

2022 Q1

Interim report

January – March 2022



Summary of the interim report

2022-01-01 - 2022-03-31 (first quarter)

- Net sales for the quarter amounted to 5 467 kSEK (5 189)
- Net profit for the quarter amounted to 130 kSEK (375)
- Earnings per share for the quarter amounted to SEK 0,01 (SEK 0,03*)
- Cash and cash equivalents at the end of the period were 16 776 kSEK (8 803).

"BPC Instruments" refers to BPC Instruments AB with organization number 556687-2460. The number of shares in BPC Instruments as of March 31, 2022: 10 454 000 shares (9 722 000).*

**The number of shares for the comparing periods has been recalculated with regards to the merger 1:400 that was made in 2021.*

Significant events during the first quarter

BPC Instruments launched BPC® Go - the next generation gas volume and flow meter

On March 1, 2022, BPC announced the global launch of BPC® Go, the next generation instrument for ultra-low gas volume and flow measurement with high precision and accuracy for laboratory applications. BPC® Go is assessed to increase the total addressable market for BPC.

BPC Instruments moved its new premises at Ideon Science Park in Lund

On March 24, BPC Instruments announced that the Company has completed its objective in 2021 to expand its office, laboratory, and production warehouse, as well as complete the process of moving a large part of production in-house. The relocation was finalized in March and BPC is now operating from the Node office building at Ideon Science Park in Lund.

Significant events after the end of the period

BPC Instruments informed about increased market potential as the Swedish Government announced a biogas investment plan in 2022

On April 4, BPC Instruments informed about increased market potential as the Swedish government recently announced a long-term investment plan for boosting biogas/biomethane production to reduce the country's dependence on imports of fossil natural gas and contribute to achieving climate and environmental goals.

BPC Instruments filed a new patent application for future instrument products

On April 4, BPC Instruments announced that the Company has submitted a patent application that covers a new ultra-low gas volume and flow measurement technology for the Company's next-generation analytical instruments. With the patentable technology, BPC is able to implement ultra-low gas volume and flow detection for microbial respiration analysis, which has never been possible before.

BPC Instruments filed a new patent application for a new product line

On April 5, BPC Instruments announced that the Company has submitted a patent application for the development of a new product line in the future. The Company sees excellent business opportunities and increased market potential as BPC expands from the analytical instruments sector to the industrial production sector.

BPC Instruments broadened the product range and entered a new business segment – biodegradability evaluation of plastics

On April 20, BPC Instruments announced that the Company had entered a new business segment – biodegradability evaluation of plastics. BPC started developing a novel analytical solution for biodegradability evaluation based on the Company's flagship product – Gas Endeavour® – back in 2020 and has since then managed to penetrate several important markets, including the EU, North America, South, and East Asia.

BPC Instruments was granted a European patent for its core analytical technology in the biogas field

On April 20, BPC Instruments announced that the Company had received a grant from the European Patent Office regarding the Company's core analytical technology in feedstock quality analysis for biogas production. The patent "System setup for biological methane potential test" provides intellectual property protection to one of the Company's flagship products – AMPTS® – which is well recognized in the biogas business sector worldwide.



CEO Jing Liu

BPC Instruments has accomplished essential milestones in the first quarter of the year by launching the first of our new generation products, moving to new premises, and entering a new business segment – biodegradability of plastics. We have kept our solid and stable trend with increased net sales and strengthened our IP protection with two new patents filed and one granted. We stand well-positioned to accelerate our business.

A key objective for our business expansion is to move a large part of our production in-house and in March we proudly announced that we moved to our new premises at Node building, Ideon Science Park in Lund. We are very excited to be a member of this community with excellent opportunities for networking and attracting talents in the Lund/Malmö region. The relocation is a great milestone for us since we are now able to significantly improve our efficiency in production and logistics by moving a large part of them in-house – taking our business to the next level.

During the past months, we have witnessed an increasing interest in green energy in general and biogas in particular. Recently, new policies were announced such as the Swedish government's long-term investment plan for boosting biogas/biomethane production and the European Commission's REPowerEU plan where increased biogas production has been identified as an essential renewable energy source to phase out dependence on imports of natural gas in member states of European Union. The new investment and policy support for biogas production will be of great importance for developing the biogas market in the coming years and thus create great business opportunities and increased market potential for our products over the coming years.

Expanding to new business segments continues to be one of our long-term objectives and in April we announced that BPC has entered a new market – biodegradability evaluation of plastics. Plastic pollution is a well-known worldwide problem, and the topic has been receiving increasing attention in recent years. As biodegradable plastics are presented as an environmentally friendly alternative, we see excellent business opportunities within the biodegradability evaluation of plastics.

We have also taken important steps forward in developing and protecting our IP with two new patents filed and one granted. In April we announced the patent filing for a new product line.

The patent filing marks our first step toward business expansion from the analytical instruments sector to the industrial production sector, well in line with our business development and product development roadmap.

One of the major highlights this quarter was the global launch of our next-generation of flagship products - BPC® Go. The product is an excellent instrument for any application where the precise measurement of wet and dry gases volume and flow is key. We believe this product could be a door opener for BPC to enter a more laboratory market and the launch marks an important milestone that is well in line with our objectives for 2022.

I am proud to say that BPC is keeping a solid and stable trend despite unstable times. During the quarter, we have received net sales revenue amounting to SEK 5,4 million. Demonstrating that our intelligent analytical instruments keep being the top choice of universities, research institutes, industries and service providers worldwide.

As we continue to expand our business, we have also focused on strengthening our team with several new positions starting in June. Our new technicians and scientists will strengthen our application development, logistics, and customer support worldwide. We have also hired a senior Marketing and Communications Manager and will focus on accelerating our marketing by targeting our new business segments.

I am looking forward to the rest of 2022 in which I strongly believe that BPC will create several value-creating steps as we continue our product development and accelerate both our business growth in the existing biogas sector and business expansion to penetrate new markets!

Dr. Jing Liu

CEO, BPC Instruments AB



About BPC Instruments

A world-leading company

BPC Instruments offers world-leading instruments for measuring ultra-low gas volume and flow rate. Many biotechnological processes such as biogas production, various microbial fermentation, and biological degradation processes are performed by microorganisms. The triggering catalyst is determined when the activity of the microbes performing the reaction changes. BPC Instruments develops and sells automated analytical apparatuses that analyze these reactions with high accuracy and precision. The company is a pioneer in its field, and the Board of Directors estimates that the company's current share of the global market of feedstock quality analysis in biogas production equals approx. 90 percent. BPC Instruments has recently expanded towards other biotech business fields, including biodegradability of plastics and in-vitro feed analysis for animal farming. The company aims to expand from a single niche market to multiple biotech industrial markets and have a substantial first-mover advantage.

Based on cutting edge research

The company was founded in 2005 and brought about 20 years of industry-leading research into the areas of instrumentation, control, and automation of anaerobic digestion processes. Staffed by experienced scientists and engineers, BPC Instruments exports to more than 60 countries.

A Greentech investment

BPC Instruments business development activities, with core competence and focus on green technologies, renewable resources, sustainability, and innovation in biotechnology analysis perfectly match global business trends. BPC Instruments products make a positive difference – for the Company's customers as well as for the climate.

Business model

The core business model is to develop and manufacture analytical instruments to analyze different types of bioprocesses. BPC Instrument's business focuses on developing, producing, and selling high-margin and niche analytical instruments in multiple biotech sectors.

BPC Instruments share

BPC Instruments share is listed on Spotlight Stock Market, www.spotlightstockmarket.com as of 16 December 2021. The share has the ticker name BPCINS and ISIN code SE0017130826. The number of outstanding shares as of 31 December 2021 was 10 454 000.

Business-related risks and uncertainties

The risks and uncertainties to which BPC Instruments operations are exposed are, in summary, key staff and employees, competition, technology development, patents, regulatory requirements, capital requirements, currencies, and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For a more detailed description of significant risk factors in BPC Instruments operations, please see the company's prospectus published in November 2021. Since then, no significant changes have occurred regarding risks or uncertainty factors.

Owners and insider trade

For BPC Instruments' list of owners and insider trading, please refer to Spotlight Stock Markets via the following link: <https://spotlightstockmarket.com/sv/bolag/irabout?InstrumentId=XSAT00008YY2>

Comment on financial development

Income

Net sales for the first quarter amounted to 5 467 kSEK (5 189 kSEK).

Costs

The operating expenses during the first quarter amounted to 5 405 kSEK (5 463 kSEK). The capitalized development costs in the first quarter amounted to 5 190 kSEK (4 119 kSEK).

Results

The profit after financial items for the quarter amounted to 164 kSEK (473 kSEK).

Financing and financial position

Cash and cash equivalents as of 31 March 2022 amounted to 16 776 kSEK (8 803 kSEK).

Equity

At the end of the period, BPC Instruments' equity/asset ratio was 80 % (66).

Number of employees

As of 31 March 2022, the number of employees was 9 (9)

Audit of the report

This interim report has not been reviewed by the company's auditor.

Accounting and accounting principles

BPC Instruments AB is preparing annual reports according to the Annual Accounts Act and K3 accounting principles. Quarterly reports are prepared under the same principles.

Definitions

Equity/asset ratio, %, = Equity as a percentage of total assets.

Earnings per share, SEK, = Net income divided by the average number of shares.

* Numbers in brackets are the corresponding period in 2021

Income statement

KSEK	Q1 2022 Jan-Mar	Q1 2021 Jan-Mar	2021 Full Year
Net sales	5 467	5 189	26 447
Activated work for own account	0	658	3 076
Other income	140	11	130
Operating income	5 607	5 857	29 653
<i>Operating expenses</i>			
Raw materials and consumables	-1 226	-1 928	-9 627
Other external costs	-1 612	-1 308	-4 960
Personnel costs	-1 974	-1 855	-8 507
Depreciation of tangible and intangible assets	-472	-286	-1 514
Other operating expenses	-121	-86	-101
	-5 405	-5 463	-24 709
Operating profit	202	394	4 944
<i>Result from financial investments</i>			
Other interest income and similar items	80	137	472
Other interest expenses and similar items	-118	-57	-210
Total result from financial investments	-38	80	262
Profit after financial items	164	473	5 206
Tax	-34	-98	-624
Net profit	130	375	4 582
Earnings per share before and after dilution (SEK)	0,01	15,44	0,44
Total number of shares	10 454 000	24 305	10 454 000

Balance sheet

KSEK	2022-03-31	2021-03-31	2021-12-31
Assets			
Fixed assets			
<i>Intangible assets</i>			
Capitalized expenditure on development and similar work	5 190	4 119	5 448
Patent	812	875	903
Total intangible assets	6 001	4 993	6 391
<i>Tangible assets</i>			
Equipment, tools, fixtures, and fittings	1 394	731	781
Total tangible assets	1 394	731	781
<i>Financial Assets</i>			
Investment in associated companies	5 081	3 363	5 081
Endowment insurance	2 721	0	2421
Total financial assets	7 802	3 363	7 502
Total fixed assets	15 197	9 087	14 674
Current assets			
Inventories			
Raw materials and consumables	3 389	1 399	2 478
<i>Short-term receivables</i>			
Accounts receivables	5 175	3 181	4 930
Tax receivables	505	0	55
Other receivables	1 134	765	1 270
Prepaid expenses and acquired income	1 316	842	1 043
Total current receivables	8 130	4 788	7 298
<i>Other short-term investments</i>			
Other short-term investments	0	1 500	0
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	14 055	7 303	15 577
Total current assets	25 574	14 990	25 353
Total assets	40 771	24 077	40 027

Balance sheet

KSEK	2022-03-31	2021-03-31	2021-12-31
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	575	243	575
Reserve development costs	5 943	4 645	5 950
Total restricted equity	6 518	4 888	6 525
<i>Non restricted equity</i>			
Share premium reserve	16 925	4 937	16 925
Profit or loss brought forward	8 998	5 714	4 408
Profit/loss for the year	130	375	4 582
Total non-restricted equity	26 053	11 026	25 915
Total equity	32 571	15 913	32 440
<i>Long term liabilities</i>			
Loan to credit institutions	1 500	2 500	1 750
Total long-term liabilities	1 500	2 500	1 750
<i>Current liabilities</i>			
Credit institutions	1 000	1 000	1 000
Account payables	3 223	2 496	2 802
Tax liabilities	0	349	0
Other liabilities	376	221	298
Accrued expenses and deferred income	2 100	1 598	1 737
Total current liabilities	6 700	5 664	5 837
Total equity and liabilities	40 770	24 077	40 027

Changes in shareholder equity 2022

KSEK	Share capital	Reserve development costs	Share Premium reserve	Profit/loss brought forward	Profit/Loss for the year	Shareholder's equity
Share equity 2022-01-01	575	6 275	16 925	4 084	4 582	32 440
Brought forward				4 582	-4 582	0
Reserve development costs		-332		332		0
Profit for the year					130	130
Share equity 2022-03-31	575	5 943	16 925	8 998	130	32 571

Changes in shareholder equity 2021

KSEK	Share capital	Reserve development costs	Share Premium reserve	Profit/loss brought forward	Profit/Loss for the year	Shareholder's equity
Share equity 2021-01-01	243	4 214	4 937	2 225	3 920	15 538
Brought forward				3 920	-3 920	0
Dividend			-1 000			-1 000
Reserve development costs		2 061		-2 061		0
Issue of new shares	332		14 966			15 298
Issuance cost			-2 294			-2 294
Warranty			316			316
Profit for the year					4 582	4 582
Share equity 2021-12-31	575	6 275	16 925	4 084	4 582	32 440

Statement of cash flow

KSEK	Q1 2022 Jan-Mar	Q1 2021 Jan-Mar	2021 Full Year
Operating activities			
Profit after financial items	164	375	5 206
Adjustment depreciations, other	473	286	1 514
Paid income tax	-484	-503	-1 434
Cash flow from changes in working capital			
Changes in inventory	-911	-195	-1 274
Changes in account receivables	-245	1 014	-735
Changes in other receivables	-137	277	-428
Changes in account payables	421	-443	-137
Changes in other liabilities	441	439	558
Cash flow from operating activities	-278	1 250	3 270
Investment activities			
Investment in intangible assets	0	-658	-3 076
Investment in tangible assets	-694	0	-259
Investment in associated companies	0	0	-4 139
Increase/decrease short term financial investments and receivables	-300	-200	0
Cash flow from investment activities	-994	-858	-7 474
Financing activities			
Share Issue	0	0	13 004
Warranty	0	0	316
Dividend, payment	0	0	-1 000
Changes in long-term loan	-250	-250	-1 000
Cash flow from financing activities	-250	-250	11 320
Cash flow for the period	1 522	142	7 116
Cash at the beginning of the period	15 577	7 161	8 461
Cash at the end of the period	14 055	7 303	15 577
Short-term investment	2 721	1 500	2 421
Total cash and equivalents at the end of the period	16 776	8 803	17 998

The next reporting dates

The Annual General Meeting will take place on May 27, 2022.

Half-year report for the period 1 January to June 30 (Q2) will be published on Aug 16, 2022

Interim report for the period 1 January to September 30 (Q3) will be published on Nov 11, 2022

The year-end report for the financial year 2021/2022 is expected to be available from Feb 21, 2023.

Lund 6 May 2022

BPC Instruments AB (publ)

Gustaf Olsson
Chairman of the Board

Jing Liu
CEO and Member of the Board

Kristofer Cook
Member of the Board

Anita Sindberg
Member of the Board

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on precision and
accuracy.**

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