

January — June 2022

2022 Q2

Half year report



Key figures Q2 2022

The figures in parentheses refer to the corresponding period last year.

KSEK

Net sales

8 330 (5 825)  **+43%**

Net profit

990 (555)  **+78%**

Cash and cash equivalents

16 068 (4 509)  **+256%**

Highlights during the period

- Improved IP protection with two patents filed and one granted.
- Strengthened organisation by hiring seven new talented team members.
- Received a record large order of six complete AMPTS® Systems with a total order value of 1,7 MSEK.
- Strong financial figures with double-digit growth in net sales and profit for Q2 and H1 2022.

Summary of the half-year report

2022-04-01 - 2022-06-30 (Q2)

- Net sales for the quarter amounted to 8 330 (5 825) kSEK
- Net profit for the quarter amounted to 990 (555) kSEK
- Earnings per share for the quarter amounted to 0,09 (0,05*) SEK
- Cash and cash equivalents at the end of the quarter were 16 068 (4 509) kSEK

2022-01-01 - 2022-06-30 (H1)

- Net sales for the period amounted to 13 797 (11 014) kSEK
- Net profit for the period amounted to 1 120 (931) kSEK
- Earnings per share for the period amounted to 0,11 (SEK 0,09*) SEK
- Cash and cash equivalents at the end of the period were 16 068 (4 509) kSEK

"BPC Instruments" refers to BPC Instruments AB with organization number 556687-2460. The number of shares in BPC Instruments as of June 30, 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 second quarter

- **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.
- **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.
- **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.
- **On April 20**, BPC Instruments announced that the Company had entered a new business segment – biodegradability evaluation of plastics.
- **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.
- **On May 27**, BPC held its Annual General Meeting. Resolutions with summarized decisions are held available on BPC's website (www.bpcinstruments.com).
- **On June 16**, announced a large order intake for delivery of six complete AMPTS® Systems with a total order value of 1,7 MSEK.
- **On June 18**, BPC announced increasing market interest globally on the latest launched BPC® Go. Over 30 units have been delivered to clients from Europe, North America, Asia, and the Middle East in the first 3 months with 100 % increment of sales revenue and nearly double the gross profit compared to its predecessor - BPC® µFlow.

Significant events after the end of the period

- No other significant events have occurred since the end of the period that has materially affected this report.

Double-digit growth in net sales and profit summarise the quarter

As we look back on the first half of 2022, I am proud to say that we have kept our promise of being a solid and stable company even in the most unstable times with an impressive net profit increase by +78 percent, amounting to SEK 0,99 million. We have been very active during the past quarter by strengthening our IP protection with several new patents, receiving a record high order of six complete AMPTS® systems, and witnessing a 100 % increment of sales revenue of this product – compared to its predecessor – of our newly launched analytical instrument BPC® Go. It is safe to say that we have an exciting time ahead of us as we work hard on preparing for the launch of several other next-generation instruments.

BPC is an innovation-driven company and our ambition is to always exceed our customers' expectations and to be one step ahead in our product development. One of our main objectives for 2022 is to develop and launch the next generation of our flagship products and I am proud of the customer feedback and happy to see the market interest in the first launch of our next-generation product – BPC® Go. The product is the latest generation instrument for ultra-low gas volume and flow measurement with high precision and has since its launch on the 1st of March 2022 gained increasing market interest worldwide. It clearly shows that we are targeting an unmet need in the market and that BPC Instruments is an important player. In April we proudly announced that over 30 units have been delivered to clients from Europe, North America, Asia, and the Middle East in the first 3 months with a 100% increment of sales revenue and nearly double the gross profit compared to its predecessor – BPC® µFlow.

The results match very well with our expectations and we believe this product to be a door opener for BPC to enter a more general laboratory and instrument market. Following this, we continuously investigate new possible distribution channels for accelerating the market penetration.

The increased market interest is also clearly shown in our financial figures for Q2 where we have received net sales revenue amounting to SEK 8,3 million – an increase of +43 percent compared to the same period in our record year 2021. Our net profit increased by +78 percent and landed on SEK 0,99 million. Our financial figures for H1 are equally impressive with SEK 13,7 million in net

sales, an increase of +25 percent. We also received an increase in net profit for H1 by +20 percent, amounting to SEK 1,1 million. BPC is once again demonstrating remarkable growth in unstable times and keeps its ambition of being a solid and stable greentech company driven by innovation.

We have also been very active in strengthening our IP with two new patents filed and one granted. The grant provides intellectual property protection to one of BPC's flagship products – AMPTS® – for which we in June also received a record large order of six complete systems with an order value of SEK 1,7 million. The increasing purchase demand for AMPTS® is well in-line with the positive development trend for boosting biogas/biomethane production in Europe as feedstock quality control and analysis play a critical role in ensuring full-scale stable and efficient biogas production.

I am proud to see that our analytical instruments such as AMPTS® remain the top choice of industrial biogas plants, service providers, research institutes, and universities worldwide for optimizing biogas feedstock and ensuring stable plant operation by controlling the quality of receiving biomass sources. With the recent positive development trend for the biogas/biomethane market, I see great business opportunities and increased market potential for BPC's products over the coming years.

During H1 2022 we have focused on strengthening our team with several new positions in, marketing, sales, technical and production, as well as office support with a total of seven new talented team members joining BPC in the last months. Our extended team will ensure BPC's business expansion can be implemented according to plan.

Going forward, we will continue our work to strengthen our team with more dedicated technicians and scientists to further develop our logistics, application development, and customer support. We will also focus on preparing the launches of several more next-generation flagship products. I am looking forward to the next half of 2022 as we accelerate our market penetrations of new segments and keep the momentum in our innovation-driven, solid and stable growth.

Dr. Jing Liu
CEO, BPC Instruments AB

What problems are we solving for our customers?

The general problems for bioanalysis with conventional analysis that is operated manually are:

- Large random error due to manual operation.
- Poor data quality and quantity.
- Individual skill dependence and lack of standardization.
- Due to labor-intensive work in conventional analysis, the cost of skilled labor is very high.

BPC Instruments in brief

A world-leading company

BPC Instruments main ambition is to develop and distribute automated, analytical instruments that allow for a more efficient, reliable, and higher quality research and analysis in the area of low gas volume and flow rate analytical instruments for biotechnology-related applications. The result is significant reductions in time consumption and labor requirement for performing tedious analysis, as well as more efficient use of manpower resources. The business is based on a foundation built on results and experiences by scientists who have created a well-established and IP-protected niche product portfolio. BPC instruments continue to develop new solutions based on innovative ideas. This has enabled the company to continuously become cash flow positive over ten years and establish a client base across near 70 nations.

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 in the areas of instrumentation, control, and automation of anaerobic digestion processes.

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 environment and 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>

Financial information

Income

Net sales for the second quarter amounted to 8 330 kSEK (5 825 kSEK). Net sales for the first six months amounted to 13 797 kSEK (11 014 kSEK).

Costs

The operating expenses during the second quarter amounted to 8 170 kSEK (5 857 kSEK). The operating expenses during the first six months amounted to 13 575 kSEK (11 321 kSEK). The capitalized development costs in the first six months amounted to 5 671 kSEK (4 593 kSEK).

Results

The profit after financial items for the quarter amounted to 1 248 kSEK (698 kSEK). The profit after financial items for the first six months amounted to 1 412 kSEK (1 172 kSEK).

Financing and financial position

Cash and cash equivalents as of June 30, 2022, amounted to 16 068 kSEK (4 509 kSEK).

Equity

At the end of the period, BPC Instruments' equity/asset ratio was 82 % (67).

Number of employees

As of June 30, 2022, the number of employees was 14 (10)

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.



Income statement

(KSEK)	2022 Apr-Jun 3 months	2021 Apr-Jun 3 months	2022 Jan-Jun 6 months	2021 Jan-Jun 6 months	2021 Jan-Dec full year
Net sales	8 330	5 825	13 797	11 014	26 447
Activated work for own account	818	758	818	1 416	3 076
Other income	184	37	324	48	130
Operating income	9 331	6 620	14 939	12 477	29 653
<i>Operating expenses</i>					
Raw materials and consumables	-3 332	-2 333	-4 557	-4 261	-9 627
Other external costs	-2 009	-1 069	-3 621	-2 377	-4 960
Personnel costs	-2 376	-2 114	-4 350	-3 968	-8 507
Depreciation of tangible and intangible assets	-535	-315	-1 007	-600	-1 514
Other operating expenses	82	-27	-39	-114	-101
	-8 170	-5 857	-13 575	-11 321	-24 709
Operating profit	1 162	763	1 364	1 157	4 944
<i>Result from financial investments</i>					
Other interest income and similar items	107	10	187	147	472
Other interest expenses and similar items	-20	-75	-139	-132	-210
Total result from financial investments	87	-65	49	15	262
Profit after financial items	1 248	698	1 412	1 172	5 206
Tax	-258	-143	-292	-241	624
Net Profit	990	555	1 120	931	4 582
Earnings per share before and after dilution (SEK)	0,09	22,84	0,11	38,29	0,44
Total number of shares	10 454 000	24 305	10 454 000	24 305	10 454 000

Balance sheet

(KSEK)	2022-06-30	2021-06-30	2021-12-31
Assets			
Fixed assets			
<i>Intangible assets</i>			
Capitalized expenditure on development and similar work	5 671	4 593	5 448
Patent	720	910	903
Total intangible assets	6 391	5 504	6 391
<i>Tangible assets</i>			
Equipment, tools, fixtures, and fittings	1 427	883	781
Total tangible assets	1 427	883	781
<i>Financial assets</i>			
Investment in associated companies	5 081	5 070	5 081
Endowment insurance	2 821	0	2 421
Total financial assets	7 902	5 070	7 502
Total fixed assets	15 719	11 456	14 674
Current assets			
Inventories			
Raw materials and consumables	4 004	2 199	2 478
<i>Short-term receivables</i>			
Accounts receivables	5 171	3 146	4 930
Tax receivables	730	0	55
Other receivables	1 163	1 018	1 270
Prepaid expenses and acquired income	863	741	1 043
Total current receivables	7 928	4 905	7 298
<i>Other short-term investments</i>			
Other short-term investments	6 400	1 700	0
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	6 847	2 809	15 577
Total current assets	25 179	11 613	25 353
Total assets	40 898	23 069	40 027

Balance sheet

(KSEK)	2022-06-30	2021-06-30	2021-12-31
Equity and liabilities			
Equity			
Restricted equity			
Share capital	575	243	575
Reserve development costs	6 391	5 156	5 950
Total restricted equity	6 966	5 399	6 525
Non restricted equity			
Share premium reserve	28 653	3 937	16 925
Profit or loss brought forward	-3 179	5 203	4 408
Profit/loss for the year	1 120	931	4 582
Total non-restricted equity	26 594	10 070	25 915
Total equity	33 560	15 469	32 440
Long term liabilities			
Loan to credit institutions	1 250	2 250	1 750
Total long-term liabilities	1 250	2 250	1 750
Current liabilities			
Credit institutions	1 000	1 000	1 000
Account payables	2 121	2 042	2 802
Tax liabilities	0	117	0
Other liabilities	296	1 252	298
Accrued expenses and deferred income	2 672	940	1 737
Total current liabilities	6 089	5 351	5 837
Total equity and liabilities	40 898	23 069	40 027

Changes in shareholder equity H1 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		-116		116		0
Profit for the year					1 120	1 120
Share equity 2022-06-30	575	6 159	16 925	8 782	1 120	33 560

Changes in shareholder equity full year 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)	2022 Apr-Jun 3 months	2021 Apr-Jun 3 months	2022 Jan-Jun 6 months	2021 Jan-Jun 6 months	2021 Jan-Dec full year
Operating activities					
Profit after financial items	1 248	555	1 412	931	5 206
Adjustment depreciations, other	534	168	1 007	453	1 514
Paid income tax	-506	112	-990	-390	-1 434
Cash flow from changes in working capital					
Changes in inventory	-615	-800	-1 526	-995	-1 274
Changes in account receivables	4	35	-241	1 049	-735
Changes in other receivables	424	-151	287	125	-428
Changes in account payables	-1 103	-454	-681	-897	-137
Changes in other liabilities	492	268	933	708	558
Cash flow from operating activities	477	-267	199	983	3 270
Investment activities					
Investment in intangible assets	-818	-758	-818	-1 416	-3 076
Investment in tangible assets	-117	-312	-812	-312	-259
Investment in associated companies	0	-1 707	0	-1 707	-4 139
Increase/decrease short term financial investments and receivables	-6 500	-200	-6 800	-400	0
Cash flow from investment activities	-7 435	-2 977	-8 430	-3 835	-7 474
Financing activities					
Share Issue	0	0	0	0	13 004
Warranty	0	0	0	0	316
Dividend, payment	0	-1 000	0	-1 000	-1 000
Changes in long-term loan	-250	-250	-500	-500	-1 000
Cash flow from financing activities	-250	-1 250	-500	-1 500	11 320
Cash flow for the period	-7 208	-4 495	-8 730	-4 352	7 116
Cash at the beginning of the period	14 055	7 303	15 577	7 161	8 461
Cash at the end of the period	6 847	2 809	6 847	2 809	15 577
Short-term investment	9 221	1 700	9 221	1 700	2 421
Total cash and equivalents at the end of the period	16 068	4 509	16 068	4 509	17 998

The next reporting dates

Interim report for the period 1 January to September 30 (Q3) will be published on Nov 11, 2022
The year-end report (Q4) for the financial year of 2022 is expected to be available from Feb 21, 2023.

Lund, August 16, 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
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on precision and
accuracy**

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