.3**	**152.0**	**214.7**	**150.6**	**745.0**	**302.5**
Gross margin, %	**75.6%**	**79.0%**	**68.5%**	**65.4%**	**73.4%**	**71.6%**
Capitalized work for own account	-	-	-	-	90.6	42.4
Other operating income	-	-	-	-	44.4	16.9
Other external costs	-	-	-	-	-355.0	-155.0
Personnel expenses	-	-	-	-	-595.7	-224.6
Depreciation and amortization of fixed assets	-	-	-	-	-136.8	-67.9
Other operating expenses	-	-	-	-	-11,7	-6.5
Financial income	-	-	-	-	311.8	15.2
Financial expenses	-	-	-	-	-83.3	-26.3
Profit/loss before tax	**-**	**-**	**-**	**-**	**9.4**	**-103.3**

The BICO Group
Net sales by geographic region

Amounts in MSEK	BIOPRINTING Jan–June 2022	Jan–June 2021	BIOSCIENCES Jan–June 2022	Jan–June 2021	BIOAUTOMATION Jan–June 2022	Jan–June 2021	TOTAL Jan–June 2022	Jan–June 2021
Europe	69.7	21.1	90.9	22.3	122.6	122.3	283.3	165.6
North America	139.6	55.8	268.4	47.1	160.4	87.7	568.4	190.6
Asia	50.9	16.8	63.0	21.0	15.4	17.5	129.3	55.2
Rest of the world	16.4	4.2	2.3	4.3	15.1	2.7	33.8	11.2
Total	**276.7**	**97.8**	**424.6**	**94.7**	**313.5**	**230.2**	**1,014.8**	**422.6**

Net sales broken down by products and services

Amounts in MSEK	BIOPRINTING Jan–June 2022	Jan–June 2021	BIOSCIENCES Jan–June 2022	Jan–June 2021	BIOAUTOMATION Jan–June 2022	Jan–June 2021	TOTAL Jan–June 2022	Jan–June 2021
Products	236.1	86.3	410.2	89.0	270.0	190.7	916.3	366.1
Services	40.6	11.4	14.4	5.6	43.5	39.5	98.5	56.6
Total	**276.7**	**97.8**	**424.6**	**94.7**	**313.5**	**230.2**	**1,014.8**	**422.6**

Net sales products broken down by consumables and instruments

Amounts in MSEK	BIOPRINTING Jan–June 2022	BIOPRINTING Jan–June 2021	BIOSCIENCES Jan–June 2022	BIOSCIENCES Jan–June 2021	BIOAUTOMATION Jan–June 2022	BIOAUTOMATION Jan–June 2021	TOTAL Jan–June 2022	TOTAL Jan–June 2021
Consumables	121.8	45.0	12.1	16.4	33.5	16.2	167.3	77.5
Instruments	114.3	41.4	398.2	72.7	236.5	174.5	749.1	288.6
Total	**236.1**	**86.3**	**410.2**	**89.0**	**270.0**	**190.7**	**916.3**	**366.1**

NOTE 4.
FINANCIAL INSTRUMENTS

The Group's financial instruments consist of long-term investments, long-term receivables, accounts receivables, contractual assets, derivatives, receivables and liabilities to Group companies, short-term investments, cash and cash equivalents, interest-bearing liabilities, contingent considerations, and accounts payables. All instruments except long-term and short-term investments, derivatives and contingent consideration are valued at amortized cost, which is approximately equal to the market value. For financial instruments that are not reported at fair value, the fair values do not differ significantly from the reported values.

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 six months generated an impact on the income statement of MSEK -26.7 (6.1). This effect is reported among financial items.

Derivatives
In 2022, BICO started to initiate currency hedging through derivatives. The derivatives are intended to minimize operational and financial impact from currency fluctuations. Outstanding derivatives are valued at fair value in accordance with IFRS 13 level 2 by comparing the derivative's exchange rate with the Group's exchange rate on the balance sheet date.

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 the promissory notes 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 six months, the cost of coupon interest amounted to MSEK 21.6 (3.6) (affecting cash flow) and the implicit interest expense to MSEK 15.4 (10.7) (not affecting cash flow). Accrued issue costs amounted to MSEK 2.6 (1.7).

Amounts in MSEK	Level	2022-06-30	2021-06-30	2021-12-31
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE				
Derivatives	2	-1.2	-	-
Short-term investments	1	443.7	1,021.4	993.8
Long-term investments	3	3.4	-	3.4
Contingent considerations	3	-489.7	-303.0	-496.6

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	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	85.8	-
Payments to sellers	8.8	-
Total reported gains and losses in this year's net financial items	-40.7	-
Fair value 2022-06-30	**-489.7**	**3.4**

NOTE 5.
INCENTIVE PROGRAMS

During 2022, BICO has 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 June 30, 2022, a total of 3,686,405 options are outstanding, of which 2,489,629 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, 684,869 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 5.7 percent of the number of outstanding shares as of June 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. Due to the fact that the acquisition has taken place close to the submission of this interim report, no preliminary purchase price allocation has yet been prepared. 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. 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 5 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 6 million in 2022.

Amounts in MSEK	3D-Allegro
Identified intangible fixed assets	-
Tangible fixed assets	0.2
Deferred tax asset	-
Inventories	0.3
Accounts receivable	-
Other receivables	2.2
Cash and cash equivalents	1.8
Provisions	-
Interest-bearing liablities	-
Accounts payable	-
Other operating liabilities	-2.1
Deferred tax liability	-
Net identifiable assets and liabilities	**2.4**
Group goodwill	106.8
Total purchase price	**109.2**
Paid by:	
Cash and cash equivalents	-62.2
Issued shares	-
Contingent consideration	-47.0
Net cash outflow of acquisition:	
Purchase price paid in cash	-62.2
Less: Cash in acquired company	1.8
Effect on group cash and cash equivalents	**-60.4**

Preliminary purchase price allocations

During the interim period, the purchase price allocations concerning Ginolis, Mattek, Visikol, Nanoscribe and Discover Echo have been finalized. Purchase price allocations for Advanced Biomatrix, QInstruments, Hurel and Biosero have not yet been finalized since 12 months have not yet passed since time for acquisition.

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 has decreased by MSEK 33.0 as a result of a new assessment of pay-out probability. The change entails a corresponding reduction in goodwill.

Nanoscribe

Nanoscribe's acquired net assets have been 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 pay-out probability. The change entails a corresponding reduction in goodwill.

Discover Echo

Discover Echo's acquired net assets have been 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 have been 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 Q2 2022 a new assessment has been made of valuation of ingoing inventory balances as per acquisition date, increasing the inventory by MSEK 1.8 as of acquistion date. The change entails a corresponding reduction in goodwill.

Biosero

The reported contingent consideration for Biosero has decreased by MSEK 39.5 since December 31, 2021 mainly as a result of reallocation of the amount from contingent purchase price to future potential bonus cost. The contingent consideration has also been more closely calculated, something which contributed to the change. The reallocation to future bonus costs will be reported as cost 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 receivables has been adjusted downwards by MSEK 2.8, which entails a corresponding increase in goodwill.

As per Q2 2022, a preliminary purchase price allocation has been prepared, resulting in intangible assets of MSEK 101.5 (net of deferred taxes) being identified, mainly in the form of acquired technology. The change entails a corresponding reduction in goodwill.

Acquisition costs

Acquisition costs amounted to MSEK 6.1 (29.6) during the first six months and refer to the acquisition of Allegro 3D and late costs for the previous year's acquisitions which were not accrued for 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 PPA	-199.9
Acquisitions	106.8
Translation difference	477.7
Book value 2022-06-30, net	**5,826.1**

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 August 24, 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, 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 for 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	**April–June 2022**	April–June 2021	**Jan–June 2022**	Jan–June 2021	**Jan–Dec 2021**
GROSS PROFIT					
Net sales	537.6	293.1	1,014.8	422.6	1,257.3
Raw materials and supplies reduced by inventory change	-145.2	-90.7	-269.8	-120.1	-349.0
Gross profit	**392.4**	**202.4**	**745.0**	**302.5**	**908.3**
GROSS MARGIN, %					
Gross profit	392.4	202.4	745.0	302.5	908.3
Net sales	537.6	293.1	1,014.8	422.6	1,257.3
Gross margin, %	**73.0%**	**69.1%**	**73.4%**	**71.6%**	**72.2%**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)					
Operating income	-136.3	-31.4	-219.1	-92.2	-236.9
Depreciation and amortization	73.4	42.0	136.8	67.9	191.8
Operating profit before depreciation and amortization (EBITDA)	**-62.9**	**10.6**	**-82.3**	**-24.3**	**-45.1**
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION, (EBITDA), %					
EBITDA	-62.9	10.6	-82.3	-24.3	-45.1
Net sales	537.6	293.1	1,014.8	422.6	1257.3
EBITDA margin, %	**-11.7%**	**3.6%**	**-8.1%**	**-5.8%**	**-3.6%**
ADJUSTED EBITDA					
EBITDA	-62.9	10.6	-82.3	-24.3	-45.1
Costs related to option programs	10.8	1.4	24.9	2.4	16.4
Acquisition related costs	8.5	9.1	11.3	29.6	47.4
Rebranding	-	1.5	-	2.1	7.1
Restructuring costs	10.1	-	10.1	-	-
One-off credits	43.9	-	43.9	-	-
Revaluation of contingent consideration	0.7	-	-	-	-25.0
Government support	-	-1.1	-	-1.1	-1.1
ERP, Phase one implementation costs	-	-	8.3	-	9.6
Legal costs	-	-	1.0	-	7.6
Adjusted EBITDA	**11.1**	**21.5**	**17.1**	**8.7**	**16.9**
ADJUSTED EBITDA, %					
Adjusted EBITDA	11.1	21.5	17.1	8.7	16.9
Net sales	537.6	293.1	1,014,8	422.6	1,257.3
Adjusted EBITDA, %	**2.1%**	**7.3%**	**1.7%**	**2.1%**	**1.3%**

Reconciliation of Alternative Key Ratios

Amounts in MSEK	April–June 2022	April–June 2021	Jan–June 2022	Jan–June 2021	Jan–Dec 2021
OPERATING MARGIN (EBIT), %					
Operating income	-136.3	-31.4	-219.1	-92.2	-236.9
Net sales	537.6	293.1	1,014.8	422.6	1,257.3
EBIT margin, %	**-25.4%**	**-10.7%**	**-21.6%**	**-21.8%**	**-18.8%**
ORGANIC REVENUE GROWTH, %					
Net sales	537.6	293.1	1,014.8	422.6	1,257.3
Net sales generated from companies acquired in the last 12 months	-225.0	-214.8	-505.4	-282.8	-730.2
Organic net sales	312.6	78.4	509.4	139.8	527.1
Net sales comparison period	293.1	40.2	422.5	78.2	365.8
Organic revenue growth, %	**6.7%**	**94.8%**	**20.6%**	**78.8%**	**44.1%**
EQUITY RATIO, %					
Equity	7,147.3	4,432.2	7,147.3	4,432.2	6,802.7
Total assets	10,498.2	6,693.2	10,498.2	6,693.2	9,754.6
Equity ratio, %	**68%**	**66%**	**68%**	**66%**	**70%**
NET DEBT (-)/NET CASH (+) EXCL. LEASING					
Short-term investments	443.7	1,021.4	443.7	1,021.4	993.8
Cash and cash equivalents	547.1	441.2	547.1	441.2	481.2
Long-term interest-bearing liabilities excl. leasing liabilities	-1,366.7	-1,319.6	-1,366.7	-1,319.6	-1,350.3
Short-term interest-bearing liabilities excl. leasing liabilities	-15.7	-4.2	-15.7	-4.2	-5.0
Net debt (-)/Net cash (+)	**-391.6**	**138.8**	**-391.6**	**138.8**	**119.7**

Amounts in MSEK	Bioprinting Jan–June 2022	Biosciences Jan–June 2022	Bioautomation Jan–June 2022	Group Jan–June 2022	Total Jan–June 2022
EBITDA	-19.3	-4.8	9.1	-67.3	-82.3
Costs related to option programs	9.7	7.0	6.3	1.9	24.9
Acquisition related costs	4.9	4.3	2.1	-	11.3
One-off credits	12.7	31.2	-	-	43.9
Restructuring activities	-	-	-	10.1	10.1
ERP related costs	0.7	1.7	1.6	4.3	8.3
Legal costs	0.2	-	-	0.8	1.0
Adjusted EBITDA, MSEK	**8.9**	**39.4**	**19.1**	**-50.2**	**17.1**
Net sales	276.7	424.6	313.5	-	1,014.8
Adjusted EBITDA, %	**3.2%**	**9.3%**	**6.1%**	**N/A**	**1.7%**

Consolidated Income Statements by Quarter

Amounts in MSEK	April–June 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec* 2020
Net sales	**537.6**	477.2	**519.1**	315.6	**293.1**	**129.5**	**207.0**
Change in inventories	**-4.1**	-0.3	**3.3**	3.3	**3.3**	**3.3**	**-8.3**
Capitalized work for own account	**49.1**	41.5	**28.1**	23.5	**26.3**	**16.1**	**16.0**
Other operating income	**25.7**	18.7	**51.3**	8.2	**9.0**	**7.9**	**6.0**
OPERATING EXPENSES							
Raw materials and supplies	-141.1	-124.3	-147.3	-88.2	-94.0	-32.7	-45.1
Other external costs	-212.9	-142.1	-164.3	-113.8	-84.1	-70.9	-46.0
Personnel expenses	-314.1	-281.6	262.9	-182.3	-138.0	-86.6	-76.8
Depreciation and amortization of fixed assets	-73.4	-63.4	-66.4	-57.5	-42.0	-25.9	-21.6
Other operating expenses	-3.2	-8.5	-14.3	-0.1	-5.0	-1.5	-9.1
Operating income	**-136.3**	**-82.8**	**-53.4**	**-91.3**	**-31.4**	**-60.8**	**22.0**
FINANCIAL ITEMS							
Financial income	240.6	71.2	84.2	6.3	5.5	9.7	4.3
Financial expenses	-47.3	-35.9	-26.7	-29.2	-23.1	-3.2	-0.5
Profit/loss after financial items	**56.9**	**-47.5**	**4.1**	**-114.2**	**-49.0**	**-54.3**	**25.8**
Tax for the period	-13.8	4.0	-30.0	9.2	-1.5	6.5	-5.4
Net profit/loss for the period	**43.1**	**-43.5**	**-25.9**	**-105.0**	**-50.5**	**-47.8**	**20.4**
ATTRIBUTABLE TO							
Parent company shareholders	43.6	-43.6	-25.6	-104.2	-50.3	-47.5	20.8
Non-controlling interest	-0.5	0.1	-0.3	-0.8	-0.2	-0.3	-0.3

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

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