

BICO GROUP AB (PUBL)

BICO#

INTERIM REPORT JANUARY – SEPTEMBER 2023

Interim report January-September 2023

JULY – SEPTEMBER 2023

(COMPARED WITH JULY – SEPTEMBER 2022)

- Net sales amounted to SEK 587.2m (550.6), which corresponds to an increase of 6.6% (74.5) compared to the corresponding quarter previous year.
- Organic sales growth for the quarter amounted to 6.6% and 16.3% excluding covid-19 related sales in Ginolis (27.8% including Ginolis and 29.6% excluding Ginolis).
- The gross margin amounted to 69.2% (76.5).
- Adjusted EBITDA amounted to SEK 69.2m (18.1), corresponding to a margin of 11.8% (3.3) and SEK 97.1m (17.8) excluding covid-19 related sales in Ginolis corresponding to a margin of 16.6% (3.5).
- EBITDA amounted to SEK 64.2m (1.8), corresponding to a margin of 10.9% (0.3) and SEK 92.3m (3.3) excluding covid-19 related sales in Ginolis corresponding to a margin of 15.8% (0.7).
- Net profit/loss for the quarter amounted to SEK -70.2m (66.5), corresponding to earnings per share before and after dilution of SEK -1.00 (1.04).
- Cash flow from operating activities amounted to SEK 3.6m (-15.6).

JANUARY – SEPTEMBER 2023

(COMPARED WITH JANUARY – SEPTEMBER 2022)

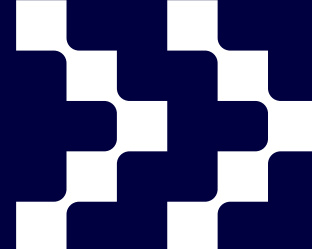
- Net sales amounted to SEK 1,629.0m (1,565.4), which corresponds to an increase of 4.0% (112.1) compared to the corresponding period previous year.
- Organic sales growth for the period amounted to 3.6% and 11.7% excluding covid-19 related sales in Ginolis (23.6% including Ginolis and 27.7% excluding Ginolis).
- The gross margin amounted to 67.7% (74.5%).
- Adjusted EBITDA amounted to SEK 49.7m (35.3), corresponding to a margin of 3.1% (2.3) and SEK 137.9m (67.6) excluding covid-19 related sales in Ginolis corresponding to a margin of 8.6% (4.7).
- EBITDA amounted to SEK 107.7m (-80.6), corresponding to a margin of 6.6% (-5.1) and SEK 271.6m (-43.4) excluding covid-19 related sales in Ginolis corresponding to a margin of 16.9% (-3.0).
- Net profit/loss for the period amounted to SEK -1,087.0m (66.1), corresponding to earnings per share before and after dilution of SEK -15.40 (1.04).
- Cash flow from operating activities amounted to SEK 16.4m (-200.3).

Q3 KEY TAKEAWAYS

- Continued stable sales levels despite a softer market.
- Improved profitability and EBITDA.

SIGNIFICANT EVENTS AFTER Q3

- Ginolis divested on November 10, 2023.
- Maria Forss will assume office as BICO's new President and CEO on November 20, 2023.



JULY – SEPTEMBER 2023



6.6

TOTAL SALES GROWTH
/ %

JULY – SEPTEMBER 2023



6.6

ORGANIC SALES GROWTH
/ %

JULY – SEPTEMBER 2023



69.2

ADJUSTED EBITDA
/ SEK M

JULY – SEPTEMBER 2023



11.8

ADJUSTED EBITDA MARGIN
/ %

JULY – SEPTEMBER 2023



3.6

CASH FLOW FROM OPERATING
ACTIVITIES / SEK M



CEO COMMENT FOR THE THIRD QUARTER 2023

Growth and improved profitability

During 2023, global macro-economic changes and political uncertainties have set a new context for the life science industry which has resulted in a softer market. BICO has managed to show resilience in sales growth compared with our industry peers. This has in combination with cost control improved BICO's profitability. In addition, Ginolis was divested in November, 2023.

SALES GROWTH IN A SOFTER MARKET

Sales for Q3 amounted to SEK 587m, corresponding to an organic growth of 7%, excluding Ginolis organic growth amounted to 16%. It is pleasing to see that the large majority of BICO's Group companies are performing in line with expectations. We reiterate our comment for the group sales for the previous quarters in 2023, where we concluded stable sales levels for Bioprinting and Biosciences. Bioautomation is still performing below expectations, due to the ongoing post-pandemic normalization. We believe that the growth in the quarter was a result of our sales focus and, currency tailwind of 5%.

Our operating businesses are, much like our competitors, facing mixed performance on different geographical markets and industries. Sales has also continued to decline to the Biotech customer segment, an ongoing concern that has previously been communicated. The gross margin for the quarter amounted to 69%, and 72% excluding Ginolis in line with previous quarters.

IMPROVED PROFITABILITY THANKS TO COST CONTROL, RIGHT SIZING, AND SEASONAL VOLUME EFFECTS

The group delivered an adjusted EBITDA of SEK 69m corresponding to a margin of 12%. The Bioprinting and Biosciences business areas are showing healthy profitability in Q3. However, Bioautomation is still being hampered by the negative effect of Ginolis and post-pandemic normalization.

We have continued our focus on cost control throughout the Group and the right sizing tied to the cost-savings program is showing effect. Seasonal volume effects also contributed positively resulting in higher operational efficiency.

ACTIONS TAKEN IN ORDER TO IMPROVE WORKING CAPITAL

Cash flow from operating activities amounted to SEK 4m during the quarter. This is an improvement compared to corresponding quarter last year, as well as the previous quarter. This is attributable to improved profitability but offset by an increase in working capital related to increased contract assets due to strong sales.

Since the end of 2022 working capital had a positive development trend mainly explained by account receivables trending positively.

BICO's inventories are still at elevated levels, and as previously communicated we are not satisfied with current levels. In order to achieve lower inventory levels, BICO is continuing the work with inventory management. This includes renegotiating volume commitments and supplier agreements and general review of supply chain management.

BICO is awaiting approval from the city of Berlin for the sale of the SCIENION building. The closing date is expected during Q4 and will generate a positive cash flow contribution of EUR 21m in Q4.

DIVESTMENT OF GINOLIS

BICO completed the transaction to divest Ginolis on November 10, 2023, through a management buy-out to Ginolis' current CEO Kauko Väinämö for EUR 1.

The rationale behind the divestment is that the company has not transitioned fast enough to mitigate the post-pandemic downturn. Ginolis has been right sized during 2023, but order intake has not been restored according to expectations. More information about the divestment on page 12.

TOGETHER, WE ARE MAKING CHANGE HAPPEN IN THE LIFE SCIENCE INDUSTRY

This report will be my 28th and the last during my tenure as CEO and President. I'm proud over the commercial portfolio, talent, and impact, that the group has achieved over the years. This has contributed to make change happen in the global life science industry.

I would like to thank all our shareholders, the Board of Directors, our customers and my colleagues around the world for the past seven years and everything we have achieved, together.

I would also like to welcome and wish Maria Forss the very best when she is assuming her new role as BICO's CEO and President, later this month, on November 20.

ERIK GATENHOLM, MSC / PRESIDENT & CEO

THIS IS BICO
– THE FUTURE OF LIFE-SAVING TREATMENTS

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

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



65+

COUNTRIES



6.6%

Q3 2023
ORGANIC GROWTH



950+

EMPLOYEES



3

BUSINESS AREAS



32,000+

INSTRUMENTS
IN THE FIELD



11,000+

PUBLICATIONS



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

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



BIOPRINTING

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



BIOSCIENCES

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



BIOAUTOMATION

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

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

Consolidated key data and ratios

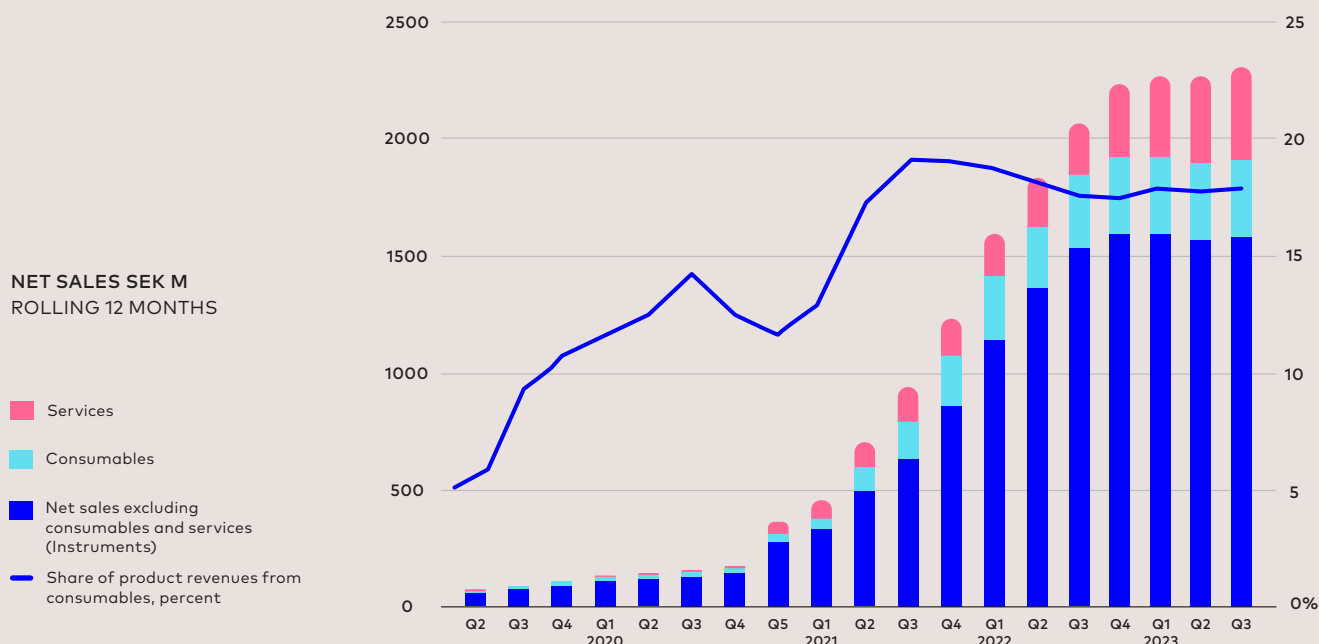
In addition to financial measures defined by IFRS, BICO presents some alternative performance measures in this interim report that are not defined by IFRS. These alternative performance measures provide valuable additional information to investors and management for evaluating the financial

performance and position of BICO. These non-IFRS measures, as defined on pages 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.

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
Organic growth, %	6.6%	27.8%	3.6%	23.6%	17.4%
Organic growth excluding currency effects, %	1.9%	11.5%	-3.1%	10.4%	4.2%
Gross profit	406.4	421.1	1,103.5	1,166.1	1,648.6
Gross margin, %	69.2%	76.5%	67.7%	74.5%	73.6%
Adjusted EBITDA	69.2	18.1	49.7	35.3	62.1
Adjusted EBITDA, %	11.8%	3.3%	3.1%	2.3%	2.8%
Operating profit before depreciation, amortization and impairment (EBITDA)	64.2	1.8	107.7	-80.6	-56.3
Operating margin before depreciation, amortization and impairment (EBITDA), %	10.9%	0.3%	6.6%	-5.1%	-2.5%
Operating profit (EBIT)	-62.8	-74.2	-1,121.2	-293.4	-996.9
Operating margin (EBIT), %	-10.7%	-13.5%	-68.8%	-18.7%	-44.5%
Profit/loss for the period	-70.2	66.5	-1,087.0	66.1	-835.7
Earnings per share before and after dilution, SEK	-1.00	1.04	-15.40	1.04	-12.94
Net debt (-)/Net cash (+)	-876.6	-692.6	-876.6	-692.6	-467.7
Cash flow from operating activities	3.6	-15.6	16.4	-200.3	-269.4
Number of shares at the end of the period	70,574,895	64,086,269	70,574,895	64,086,269	70,494,895
Share price on closing day, SEK	30.06	29.64	30.06	29.64	105.8
Market capitalization on closing day, SEK billion	2.1	1.9	2.1	1.9	7.5
Average number of employees	983	1,267	983	1,267	1,159

Financial Performance

JULY – SEPTEMBER 2023



THE GROUP

Net Sales

Net sales in the third quarter amounted to SEK 587.2m (550.6), an increase of 6.6 percent (74.5) compared with the corresponding period last year.

Organic growth in the quarter amounted to 6.6 percent (27.8) and 1.9 percent excluding currency effects (11.5).

Organic growth excluding covid-19 related sales in Ginolis was 16.3% (29.6) and 11.1% (13.2) excluding currency effects.

Bioprinting reported organic growth of 16.1 percent (32.5), and 10.6 percent (14.5) excluding currency effects. Biosciences reported organic growth of 25.2 percent (26.6), and 21.1 percent (9.6) excluding currency effects. Bioautomation reported organic growth of -27.3 percent (24.6), and -32.5 percent (10.7) excluding currency effects. Organic growth excluding currency effects for Bioautomation excluding Ginolis was -7.6 percent (30.8). For more information on each business area, see page 9.

Services accounted for 14.7 percent (11.4) of sales. Consumables accounted for 16.2 percent (15.7) of product sales for the quarter. For more information on the distribution of net sales, see Note 3.

Results

Gross profit in the third quarter amounted to SEK 406.4m (421.1), which meant a gross margin of 69.2 percent (76.5) Excluding Ginolis, the gross margin was 72.1 percent (78.2).

Adjusted EBITDA for the third quarter amounted to SEK 69.2m (18.1) and excluding covid-19 related sales in Ginolis, adjusted EBITDA amounted to SEK 97.1m (17.8). Items in the adjusted EBITDA for the third quarter are shown below. EBITDA for the third quarter amounted to SEK 64.2m (1.8), corresponding to an EBITDA margin of 10.9 percent (0.3) and SEK 92.3m (3.3) excluding covid-19 related sales in Ginolis corresponding to a margin of 15.8% (0.7).

Operating profit for the third quarter amounted to SEK -62.8m (-74.2), corresponding to an operating margin of -10.7 percent (-13.5).

Other operating income in the quarter amounted to SEK 16.3 million (29.1). Other operating income was mainly related to received grants.

Items affecting comparability SEK m	July-Sep 2023	July-Sep 2022
EBITDA	64.2	1.8
Costs/income related to option programs	1.8	8.9
Restructuring costs related to personnel changes	2.4	1.8
Acquisition-related costs and bonuses	0.7	5.7
Adjusted EBITDA	69.2	18.1

Financial items were affected by market developments and dividends on the company's short-term investments of net SEK 0.0m (1.9) in the quarter, since the short-term investments were converted into cash during Q4 2022. 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 SEK 20.1m (258.5) in the quarter.

Financial items were also charged with costs related to convertible bonds totaling SEK -20.6m (-20.0) for the quarter; see further information in Note 4.

Net profit/loss for the quarter amounted to SEK -70.2m (66.5), corresponding to earnings per share before and after dilution of SEK -1.00 (1.04).

Cash flow, investments and liquidity

Cash flow from operating activities for the quarter amounted to SEK 3.6m (-15.6), of which SEK -23.7m (-14.2) consisted of changes in working capital.

The cash flow from changes in inventories amounted to SEK 21.0m (-54.8). Inventory levels remain elevated and a high priority for the Group.

The cash flow from changes in operating receivables amounted to SEK -45.9m (-49.1), and was negatively impacted by increased contract assets in the quarter, as larger projects are awaiting invoicing milestones. The cash flow from changes in operating liabilities amounted to SEK 1.3m (89.7).

Cash flow from investment activities during the quarter amounted to SEK -101.4m (-27.1), of which SEK -35.4m (-115.0) was attributable to the cash purchase price for

acquisitions and contingent considerations paid during the quarter, as well as associated acquisition costs. During the quarter, payment to the former owners of QInstruments was made.

SEK 0.0m (229.8) was attributable to the purchase and sale of short-term interest rate funds and other short-term investments during the quarter. The Group invested SEK -34.2m (-59.9) in intangible assets, mainly attributable to development of new products. Investments in tangible assets amounted to SEK -35.9m (-82.0), of which SEK -9.6m (-54.5) was attributable to the buildings that SCIENION and Ginolis are constructing in Berlin, Germany and Oulu, Finland respectively (more information on page 13).

Cash flow from financing activities for the quarter amounted to SEK -29.0m (-29.5) and consisted mainly of amortization of leasing liabilities of SEK -25.5m (-19.2).

The quarter's total cash flow amounted to SEK -126.8m (-72.2).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to SEK 562.0m (465.3). The Group's external financing consisted of interest-bearing liabilities of SEK 1,438.6m (1,380.8), of which SEK 1,394.4m (1,355.8) relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling SEK 439.0m (461.8). Reported contingent considerations to be paid amount to SEK 69.1m (367.8), of which SEK 69.1m (106.1) is reported as due within 12 months. See note 4 for more information on the contingent considerations.

Financial Performance

JANUARY – SEPTEMBER 2023

THE GROUP

Net Sales

Net sales for the first nine months 2023 amounted to SEK 1,629.0m (1,565.4), an increase of 4.0 percent (112.1) compared with the corresponding period last year.

Organic growth for the first nine months amounted to 3.6 percent (23.6) and -3.1 percent excluding currency effects (10.4). Organic growth excluding covid-19 related sales in Ginolis was 11.7% (27.7) and 4.4% (10.1) excluding currency effects.

Bioprinting reported organic growth of 14.2 percent (39.4) and 7.3 percent (22.7) excluding currency effects. Biosciences reported organic growth of 18.4 percent (37.3), and 10.9 percent (21.7) excluding currency effects. Bioautomation reported organic growth of -25.9 percent (5.6), and -31.5 percent (-4.1) excluding currency effects. Organic growth excluding currency effects for Bioautomation excluding Ginolis was -11.2 percent (-0.9). For more information on each business area, see page 9.

Services accounted for 14.4 percent (10.3) of sales. Consumables accounted for 18.1 percent (17.3) of product sales for the period. For more information on the distribution of net sales, see Note 3.

Results

Gross profit for the first nine months 2023 amounted to SEK 1,103.5m (1,166.1), which meant a gross margin of 67.7 percent (74.5). Excluding Ginolis, the gross margin was 70.2 percent (77.6). The gross margin was impacted by extraordinary inventory write-offs in the second quarter.

Adjusted EBITDA for the first nine months amounted to SEK 49.7m (35.3) and excluding covid-19 related sales in Ginolis, adjusted EBITDA amounted to SEK 137.9m (67.6). Items in the adjusted EBITDA for the first nine months are shown on the next page. EBITDA for the first nine months amounted to SEK 107.7m (-80.6), corresponding to an EBITDA margin of 6.6 percent (-5.1) and SEK 271.6m (-43.4) excluding covid-19 related sales in Ginolis corresponding to a margin of 16.9% (-3.0).

Operating profit for the first nine months amounted to SEK -1,121.2m (-293.4), corresponding to an operating margin of -68.8 percent (-18.7). Operating profit for the first nine months was affected by impairment of goodwill of SEK -768.4m (-).

Other operating income in the period amounted to SEK 197.0 million (73.5). Other operating income was mainly related to revaluation of contingent considerations made during the second quarter.

Financial items were affected by market developments and dividends on the company's short-term investments of net SEK 0.0m (-26.2) in the period, since the short-term investments were converted into cash during Q4 2022. 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 SEK 145.4m (563.2) in the period.

Items affecting comparability SEK m	Jan-Sep 2023	Jan-Sep 2022
EBITDA	107.7	-80.6
Revaluation of contingent considerations	-160.8	-
Costs/income related to option programs	-20.9	33.8
One-off provision for bad debt	28.1	43.9
Valuation adjustment of other assets in Ginolis	25.4	-
Extraordinary inventory write-offs	42.2	-
Restructuring costs related to personnel changes	29.8	11.9
Extraordinary governmental support	-7.0	-
Acquisition-related costs and bonuses	5.2	17.0
ERP, Phase one implementation costs	-	8.3
Legal costs	-	1.0
Adjusted EBITDA	49.7	35.3

Financial items were also charged with costs related to convertible bonds totaling SEK -61.3m (-59.6) for the period; see further information in Note 4.

Net profit/loss for the period for the first nine months amounted to SEK -1,087.0m (66.1), corresponding to earnings per share before and after dilution of SEK -15.40 (1.04).

Cash flow, investments and liquidity

Cash flow from operating activities for the first nine months amounted to SEK 16.4m (-200.3), of which SEK 119.7m (-147.5) consisted of changes in working capital.

The cash flow from changes in inventories amounted to SEK -15.5m (-178.4). Inventory levels remain elevated and a high priority for the Group.

The cash flow from changes in operating receivables amounted to SEK 200.9m (-91.3). Operating receivables decreased in the period, mainly due to good collection from strong Q4 sales 2022. The cash flow from changes in operating liabilities amounted to SEK -65.7m (122.2) and was mainly impacted by decreased contract liabilities converted to revenue.

Cash flow from investment activities during the period amounted to SEK -323.3m (157.6), of which SEK -62.9m (-190.3) was attributable to the cash purchase price for acquisitions and contingent considerations paid during the period, as well as associated acquisition costs. During the period, payment to the former owners of Nanoscribe and QInstruments were made.

SEK 0.0m (761.6) was attributable to the purchase and sale of short-term interest rate funds and other short-term investments during the period. The Group invested SEK -104.4m (-188.8) in intangible assets, mainly attributable to development of new products. Investments in tangible assets amounted to SEK -162.0m (-224.9), of which SEK -88.3m (-124.0) was attributable to the buildings that SCIENION and Ginolis are constructing in Berlin, Germany and Oulu, Finland respectively (more information on page 13).

Cash flow from financing activities for the period amounted to SEK -53.2m (2.4) and consisted mainly of a share issue from options of SEK 5.9m (52.6), additional borrowings of SEK 23.0m (-), less amortization of leasing liabilities of SEK -75.4m (-48.9).

The total cash flow for the first nine months amounted to SEK -360.1m (-40.3).

At the end of the period, the Group's cash and cash equivalents and short-term investments amounted to SEK 562.0m (465.3). The Group's external financing consisted of interest-bearing liabilities of SEK 1,438.6m (1,380.8), of which SEK 1,394.4m (1,355.8) relates to convertible debentures, net after transaction costs. In addition, the Group has leasing liabilities totaling SEK 439.0m (461.8). Reported contingent considerations to be paid amount to SEK 69.1m (367.8), of which SEK 69.1m (106.1) is reported as due within 12 months. See note 4 for more information on the contingent considerations.

PARENT COMPANY

The Parent Company's net sales during the period amounted to SEK 32.9m (24.5), of which SEK 31.5m (17.7) pertained to intra-group revenues. Sales mainly consisted of invoiced costs from the parent company to the subsidiaries.

Profit after financial items amounted to SEK -421.6m (477.9) and profit for the period amounted to SEK -465.4m (403.2). The result is impacted by write-down of shares in subsidiaries of SEK -773.6m (-46.1) (whereof an absolute majority related to Ginolis) and unrealized currency gains and interest income from intra-company receivables denominated in USD of SEK 306.1m.

At the end of the quarter, the parent company's cash and cash equivalents and short-term investments amounted to SEK 365.6m (296.0). The parent company's external financing consisted of a convertible debt of SEK 1,394.4m (1,355.8), external loans of SEK 2.5m (4.5) and other long-term financing of SEK 0.6m (0.6). For more information on convertible debt, see Note 4.

Our Business Areas

BIOPRINTING

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

In the third quarter, the Bioprinting business area reported net sales of SEK 169.2m (145.7), corresponding to a growth of 16.1% compared to the same quarter the previous year. Organic growth was 16.1% (32.5) and 10.6% (14.5) excluding currency effects.

The business area's adjusted EBITDA was SEK 39.9m (1.3), corresponding to a margin of 23.6% (1.0). The business area's EBITDA was SEK 38.1m (-3.0), corresponding to a margin of 22.5% (-2.0).

The business area showed stable sales development and Bioprinting's profitability improved significantly compared with corresponding quarter last year, mainly due to efficient cost control.

In the first 9 months, Bioprinting reported net sales of SEK 489.2m (422.4), corresponding to a growth of 15.8% compared to the same period the previous year. Organic growth was 14.2% (39.4), and 7.3% (22.7) excluding currency effects.

The business area's adjusted EBITDA for the first 9 months was SEK 78.2m (10.2), corresponding to a margin of 16.1% (2.4). The business area's EBITDA was SEK 78.6m (-22.3), corresponding to a margin of 16.1% (-5.3).

BIOSCIENCES

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

In the third quarter, the Biosciences business area reported net sales of SEK 295.1m (235.8), corresponding to a growth of 25.2% compared to the same quarter the previous year. Organic growth was 25.2% (26.6), and 21.1% (9.6) excluding currency effects.

The business area's adjusted EBITDA was SEK 65.8m (-1.6), corresponding to a margin of 22.4% (-0.7). The segment's EBITDA was SEK 63.6m (-9.6), corresponding to a margin of 21.6% (-4.1).

The business area delivered strong sales development compared to the other business areas in the quarter. The profita-

bility was positively impacted by the sales growth, cost control and better scaling due to higher operational efficiency. In the first 9 months, Biosciences reported net sales of SEK 782.3m (660.4), corresponding to a growth of 18.4% compared to the same period the previous year. Organic growth was 18.4% (37.3), and 10.9% (21.7) excluding currency effects.

The business area's adjusted EBITDA for the first 9 months was SEK 91.3m (37.8), corresponding to a margin of 11.7% (5.7). The segment's EBITDA was SEK 89.5m (-14.4), corresponding to a margin of 11.4% (-2.2).

BIOAUTOMATION

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

In the third quarter, the Bioautomation business area reported net sales of SEK 123.1m (169.0), corresponding to a decline of 27.3% compared to the same period previous year. Organic growth was -27.3% (24.6), and -32.5% (10.7) excluding currency effects.

The business area's adjusted EBITDA was SEK -11.8m (32.0), corresponding to a margin of -9.6% (18.9). The business area's EBITDA amounted to SEK -12.4m (28.5), corresponding to a margin of -10.1% (16.9).

Bioautomation is still performing below expectations, mainly due to the ongoing pandemic normalization and the negative development in Ginolis. Both sales and profitability decreased materially compared with corresponding quarter last year. Ginolis was divested on November 10, 2023.

When excluding Ginolis, the business area reported negative organic growth for the quarter excluding currency effects of -7.6% and adjusted EBITDA of SEK 16.0m, corresponding to a margin of 13.4% for Q3.

In the first 9 months, the Bioautomation business area reported net sales of SEK 357.5m (482.5), corresponding to a decline of 25.9% compared to the same period previous year. Organic growth was -25.9% (5.6), and -31.5% (-4.1) excluding currency effects.

The business area's adjusted EBITDA for the first 9 months was SEK -61.3m (51.1), corresponding to a margin of -17.1% (10.6). The business area's EBITDA amounted to SEK -162.0m (37.6), corresponding to a margin of -45.2% (7.8).

When excluding Ginolis, the business area reported negative organic growth for the 9 months excluding currency effects of -11.2% (-0.9) and adjusted EBITDA of SEK 27.0m (83.5), corresponding to a margin of 8.0% (23.8) for the period.



A Software Suite to Drive Laboratory Efficiency: Green Button Go Orchestrator

Modern labs, especially those in facilities at pharmaceutical and biotech companies, require research progress at ever greater speeds, with smaller sample sizes, and mitigation of risks from human errors. To help scientists meet these needs, Biosero developed and launched Green Button Go® Scheduler in 2011.

GBG® Scheduler's core competency is communicating with devices from multiple, different manufacturers to compile them into larger solutions for lengthier automated sequences. The software has excelled at its work at a variety of laboratory types, from small startup labs to pharma bio-factories, allowing clusters of devices to be combined into an island and run together on a choreographed schedule. As the pressure for more and faster discoveries grew and continues to grow, however, the scientific market began to ask for a solution that would go a step further.

Biosero's response is a suite of applications built around GBG Scheduler now known as Green Button Go Orchestrator. Launched in 2022, GBG Orchestrator has already been adopted by labs around the world to take their scheduled workflows to the next level, tying the science spread across various islands of automation into lab-wide, orchestrated solutions.

Giving scientists a place to conduct the complex, multi-faceted activity in the laboratory

With this new suite of applications in GBG Orchestrator, many of the disparate and unconnected parts of the lab can be brought together to achieve a new level of efficiency. Processes, automated workstations, data, business rules, and personnel are all coordinated and conducted via GBG Orchestrator to achieve robust, reliable, and accelerated scientific outcomes. GBG Orchestrator supports over 400 different devices common to the laboratory space and many industrial modes of transit, empowering labs to take advantage of the latest technology in robotics to power up their solutions.

Now with these tools, it's possible to process precious samples across islands of automation, connect to other key lab software like Laboratory Information Management system via API, facilitate manual and automated workflows from the same portal, and measure the productivity of the entire lab. Businesses have long run on performance analytics, and now the lab is empowered to operate and measure productivity in the same way.

Common areas where Green Button Go Orchestrator makes a major difference

1. **Academic core facilities or startups can leverage GBG to manage staff shortages and run samples when team members are not in the lab to improve efficiency**
Even a small workstation powered by GBG Scheduler can alleviate labor challenges in the lab, when too few team members are available at the right times to process samples. GBG Scheduler and a paired workstation can take care of loading plates, washing plates, and managing the interaction between incubator, washer, and plate reader. In this way, research can continue uninterrupted on weekends or after hours, enabling more efficient use of the lab and its equipment.
2. **Mid-size biotech companies can leverage GBG to increase the number of compounds screened per day in drug discovery**
A biotech company is doing part of their workflow by hand and requires multiple reagents and consumables to complete the work. In the past, they have experienced a bottleneck at the plate reading step as well. They are eager to improve their throughput and automate these complex steps so they plan out their automation with GBG Scheduler. With their new automation solution driven by GBG Scheduler, they can automate the manual parts of the work and leverage 6 plate readers at once to keep data flowing without a traffic jam.
3. **Major labs running hundreds of thousands of patient samples per year can leverage GBG to increase output and reduce a testing backlog**
For labs running bulk quantities of tests on patient samples daily, there can be significant challenges with backlogs and samples getting stuck in a queue. These testing situations also require special protections for data. Using GBG Orchestrator, multiple workstations can be connected with high-quality sample storage to help scale to the required sample throughput. Industrial track systems can be used to rapidly transport samples throughout the testing system. Chain-of-custody is respected at every step of the process to ensure that an unbroken line of data can be used to meet regulatory requirements via an extension already built into GBG.

The GBG software suite makes an operational difference for labs looking to increase efficiency, and it can be found in every type of lab and application area around the world supporting scientists in their research. Read more about Biosero and Green Button go here: www.biosero.com

Financial Comments

SIGNIFICANT EVENTS

DURING THE THIRD QUARTER 2023

- **July:** Next step in partnership with Sartorius finalized: sub-agreements for sales & distribution as well as R&D project agreements signed.
- **July:** Introduction of BICO's enhanced commercial strategy and new customer-centric operating model.
- **August:** Divestment of Berlin property for EUR 21m.
- **August:** BICO announced goodwill impairment predominantly due to increased WACC and write-downs of assets.
- **August:** BICO announced Maria Forss appointed new President and CEO of BICO.

SIGNIFICANT EVENTS

AFTER THE END OF THE THIRD QUARTER 2023

- **November:** BICO released preliminary revenue, EBITDA, and cash flow from operating activities for Q3, 2023.
- **November:** Nomination Committee 2024 AGM appointed
- **November:** BICO divested Ginolis.

PARENT COMPANY

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

REPORTING SEGMENTS

Since Q1 2022, the BICO Group consists of three reporting segments, mirroring the three business areas: Bioprinting, Biosciences and Bioautomation. 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. The type and scope of related party transactions are in general essentially the same as presented in the annual report 2022. Certain members of the Group's management team and the Board of Directors hold options in BICO; see Note 5. For information on related party relationships, see the Annual Report for 2022, Note 29, page 99.

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 operational 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 2022 on pages 44-46 and 59-61.

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.

CHANGES IN EXECUTIVE MANAGEMENT

The Board of Directors announced Maria Forss as new CEO and President of BICO Group AB on August 21, 2023. In order to enable a seamless transition, Erik Gatenholm will remain in his current position until Maria Forss assumes as new President and CEO on November 20, 2023.

The Executive Management of BICO Group consists as of November 14, 2023, by the following members: President and CEO Erik Gatenholm; CFO Jacob Thordenberg; COO Marius Balger; EVP and CTO Héctor Martínez and SVP & General Counsel & HR Lotta Bus.

ANNUAL GENERAL MEETING 2023

This year's Annual General Meeting was held on May 9, 2023 at BICO's head office, Långfilsgatan 9, Gothenburg, Sweden. In accordance with the Nomination Committee's proposal Rolf Classon, Ulrika Dellby, Helena Skåntorp, Bengt Sjöholm, Erik Gatenholm, Susan Tousi and Christian Wildmoser were re-elected as members of the Board of Directors. Gerry Mackay was elected new member of the Board of Directors. Further, Rolf Classon was elected as new Chairman of the Board of Directors and Ulrika Dellby was elected as new vice chairwoman of the Board of Directors. For minutes and bulletin for Annual General Meeting 2023 visit bico.com, governance section.

NOMINATION COMMITTEE 2024 AGM APPOINTED

In accordance with the decision by the Annual General Meeting 2023, the Nomination Committee of BICO Group AB shall consist of four members and in addition the Chairman of the Board shall not be a member of the Nomination Committee but shall normally be co-opted to the meeting of the Nomination Committee. On November 9, 2023 it was announced that the committee had been appointed based on the ownership structure per September 30, 2023 and consists of: Mats Engström (representing Erik Gatenholm), Jens M. Artelt (representing Sartorius Lab Holding GmbH), Malin Björkmo (representing Handelsbanken), Claes Dinkelspiel (representing Hector Martinez) and Rolf Classon, Chairman of the Board of Directors, BICO Group (co-opted).

Financial Comments

SHAREHOLDER STRUCTURE

10 largest shareholders as of September 30, 2023	%
Erik Gatenholm	13.63%
Sartorius Lab Holding GmbH	10.09%
Handelsbanken Funds	9.85%
Héctor Martínez	8.95%
Fourth Swedish National Pension Fund	5.78%
Third Swedish National Pension Fund	3.66%
Avanza	1.87%
ARK Investment Management LLC	1.85%
Deka Investments	1.63%
Claes Dinkelspiel	1.54%
Subtotal, 10 largest shareholders	58.85%
Other shareholders	41.15%
Total	100%

SHARE CAPITAL

As of September 30 2023, share capital amounted to SEK 1,764,372.375 divided among 70,574,895 ordinary shares. As of September 30, 2023, the closing price for the BICO Group share was SEK 30.06. The Company has two (2) classes of shares: 1,500,000 A-shares which entitle the owner to ten (10) votes per share, and 69,074,895 shares which entitle the owner to one (1) vote per share at the General Meeting. The total number of shareholders as of September 30, 2023 was approximately 22,500.

FUNCTIONAL REPORTING

As presented in the Annual Report 2022, certain disclosures on what an income statement by function would have looked like will be given during 2023, before full implementation in Q1 2024. The change to functional reporting is being implemented to increase comparability in the company's cost structure and adapt to the most common market practice. This change will affect the reported gross margin negatively as more costs than before (e.g., production staff, depreciation on production equipment) will be included in the reported cost of goods sold. In the cost-based method used today, only the cost of physical goods is included.

During Q1-Q3 2023, the gross margin with the cost-based method as presented in the income statement is 70.2%, excluding Ginolis. If a functional income statement would have been implemented, the gross margin would have been approximately 20 percentage points lower, excluding Ginolis. Net sales, EBITDA, EBIT and net profit will be unchanged, as the new presentation format only affects allocation of costs from OPEX to COGS.

EMPLOYEES

During the first 9 months 2023, the average number of employees in the Group was 983, of whom 682 were men and 301 were women. Expressed as percentages, men represented 69 percent of the average number of employees, while women represented 31 percent.

FINANCIAL TARGETS

BICO Group's financial targets valid from 2023 on a mid-term basis:

- Double-digit organic growth in constant currency
- EBITDA margin less capitalized development cost > 10%
- Net debt / EBITDA <3.0x

DIVESTMENT OF GINOLIS

BICO completed the transaction to divest Ginolis on November 10, 2023, through a management buy-out to Ginolis' current CEO Kauko Väinämö for EUR 1.

The rationale behind the divestment is that the company has not transitioned fast enough to mitigate the post-pandemic downturn. Ginolis has been right sized during 2023, but order intake has not been restored according to expectations.

The transaction is estimated to result in a divestment loss of SEK -25m, which is a non-cash item. Final divestment result will be reported and disclosed in the Q4 report.

IP-rights and licenses related to the patented PMBi dispensing pump has been carved out from the transaction and transferred to BICO. Ginolis House will also be carved-out from the transaction. Closing of Ginolis House is subject to establishment of a Finnish entity with real estate VAT registration at the Finnish tax authorities.

BICO is also entitled to 70% of net proceeds if the company is sold within three years after closing.

GINOLIS' FINANCIAL IMPACT ON BICO

Ginolis' sales were SEK 3.3m (45.9) and adjusted EBITDA was SEK -27.9m (0.3) in Q3 2023, due to the low level of sales. The sales for Q1-Q3 2023 amounted to SEK 21.2m (131.3) and adjusted EBITDA was SEK -88.2m (-32.4).

The table below shows the Group's financials including and excluding Ginolis for full year 2022 as well as Q3 2023 and January - September 2023.

Financials including and excluding Ginolis	FY 2022 including Ginolis	FY 2022 excluding Ginolis	Q3 2023 including Ginolis	Q3 2023 excluding Ginolis	Q1-Q3 2023 including Ginolis	Q1-Q3 2023 excluding Ginolis
SEK m						
Net sales	2,239.5	2,100.0	587.2	583.9	1,629.0	1,607.8
Organic growth, %	17.4%	24.5%	6.6%	16.3%	3.6%	11.7%
Adjusted EBITDA	62.1	129.1	69.2	97.1	49.7	137.9
Adjusted EBITDA margin, %	2.8%	6.1%	11.8%	16.6%	3.1%	8.6%

ENHANCED COMMERCIAL STRATEGY AND CUSTOMER-CENTRIC OPERATING MODEL

BICO has initiated the work to further capitalize on cross-selling, marketing, and commercial synergies and a customer-centric operating model will be introduced. Execution will occur on a mid-term basis and occur at the Group level and within Group companies. This second stage builds on the M&A rationale and strengthens our market position, contributes to profitable growth, and solidifies the group's competitive advantage within specific markets. It also enables BICO to streamline the organization and keeping CAPEX and OPEX at industry-standard levels.

Due to the change of leadership BICO will announce a new date in 2024 for the Capital Markets Day.

FACTORING UPDATE

In Q1 2023, BICO entered into an agreement with a factoring provider. During Q3, several European group companies has continued to use factoring, which has resulted in a minor effect of SEK 5m in improved collection.

FACILITIES UPDATE

BICO signed in the beginning of August 2023, an agreement to divest the building in Berlin, Germany for EUR 21m to BEOS. According to customary processes, the transaction needs to seek approval by the city of Berlin. This is expected to take up to 3 months from signing to complete. Depending on the approval process the transaction is expected to strengthen BICO's financial position and generate a positive cash flow contribution in Q4 2023. The transaction also includes a leaseback, with BICO company SCIENION as tenant where a long-term lease over 15 years, with a break option after 10 years.

The remaining investment scheduled for the building in Oulu is estimated at SEK 5m in 2023.

The building in Oulu, Finland was valued by a third party and this resulted in a write-down of SEK 54m in Q2 to reflect a prudent market valuation. More information about the carve out of the Oulu building on page 12. BICO is actively seeking to lease out the facility and is also evaluating the opportunity to divest.

GOODWILL IMPAIRMENT

Goodwill impairment in Q2, 2023 resulted in write-down in the Group companies totaling SEK 768m. This had a result effect on EBIT but did not affect cash flow for Q2. The conclusion was made after the quarterly impairment test was conducted and was predominantly related to increased weighted average cost of capital (WACC) which was due to higher interest rate environments. More information in note 6.

IFRS2 REVALUATION

During Q2, 2023 BICO re-evaluated estimates relating to vesting of options in LTIP 2021 and LTIP 2022. It was deemed no longer probable that all the financial criteria would be met for the options to vest. Therefore, a reversal of previously recognized costs was booked in Q2, resulting in a positive EBITDA effect of 28m.

REVISED EARN-OUT LIABILITIES

Estimates regarding valuation of Group earn-out liabilities was resolved resulting in reduced liabilities and a positive EBITDA effect of SEK 161m in Q2, 2023. The liability was adjusted since BICO estimated that the earn-out targets for 2023 and 2024, which had been set at very high levels, would not be met.

WRITE-DOWNS IN GINOLIS

The write-downs and information in this section was made in Q2, 2023:

- Write down of SEK 102m was related to remaining intangible assets in Ginolis due to limited cash-flow generating capacity.
- Building in Oulu, Finland was valued by a third party and this resulted in a write-down of SEK 54m to reflect a prudent market valuation.
- An estimated obsolescence in inventory of SEK 15m was concluded, resulting in an impairment, since the inventory was evaluated and BICO concluded that the likelihood of new orders for these specific inventories were deemed as low.
- BICO resolved the need for a write down of SEK 28m in two larger customer projects which previously have been included in contract assets in Q2. The projects was revaluated where one was concluded as confirmed bad debt and one was re-negotiated due to changed customer need.
- BICO has through an internal review concluded a need for a valuation adjustment of other assets which amounted to SEK 25m.

WRITE-DOWNS IN INVENTORY

BICO resolved to write-down inventories in Group companies totaling SEK 27m in Q2, 2023.

Review report

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

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of BICO Group AB (publ) as of September 30, 2023 and the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Gothenburg, November 14, 2023

Deloitte AB

Signature on Swedish original

Åsa Löfqvist

Authorized Public Accountant

Upcoming Events

FEBRUARY 20, 2024 / Year-end report 2023
January - December 2023

MARCH 15, 2024 / Annual report 2023
Release of Annual report 2023 on BICO's website

MAY 7, 2024 / Q1 report 2024
January - March 2024

MAY 20, 2024 / Annual General Meeting 2024

PRESENTATION TO INVESTORS AND MEDIA

A telephone conference, with the opportunity to ask questions, will be held on November 14, 2023 at 10:00am CET, at which President & CEO Erik Gatenholm and CFO Jacob Thordenberg will present the Q3 report. The presentation will be given in English.

Telephone conference at 10:00am CET:

The presentation will be available on BICO's website from 09:00am CET.
<https://bico.com/investors/>

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

Via the webcast you can ask written questions.
<https://ir.financialhearings.com/bico-q3-2023>

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

After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.
<https://conference.financialhearings.com/teleconference/?id=5004608>

Bioconvergence is enabling the future of health

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

TRENDS SHAPING THE FUTURE OF BIOCONVERGENCE



GROWTH AND DEVELOPMENT
IN REGENERATIVE MEDICINE



ALTERNATIVES TO ANIMAL TESTING



CONTINUOUS FOCUS ON
BIOLOGICAL DRUGS



INCREASED FOCUS OF
PERSONALIZED MEDICINE



GENE THERAPIES



HEALTH 4.0, DIGITAL TECHNOLOGIES,
SMART MACHINES AND DATA

Condensed consolidated income statements

SEK m	Note	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	3	587.2	550.6	1,629.0	1,565.4	2,239.5
Other operating income		16.3	29.1	197.0	73.5	110.8
Change in inventories		-4.9	8.4	-4.9	4.0	4.5
Capitalized work for own account*		22.7	50.7	93.1	161.5	211.2
OPERATING EXPENSES						
Raw materials and supplies		-175.8	-137.9	-520.6	-403.3	-595.4
Other external costs*		-118.9	-176.1	-458.1	-551.3	-748.2
Personnel expenses		-261.0	-313.6	-818.0	-909.3	-1,256.6
Depreciation, amortization and impairment of fixed assets		-127.0	-76.1	-460.5	-212.9	-315.6
Impairment of goodwill		-	-	-768.4	-	-625.0
Other operating expenses		-1.3	-9.4	-9.7	-21.1	-22.1
Operating profit/loss		-62.8	-74.2	-1,121.2	-293.4	-996.9
FINANCIAL ITEMS						
Financial income		23.0	258.3	153.3	570.1	432.2
Financial expenses		-25.8	-23.6	-83.6	-106.9	-188.4
Profit/loss after financial items		-65.7	160.5	-1,051.5	169.8	-753.1
Tax for the period		-4.6	-93.9	-35.5	-103.7	-82.6
Net profit/loss for the period		-70.2	66.5	-1,087.0	66.1	-835.7
ATTRIBUTABLE TO						
Parent company shareholders		-70.6	66.4	-1,086.7	66.4	-832.9
Non-controlling interest		0.4	0.1	-0.3	-0.3	-2.8
Earnings per share before dilution, SEK		-1.00	1.04	-15.40	1.04	-12.94
Earnings per share after dilution, SEK		-1.00	1.04	-15.40	1.04	-12.94
Average number of shares before dilution		70,574,895	64,086,269	70,571,085	63,967,544	64,348,627
Average number of shares after dilution		73,080,645	66,592,019	73,076,835	66,501,637	66,876,838

*The rows Capitalized work for own account has been retroactively changed due to incorrect classification in earlier quarters. The corresponding amounts have been accounted as Other external costs. The adjustment has no impact on accounted gross profit or EBITDA.

Condensed consolidated statements of comprehensive income

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net profit/loss for the period	-70.2	66.5	-1,087.0	66.1	-835.7
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation differences on foreign operations	-43.9	141.3	97.0	412.4	396.7
Tax attributable to items that have been transferred or can be transferred to profit	-	-1.3	-	-5.2	-5.2
Total comprehensive income	-114.1	206.5	-990.0	473.3	-444.2
ATTRIBUTABLE TO					
Parent company shareholders	-114.0	205.1	-990.1	471.7	-442.6
Non-controlling interest	-0.1	1.4	0.1	1.6	-1.6

Condensed consolidated statements of financial position

SEK m	Note	2023-09-30	2022-09-30	2022-12-31
ASSETS				
Fixed assets				
Intangible assets	6	5,992.1	7,596.0	6,712.9
Property, plant and equipment		312.7	411.8	459.8
Right-of-use assets		410.4	456.1	441.8
Financial fixed assets	4	50.1	33.1	43.4
Deferred tax assets		76.3	122.6	101.9
Total fixed assets		6,841.6	8,620.5	7,759.7
Current assets				
Inventories		505.3	556.9	531.0
Current tax receivable		22.0	4.3	28.3
Contract assets		129.7	192.2	160.3
Accounts receivable		417.8	583.7	699.7
Prepaid expenses		44.8	63.9	32.5
Other current assets	4	123.7	79.8	60.0
Short-term investments	4	-	223.0	-
Cash and cash equivalents		562.0	465.3	925.2
Asset held for sale	8	211.7	-	-
Total current assets		1,805.3	2,169.8	2,437.1
Total assets		8,858.6	10,790.2	10,196.8
EQUITY AND LIABILITIES				
Equity attributable to parent company shareholders		5,899.2	7,332.3	6,905.0
Non-controlling interest		27.3	30.4	27.2
Total equity	7	5,926.5	7,362.7	6,932.2
Long-term liabilities				
Long-term interest-bearing liabilities	4	1,412.0	1,373.3	1,384.9
Long-term lease liabilities		348.9	374.3	370.5
Other provisions		26.9	24.6	24.9
Other long-term liabilities	4	4.9	269.8	199.7
Deferred tax liabilities		295.6	341.7	345.1
Total long-term liabilities		2,088.3	2,383.6	2,325.0
Current liabilities				
Short-term interest-bearing liabilities		26.6	7.5	8.0
Short-term lease liabilities		90.1	87.5	89.7
Accounts payable		137.7	164.3	132.6
Contract liabilities		189.3	316.9	300.9
Other current liabilities	4	194.5	271.3	164.3
Accrued expenses		205.7	196.3	244.0
Total current liabilities		843.8	1,043.9	939.5
Total liabilities		2,932.1	3,427.5	3,264.6
Total equity and liabilities		8,858.6	10,790.2	10,196.8

Condensed consolidated cash flow statements

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Profit/loss after financial items	-65.7	160.4	-1,051.5	169.8	-753.1
Adjustments for non-cash items	101.8	-154.1	986.7	-202.9	780.6
Income tax paid	-8.9	-7.7	-38.5	-19.7	-30.8
Increase (-)/Decrease (+) in inventories	21.0	-54.8	-15.5	-178.4	-162.1
Increase (-)/Decrease (+) in operating receivables	-45.9	-49.1	200.9	-91.3	-189.4
Increase (+)/Decrease (-) of operating liabilities	1.3	89.7	-65.7	122.2	85.4
Cash flow from operating activities	3.6	-15.6	16.4	-200.3	-269.4
Acquisition of property, plant and equipment	-35.9	-82.0	-162.0	-224.9	-274.1
Disposal of property, plant and equipment	4.3	-	4.3	-	-
Acquisition of intangible fixed assets	-34.2	-59.9	-104.4	-188.8	-255.5
Acquisition of subsidiaries/operations, net proceeds	-35.4	-115.0	-62.9	-190.3	-218.2
Acquisition/disposal of short-term investments, net	-	229.8	-	761.6	960.7
Change in financial fixed assets, net	-0.2	-	1.7	-	-
Cash flow from investing activities	-101.4	-27.1	-323.3	157.6	212.9
Option premiums received	-	-	-	0.9	0.9
New issues	-	-	5.9	52.6	539.6
Issue costs	-	-	-0.6	-0.6	-7.2
Change in overdraft facility	-4.4	-	18.4	-	-
New loans	4.6	-	4.6	-	-
Repayment of loans	-3.7	-10.3	-6.1	-1.6	-4.3
Amortization of lease liabilities	-25.5	-19.2	-75.4	-48.9	-73.8
Cash flow from financing activities	-29.0	-29.5	-53.2	2.4	455.3
Cash flow for the period	-126.8	-72.2	-360.1	-40.3	398.8
Opening cash and cash equivalents	690.7	547.1	925.2	481.2	481.2
Exchange difference in cash and cash equivalents	-1.9	-9.6	-3.1	24.4	45.2
Closing cash and cash equivalents	562.0	465.3	562.0	465.3	925.2

Consolidated changes in equity

SEK m	Share capital	Other contributed capital	Translation reserve	Balanced profit including profit for the period	Non-controlling interest	Total equity
Opening balance as of January 1, 2022	1.6	7,017.1	29.0	-273.8	28.8	6,802.7
Net profit/loss for the period	-	-	-	66.4	-0.3	66.1
Other comprehensive income	-	-	405.3	-	1.9	407.2
New share issue	0.0	52.6	-	-	-	52.6
Premium for issuing share options	-	0.9	-	-	-	0.9
Transaction costs, net of tax	-	-0.6	-	-	-	-0.6
Share-based compensation	-	33.8	-	-	-	33.8
Closing balance as of September 30, 2022	1.6	7,103.8	434.3	-207.4	30.4	7,362.7
Opening balance as of January 1, 2023	1.8	7,590.5	419.3	-1,106.6	27.2	6,932.2
Net profit/loss for the period	-	-	-	-1,086.7	-0.3	-1,087.0
Other comprehensive income	-	-	96.6	-	0.4	97.0
New share issue	0.0	5.9	-	-	-	5.9
Transaction costs, net of tax	-	-0.6	-	-	-	-0.6
Share-based compensation	-	-21.0	-	-	-	-21.0
Closing balance as of September 30, 2023	1.8	7,574.6	515.9	-2,193.0	27.3	5,926.5

Condensed income statements for the parent company

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	9.7	11.3	32.9	24.5	70.4
Other operating income	0.2	3.7	164.6	18.2	46.9
OPERATING EXPENSES					
Raw materials and supplies	-	-5.0	-	-6.1	-6.4
Other external costs	-19.3	-15.8	-55.7	-72.2	-129.9
Personnel expenses	-19.3	-11.9	-46.5	-61.0	-84.2
Depreciation and amortization of fixed assets	-0.3	-0.5	-0.9	-1.4	-3.2
Other operating expenses	-0.5	0.0	-2.2	-0.2	-6.3
Operating profit/loss	-29.5	-18.2	92.2	-98.2	-112.7
FINANCIAL ITEMS					
Profit/loss from shares in Group companies	-773.5	-6.1	-773.5	-46.1	-436.1
Financial income	89.5	311.7	333.7	723.2	634.0
Financial expenses	-22.6	-24.0	-73.9	-101.0	-172.3
Profit/loss after financial items	-736.2	263.4	-421.6	477.9	-87.1
Appropriations	-	-	-	-	-211.9
Tax for the period	-9.0	-55.7	-43.8	-74.7	-15.5
Net profit/loss for the period*	-745.2	207.7	-465.4	403.2	-314.5

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

Condensed parent company statements of financial position

SEK m	Note	2023-09-30	2022-09-30	2022-12-31
ASSETS				
Fixed assets				
Intangible fixed assets		2.4	4.0	2.5
Property, plant and equipment		2.7	3.5	3.7
Shares in Group companies		3,510.7	4,181.8	3,789.1
Receivables from Group companies		3,668.4	3,809.9	3,323.8
Other financial fixed assets		5.4	4.5	3.7
Deferred tax assets		0.4	10.9	1.3
Total fixed assets		7,190.0	8,014.6	7,124.0
Current assets				
Inventories		-	-	0.5
Accounts receivable		0.3	7.5	1.0
Receivables from Group companies		997.9	978.5	1,328.1
Other current assets		64.8	9.8	2.6
Prepaid expenses and accrued income		13.5	8.9	6.0
Short-term investments		-	223.0	-
Cash and cash equivalents		365.6	73.0	620.0
Total current assets		1,442.1	1,300.7	1,958.2
Total assets		8,632.2	9,315.3	9,082.3
EQUITY AND LIABILITIES				
Equity				
Untaxed reserves		23.9	-	23.9
Long-term liabilities				
Other provisions		3.0	0.2	3.0
Long-term interest-bearing liabilities		1,395.5	1,358.3	1,368.0
Other long-term liabilities		-	262.3	194.8
Deferred tax liabilities		11.4	-	-
Total long-term liabilities		914.9	1,620.8	1,565.7
Current liabilities				
Short-term interest-bearing liabilities		2.0	2.0	2.0
Liabilities to Group companies		262.6	6.7	114.4
Accounts payable		7.0	3.1	2.9
Other current liabilities		123.6	229.9	99.9
Accrued expenses and deferred income		32.9	21.1	40.9
Total current liabilities		428.1	262.8	260.2
Total equity and liabilities		8,632.2	9,315.3	9,082.3

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 2023 are generally the same as described in the Annual Report for 2022, Note 3, pages 61-62.

NOTE 3.

OPERATING SEGMENTS AND BREAKDOWN OF REVENUES

Revenue recognition

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

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

Products have been assessed as separate performance obligations. Sales of products are reported as revenue at the time control of the products was transferred to the customer, which is when the products have been delivered in accordance with agreed shipping terms. However, the Group also recognizes revenue over time on certain major product projects that run over several periods. This is done in cases where the company's performance does not create an asset with an alternative use for the company, and the company is

entitled to payment for performance achieved to date. For these projects, BICO estimates the degree of completion of the projects based on the actual cost incurred compared to the total expected cost of completing the delivery, and reports the project's revenue over time in accordance with this assessment.

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

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

Segments

The Group consists of three reporting segments: Bioprinting, Biosciences and Bioautomation.

The Group's operations are divided into operating segments based on which parts of the operations the company's highest executive decision-maker, the Group's CEO, follows up. The business is organized in such a way that the CEO monitors the sales and earnings generated by the Group's segments. 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.

Bioprinting

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

Biosciences

Biosciences consists of CYTENA, CYTENA Bioprocess Solutions, DISPENDIX, Discover Echo and Biosero. The segment supplies advanced lab instrumentation and smart workflow connectivity software to analyze data from applications in cell culture, cell imaging, cell sorting, and sample preparation for different analytics, such as genomics. The instruments are sold with proprietary consumables and/or proprietary software.

Bioautomation

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

Group

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

Segment reporting SEK m	Bioprinting Jan-Sep 2023	Biosciences Jan-Sep 2023	Bioautomation Jan-Sep 2023	Group Jan-Sep 2023	Elimina- tions	Total Jan-Sep 2023
Net sales	489.2	782.3	357.5	-	-	1,629.0
Raw materials and supplies reduced with changes in inventories	-99.0	-282.4	-144.1	-	-	-525.5
Capitalized work for own account	40.9	26.9	25.3	-	-	93.1
Other operating income	15.0	13.2	7.2	193.1	-31.5	197.0
Other external costs	-123.3	-137.2	-181.9	-47.2	31.5	-458.1
Personnel expenses	-243.6	-311.6	-218.9	-43.9	-	-818.0
Other operating expenses	-0.5	-1.7	-7.0	-0.4	-	-9.7
EBITDA	78.6	89.5	-162.0	101.6	-	107.7
EBITDA, %	16.1%	11.4%	-45.2%	N/A	-	6.6%
Depreciation, amortization and impairment of fixed assets	-	-	-	-	-	-460.5
Impairment of goodwill	-	-	-	-	-	-768.4
Financial income	-	-	-	-	-	153.3
Financial expenses	-	-	-	-	-	-83.6
Result before tax	-	-	-	-	-	-1,051.5

Segment reporting SEK m	Bioprinting Jan-Sep 2022	Biosciences Jan-Sep 2022	Bioautomation Jan-Sep 2022	Group Jan-Sep 2022	Elimina- tions	Total Jan-Sep 2022
Net sales	422.4	660.4	482.5	-	-	1,565.4
Raw materials and supplies reduced with changes in inventories	-91.9	-173.8	-133.5	-	-	-399.3
Capitalized work for own account	51.1	73.7	36.7	-	-	161.5
Other operating income	23.9	17.0	18.4	14.3	-	73.5
Other external costs	-148.4	-230.2	-139.5	-33.2	-	-551.3
Personnel expenses	-269.7	-351.9	-225.9	-61.7	-	-909.3
Other operating expenses	-9.5	-9.5	-1.1	-1.0	-	-21.1
EBITDA	-22.3	-14.4	37.6	-81.5	-	-80.6
EBITDA, %	-5.3%	-2.2%	7.8%	N/A	-	-5.1%
Depreciation, amortization and impair- ment of fixed assets	-	-	-	-	-	-212.9
Financial income	-	-	-	-	-	570.1
Financial expenses	-	-	-	-	-	-106.9
Result before tax	-	-	-	-	-	169.8

BICO Group

Net sales by geographic region and by business area

SEK m	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
Europe	123.8	111.9	193.1	161.8	154.9	191.0	471.9	464.7
North America	209.5	221.0	465.7	420.4	160.0	244.2	835.1	885.7
Asia	149.9	77.6	116.7	76.4	39.3	27.3	305.8	181.3
Rest of the world	6.0	11.9	6.7	1.7	3.3	20.1	16.1	33.7
Total	489.2	422.4	782.3	660.4	357.5	482.5	1,629.0	1,565.4

Net sales broken down by products and services

SEK m	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
Products	418.7	359.8	694.4	632.6	281.0	411.6	1,394.1	1,404.1
Services	70.5	62.6	87.7	27.8	76.5	70.9	234.7	161.3
Total	489.2	422.4	782.3	660.4	357.5	482.5	1,629.0	1,565.4

Net sales of products broken down by consumables and instruments

SEK m	BIOPRINTING		BIOSCIENCES		BIOAUTOMATION		TOTAL	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
Instruments	228.9	168.3	674.8	616.5	237.8	375.2	1,141.5	1,160.0
Consumables	189.8	191.2	19.6	16.0	43.2	36.4	252.6	244.0
Total	418.7	359.8	694.4	632.6	281.0	411.6	1,394.1	1,404.1

NOTE 4.

FINANCIAL INSTRUMENTS

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

Long-term investments

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

Short-term investments

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

Valuation at fair value regarding short-term investments during the year generated an impact on the income statement of SEK 0.0m (-26.2). This effect is reported among financial items. During the fourth quarter 2022, the short-term investments were converted into cash.

Derivatives

Outstanding derivatives are intended to minimize financial impact from currency fluctuations. The 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 considerations 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 the discount rate. An increase in future sales or a decrease in the discount rate increases the outcome of the contingent considerations.

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

The liability for convertible bonds is reported at amortized cost, which means that reported financial expenses exceed the cash flow-affecting coupon interest that is paid semi-annually. During the first 9 months 2023, the cost of coupon interest amounted to SEK 32.3m (32.3) (affecting cash flow) and the implicit interest expense to SEK 24.8m (23.4) (not affecting cash flow). Accrued issue costs amounted to SEK 4.2m (4.0).

The convertible bonds are traded on the Frankfurt stock exchange. As of September 30, 2023, they traded at a value of approximately 68% of nominal value.

SEK m	Level	2023-09-30	2022-09-30	2022-12-31
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE				
Short-term investments	1	-	223.0	-
Long-term investments	3	5.3	3.4	3.4
Contingent considerations	3	-69.1	-367.8	-278.3
Derivatives	2	55.4	-	-

Fair values – level 3

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

SEK m	Contingent considerations	Long-term investments
FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE AT LEVEL 3		
Fair value January 1, 2023	-278.3	3.4
Acquisitions	-	-
Total reported gains and losses in this year's operating profit	160.8	-
Payments to sellers	62.9	-
Total reported gains and losses in this year's net financial items	-14.5	1.9
Fair value September 30, 2023	-69.1	5.3

Sensitivity analysis

Contingent considerations

BICO has as of September 30, 2023 five historical acquisitions where a contingent considerations could be paid in the future. The remaining contingent considerations are mainly connected to future revenue in the acquired companies.

The contingent considerations have been discounted with an interest rate of 1.25-4.68%. They are 86% denominated in USD and 14% in EUR.

In total, contingent considerations of SEK 69.1m are reported as a liability as of September 30. During Q2, booked contingent considerations were reversed to the P/L as probability for pay-out decreased, resulting in a positive EBITDA effect of SEK 160.8m. If all contingent consideration relating to future periods had been assessed to fall out with a 100 percent probability,

the reported liability for contingent consideration (short and long-term) would amount to SEK 363.5m as of September 30, 2023, all else being equal.

Other reasonably possible changes to non-observable inputs would, all other things being equal, have the following effect on the reported liability:

SEK m	Increase	Decrease
Discount rate (1% change)	-0.2	0.3
FX rates EUR and USD (10% change)	6.9	-6.9
Future revenue (10% change)	16.9	-13.7

NOTE 5.

INCENTIVE PROGRAMS

During 2023, BICO have had four long-term incentive programs aimed at the Group's staff and board members. The purpose of the incentive programs are 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 included 80,000 remaining options for the Board, each redeemable for a share at a price of SEK 74.34. The program expired in January 2023, when these options were converted to shares.

LTIP 2019

The second program initially included a maximum of 1,600,000 options for employees and 220,000 options for board members. For employees, each of the options was initially 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.

In January 2023, the vesting period for 364,200 options issued to employees in this program was extended to July 2023. The remaining 1,235,800 options for employees were canceled since the market price was below the redemption price. The program for employees expired in July 2023, and no options were converted to new shares.

LTIP 2021

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 certain financial conditions are met during the vesting period.

LTIP 2022

An extraordinary general meeting in December 2022 decided to introduce an additional incentive program of a total of 2,500,000 free options to employees. The options will be redeemable for one share at a price of SEK 150 during the period June-September 2026, provided that a number of financial conditions for the group are met during the vesting period. Options were distributed to employees during Q2 2023.

Other disclosures

Valuation and accounting policies for the incentive programs are described in Note 6 of the Annual Report for 2022.

As of September 30 2023, a total of 3,832,131 options are outstanding, of which 3,292,997 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, 312,750 are held by members of the Executive management team and the Board of Directors.

If all outstanding options were to be redeemed against shares, this would correspond to a total increase of approximately 5.4 percent of the number of outstanding shares as of September 30, 2023.

NOTE 6.

ACQUISITIONS AND GOODWILL

Purchase price allocations

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). During Q1 2023, the purchase price allocation for Allegro was finalized, whereby no changes compared to what was presented in the Annual Report for 2022, Note 26, page 94 were implemented.

Acquisition costs

Acquisition costs amounted to SEK 0.1m (6.1) during the first 9 months 2023. Any expense are 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.

SEK m	Goodwill
Book value January 1, 2023, net	5,273.7
Translation difference	173.1
Impairment	-768.4
Book value September 30, 2023, net	4,678.4

During Q2 2023, a goodwill impairment totalling SEK 768.4m was booked. SEK 352.9m was relating to the Bioprinting segment, SEK 47.3m was relating to the Biosciences segment and SEK 368.2m was relating to the Bioautomation segment. In all cases, only a part of the goodwill amount was written down.

The events leading to the impairment were that impairment test in the second quarter showed that the rising market interest rates resulted in a higher WACC than prior quarter, something which has a significant impact in the tests. In addition, the short-term macro outlook is temporary soft in a few Group companies. The long term outlook remains positive for all Group companies except Ginolis.

NOTE 7.
NEW ISSUE OF SHARES

Exercise of options

During Q1 2023, the subscription price was paid for the corresponding 80,000 shares at a price of SEK 74.34 per share in the first incentive program described in Note 5. This added SEK 5.9m to the company.

NOTE 8.
ASSET HELD FOR SALE

The asset classified as held for sale relates to the property in Berlin. BICO communicated on August 3, that the facility has been divested for EUR 21m, awaiting approval from the city of Berlin. Positive cash flow is expected in Q4 2023. See more information on page 13.

Gothenburg
November 14, 2023

Erik Gatenholm
CEO and President, BICO Group AB

Alternative Key Ratios

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

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

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

Reconciliation of Alternative Key Ratios

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
GROSS PROFIT					
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
Raw materials and supplies reduced by inventory change	-180.8	-129.5	-525.5	-399.3	-590.8
Gross profit	406.4	421.1	1,103.5	1,166.1	1,648.6
GROSS MARGIN, %					
Gross profit	406.4	421.1	1,103.5	1,166.1	1,648.6
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
Gross margin, %	69.2%	76.5%	67.7%	74.5%	73.6%
ADJUSTED EBITDA					
EBITDA	64.2	1.8	107.7	-80.6	-56.3
Revaluation of contingent consideration	-	-	-160.8	-	-25.2
Costs/income related to option programs	1.8	8.9	-20.9	33.8	39.0
One-off provision for bad debt	-	-	28.1	43.9	43.9
Valuation adjustment of other assets in Ginolis	-	-	25.4	-	-
Extraordinary inventory write-offs	-	-	42.2	-	-
Restructuring costs related to personnel changes	2.4	1.8	29.8	11.9	27.1
Extraordinary governmental support	-	-	-7.0	-	-
Acquisition related costs and bonuses	0.7	5.6	5.2	17.0	24.3
ERP, Phase one implementation costs	-	-	-	8.3	8.3
Legal costs	-	-	-	1.0	1.0
Adjusted EBITDA	69.2	18.1	49.7	35.3	62.1
ADJUSTED EBITDA, %					
Adjusted EBITDA	69.2	18.1	49.7	35.3	62.1
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
Adjusted EBITDA, %	11.8%	3.3%	3.1%	2.3%	2.8%
OPERATING PROFIT BEFORE DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA)					
Operating profit	-62.8	-74.2	-1,121.2	-293.4	-996.9
Depreciation, amortization and impairment	127.0	76.1	1,228.9	212.9	940.6
Operating profit before depreciation and amortization (EBITDA)	64.2	1.8	107.7	-80.6	-56.3
OPERATING MARGIN BEFORE DEPRECIATION, AMORTIZATION AND IMPAIRMENT, (EBITDA), %					
EBITDA	64.2	1.8	107.7	-80.6	-56.3
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
EBITDA margin, %	10.9%	0.3%	6.6%	-5.1%	-2.5%

Reconciliation of Alternative Key Ratios

SEK m	July-Sep 2023	July-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
OPERATING MARGIN (EBIT), %					
Operating profit	-62.8	-74.2	-1,121.2	-293.4	-996.9
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
EBIT margin, %	-10.7%	-13.5%	-68.8%	-18.7%	-44.5%
ORGANIC SALES GROWTH, % AND ORGANIC SALES GROWTH EXCL. CURRENCY EFFECTS, %					
Net sales	587.2	550.6	1,629.0	1,565.4	2,239.5
Net sales generated from companies acquired or divested in the last 12 months	-	-147.3	-6.8	-652.7	-764.2
Organic net sales	587.2	403.3	1,629.0	912.7	1,475.3
Net sales comparison period	550.6	315.6	1,565.4	738.1	1,257.2
Organic sales growth, %	6.6%	27.8%	3.6%	23.6%	17.4%
Currency effect	-26.5	-51.4	-105.7	-97.7	-165.9
Organic net sales excluding currency effects	560.7	351.9	1,516.5	815.0	1,309.4
Net sales comparison period	550.6	315.6	1,565.4	738.1	1,257.2
Organic sales growth excluding currency effects, %	1.9%	11.5%	-3.1%	10.4%	4.2%
EQUITY RATIO, %					
Equity	5,926.5	7,362.7	5,926.5	7,362.7	6,932.2
Total assets	8,858.6	10,790.2	8,858.6	10,790.2	10,196.8
Equity ratio, %	67%	68%	67%	68%	68%
NET DEBT (-)/NET CASH (+) EXCL. LEASING					
Short-term investments	-	223.0	-	223.0	-
Cash and cash equivalents	562.0	465.3	562.0	465.3	925.2
Long-term interest-bearing liabilities excl. leasing liabilities	-1,412.0	-1,373.3	-1,412.0	-1,373.3	-1,384.9
Short-term interest-bearing liabilities excl. leasing liabilities	-26.6	-7.5	-26.6	-7.5	-8.0
Net debt (-)/Net cash (+)	-876.6	-692.6	-876.6	-692.6	-467.7

Reconciliation of Alternative Key Ratios

ADJUSTED EBITDA PER BUSINESS AREA	Bioprinting	Biosciences	Bioautomation	Group	Total
SEK m	Jan-Sep 2023	Jan-Sep 2023	Jan-Sep 2023	Jan-Sep 2023	Jan-Sep 2023
EBITDA	78.6	89.5	-162.0	101.7	107.7
Revaluations of contingent considerations	-	-	-	-160.8	-160.8
Costs/income related to option programs	-8.3	-2.4	-8.8	-1.4	-20.9
One-off provision for bad debt	-	-	28.1	-	28.1
Valuation adjustment of other assets in Ginolis	-	-	25.4	-	25.4
Extraordinary inventory write offs	3.3	3.7	35.2	-	42.2
Restructuring costs related to personnel changes	2.7	4.4	20.8	1.9	29.8
Extraordinary governmental support	-	-7.0	-	-	-7.0
Acquisition related costs and bonuses	2.1	3.1	-	-	5.2
Adjusted EBITDA, SEK m	78.2	91.3	-61.3	-58.6	49.7
Net sales	489.2	782.3	357.5	-	1,629.0
Adjusted EBITDA, %	16.1%	11.7%	-17.1%	N/A	3.1%

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

Consolidated Income Statements by Quarter

SEK m	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Net sales	587.2	541.1	500.7	674.1	550.6	537.6	477.2	519.1
Other operating income	16.3	171.1	9.6	37.3	29.1	25.7	18.7	51.3
Change in inventories	-4.9	0.1	-0.1	0.5	8.4	-4.1	-0.3	3.3
Capitalized work for own account*	22.7	26.2	43.4	49.7	50.7	56.1	54.7	28.1
OPERATING EXPENSES								
Raw materials and supplies	-175.8	-196.7	-148.1	-192.0	-137.9	-141.1	-124.3	-147.3
Other external costs*	-118.9	-209.5	-128.9	-196.9	-176.1	-219.9	-155.3	-164.3
Personnel expenses	-261.0	-262.5	-294.4	-347.3	-313.6	-314.1	-281.6	-262.9
Depreciation, amortization and impairment of fixed assets	-127.0	-253.1	-80.4	-102.7	-76.1	-73.4	-63.4	-66.4
Impairment of goodwill	-	-768.4	-	-625.0	-	-	-	-
Other operating expenses	-1.3	-3.8	-4.6	-1.0	-9.4	-3.2	-8.5	-14.3
Operating income	-62.8	-955.5	-102.9	-703.4	-74.2	-136.3	-82.8	-53.4
FINANCIAL ITEMS								
Financial income	23.0	119.1	11.2	6.5	258.3	240.6	71.2	84.2
Financial expenses	-25.8	-18.7	-39.1	-225.9	-23.6	-47.3	-35.9	-26.7
Profit/loss after financial items	-65.7	-855.1	-130.8	-922.8	160.5	56.9	-47.5	4.1
Tax for the period	-4.6	-43.2	12.3	21.1	-93.9	-13.8	4.0	-30.0
Net profit/loss for the period	-70.2	-898.4	-118.4	-901.8	66.5	43.1	-43.5	-25.9
ATTRIBUTABLE TO								
Parent company shareholders	-70.6	-898.3	-117.7	-899.3	66.4	43.6	-43.6	-25.6
Non-controlling interest	0.4	0.0	-0.7	-2.5	0.1	-0.5	0.1	-0.3

*The rows Capitalized work for own account has been retroactively changed due to incorrect classification in earlier quarters. The corresponding amounts have been accounted as Other external costs. The adjustment has no impact on accounted gross profit or EBITDA.

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