

BICO announces preliminary financial performance for the second quarter

Based on the preliminary results for the second quarter 2022 and a one-off item related to accounts receivable, BICO is hereby providing an update on financial and operational performance, changed market conditions, potential effects in the near future and measures taken to ensure improvements.

Trading update – Uncertain market conditions ahead

After a strong first quarter, we now see market slowdowns in emerging biopharma and biotech with the recent macroeconomic challenges such as the war in Ukraine, lockdowns in China, more challenging capital markets, and uncertain supplies. While demand for BICO's products remains strong and we can point to a healthy underlying demand worldwide in the second quarter, reflected in a high order intake and continued interest in the product portfolio, uncertainty ahead has impacted our way of working and is leading to a more cautious approach. BICO's core business remain strong and sustainable in the long term. Our automation, lab software and workflow products are designed to improve efficiency and significantly reduce costs for our customers. We will continue to deliver these capabilities to demonstrate strong ROI for BICO products, even in the current macroeconomic environment.

For the second quarter, the company achieved a preliminary organic sales growth of 9% excluding one-off customer credits related to accounts receivable, and -12% including the credits.

Preliminary net sales (excluding customer credits) for the second quarter amounted to 543 MSEK (293 MSEK), corresponding to a growth of 85%. Preliminary net sales (including customer credits) amounted to 484 MSEK (293 MSEK) corresponding to a growth of 65%.

The preliminary EBITDA (excluding customer credits) for the second quarter amounted to -20 MSEK (11 MSEK), corresponding to a margin of -3.6%. The preliminary EBITDA (including customer credits) amounted to -63 MSEK (11 MSEK), corresponding to a margin of -13.0%.

For the period January – June, the company achieved a strong preliminary organic sales growth of 22%, excluding one-off customer credits related to accounts receivable, and 8% including the credits.

Preliminary net sales (excluding customer credits) for the period January – June amounted to 1,020 MSEK (423 MSEK), corresponding to a growth of 141%. Preliminary net sales (including customer credits) amounted to 962 MSEK (423 MSEK) corresponding to a growth of 128%.

The preliminary EBITDA for the period January – June (excluding customer credits) amounted to -39 MSEK (-24 MSEK), corresponding to a margin of -3.8%. The preliminary EBITDA (including customer credits) amounted to -82 MSEK (-24 MSEK), corresponding to a margin of -8.6%.

One-off item related to accounts receivable and improved financial processes

With this rapidly changing market environment, we can see a shift in our customers' liquidity and buying behavior, with purchasing decisions for larger CAPEX being pushed forward, for example, impacting sales across Biosciences and Bioautomation. Assuming a more reserved market situation in H2 2022, and potentially 2023, we have made the following operational changes to our way of working:

- Improved our sales processes to better assess customers' liquidity and ability to pay, such as by evaluating credit history and setting reasonable prepayment requirements when necessary. Favouring working capital and due to a more conservative approach to credit terms, during the quarter the company has chosen to decline some orders.
- Reviewed old, inadequate accounts receivable processes and improved collection and invoicing activities by enhancing collection processes and adjusting payment terms. Proactive resolutions of old accounts and uncertain receivables resulted in total credit and credit provisions of -59 MSEK in the second quarter, resulting in a negative EBITDA of -43 MSEK (net of credit and cost of goods). This one-off adjustment significantly reduces the due accounts receivable in the group. Products returned and credited are anticipated to ship to other customers in H2 2022, which increases our capacity to deliver products in H2, the company's historically strongest part of the year.

Adapting costs – expense reduction program

Given the changing macroeconomics and the integration of the subsidiaries, the company has also decided to implement cost-savings, given our financial target of achieving a positive EBITDA result. The cost reduction program target to reduce expenses by 100 MSEK 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.

The new finance team has made a big difference to our business with clear improvements in processes made in a short time. With the expense reduction program and measures taken in reducing accounts receivable, we remain focused on maintaining momentum in the industry, leading with our technology, and streamlining our organization for efficiency.

"While experiencing an increasingly uncertain world around us, we are focused on achieving desirable organic growth while delivering a positive EBITDA," says Erik Gatenholm, President & CEO of BICO Group AB. "The important adjustments and improvements in our operations in Q2 and ahead will enable us to achieve sustainable growth, improve efficiencies, and deliver first-in-class products to our valuable customers."

The full financial performance and outlook, as well as an update on cost reductions, will be presented in the interim report January – June 2022 scheduled for August 24, 2022.

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About BICO

Founded in 2016, BICO (formerly CELLINK) is the world's leading bioconvergence company, with three business areas: Biosciences, Bioautomation, and Bioprinting. 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.

Using a combination of robotics, artificial intelligence, advanced genomics, and 3D bioprinting, our innovative technologies enable researchers and practitioners in the life sciences to conduct cell line development in 3D, perform high-throughput drug screening and diagnostics, and print human tissues and organs for the medical, pharmaceutical, and cosmetic industries. BICO is the future of life-saving treatments, as we enable our customers to improve people's health and lives. Our products are trusted by more than 3,500 laboratories, including the top 20 pharmaceutical companies. We have more than 32,000 instruments in the field in over 65 countries and have been cited in over 11,000 publications. BICO is listed on Nasdaq Stockholm under BICO. www.bico.com

This information is information that BICO Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-07-15 14:00 CEST.

Attachments

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