

January – September

2022 Q3

Interim report



Key figures Q3 2022

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

KSEK

Net sales

8 646 (6 277)



+38%

Net profit

1 497 (979)



+53%

Total cash and equivalents

17 273 (4 168)



+314%

Summary of the interim report

Significant events during the third quarter

- **On August 25**, BPC submitted the third patent application for this year, which covers a novel incubation system for the Company's next-generation analytical instruments with applications in multiple biotech sectors. With this patentable technology, BPC will offer a unique microbial incubator that not only covers a wide temperature range for various microbial respiration analyses and high user convenience, but also high thermo-efficiency with extremely low energy consumption and carbon footprint.

Significant events after the end of the period

- **On October 13**, BPC informed about the rapidly increasing interest from the academic sector which stands for 50% of the Company's client base. According to a statistical analysis based on published peer-reviewed articles from ScienceDirect (www.sciencedirect.com), BPC recognizes a clear pattern of the fast growth of scientific publications that cite the Company's analytical instruments. There are currently over 1000 scientific publications citing the Company's flagship products which confirms that more and more scientific studies turn to and rely on BPC's smart instruments to generate high-quality data.
- No other significant events have occurred since the end of the period that has materially affected this report.

2022-07-01 - 2022-09-30 (Q3)

- Net sales for the quarter amounted to 8 646 (6 277) kSEK
- Net profit for the quarter amounted to 1 497 (979) kSEK
- Earnings per share for the quarter amounted to 0,14 (0,10*) SEK

2022-01-01 - 2022-09-30 (9 months)

- Net sales for the period amounted to 22 443 (17 291) kSEK
- Net profit for the period amounted to 2 617 (1 910) kSEK
- Earnings per share for the period amounted to 0,25 (SEK 0,19*) SEK
- Total cash and equivalents at the end of the period were 17 273 (4 168) kSEK

"BPC Instruments" refers to BPC Instruments AB with organization number 556687-2460. The number of shares in BPC Instruments as of September 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.

Remarkable business growth and contributing to a sustainable future

It is with great pride I can say that BPC has a strong earnings growth in all three quarters of 2022, especially in the second and third quarters. In Q3, BPC's strong growth continued with an impressive net profit increase of +53 percent, amounting to SEK 1,5 million. This past quarter BPC has proven once again to be a very stable company in a highly unstable world; we are a solid green-tech company with good growth potential even during world conflicts, a turbulent financial market, and an energy crisis.

BPC Instruments is a niche player in a niche market and the customers' top choice. It becomes particularly clear as BPC has restarted participating in conferences and exhibitions since the pandemic, where we have received a lot of positive responses for market recognition and potential sales leads. We have also noticed a rapid increase of interest from the academic sector which stands for 50 percent of our client base. According to a statistical analysis based on published peer-reviewed articles from ScienceDirect, BPC recognizes a clear pattern of the fast growth of scientific publications that cite the Company's analytical instruments. There are currently over one thousand scientific publications citing the Company's flagship products which confirms that more and more research studies turn to and rely on BPC's smart instruments to generate high-quality data worldwide.

Q3 2022 is once again another quarter in which we exceed our financial targets and prove that BPC is a solid green-tech company with good growth potential. Our net profit for the quarter amounted to SEK 1,5 million, an impressive increase of +53 percent compared to the same period last year. Our net sales are also up +39 percent, compared to Q3 2021, amounting to SEK 8,6 million – even more impressive considering that Q3 tends to be a slower quarter due to seasonal variations in order intake. I am very proud of the efforts our team has made during the past nine months of 2022 and look forward to continuing our strong growth in Q4.

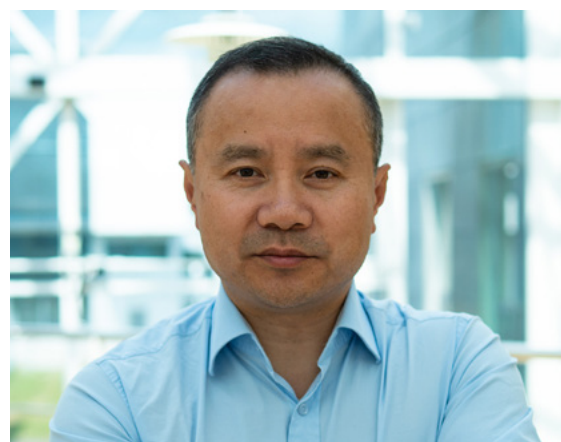
The future of BPC looks very bright. Early this year, the European Commission has announced in its REPowerEU Plan a target to increase annual EU production and use of sustainable biomethane to 35 billion cubic meters by 2030. This is about 10 times more biomethane production than the current level. For us, this means that BPC's smart instruments for feedstock quality control and process optimization have many potential business opportunities for the

fast-growing market potential and can provide a great contribution to ensure sustainable biomass feedstock to feed additional biomethane production installations, as well as support stable and efficient biomethane production. BPC has committed to be an active member of the biomethane industrial partnership led by EU commission and team up with other European industrial partners to support the achievement of the target of 35 billion cubic meters of annual production and use of sustainable biomethane by 2030 and to create the pre-condition for a further ramp-up of its potential towards 2050.

We are constantly continuing our efforts to strengthen our organization with several new well-experienced experts in sales and marketing who will help BPC to maintain and accelerate our leadership position within our field. Our extended team will also ensure BPC's business expansion can be implemented according to plan.

Looking forward, BPC will remain to be the top choice when it comes to automated analytical instruments for biotechnical applications. We are working with a clear focus and high energy, and in the near future, we will launch new generations of our already existing flagship products and instruments, while accelerating BPC's expansion into new market segments. All is according to plan even with the current global supply chain crisis. Now that we have 2023 on the horizon, I am confident that BPC will continue to be a world-class company with excellent growth over time, contributing to a more sustainable future.

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.

Why is it important to measure and analyze gas volume and flows?

As with any kind of production, it's critical to control the quality of the raw material to ensure high-quality, large, and stable production of the end product. The same is true with biogas/biomethane. BPC offers smart and automated analytical instruments to measure and control the raw material, whether it may be food waste, manure, and field biomass from agriculture or wastewater.

BPC's flagship products such as AMPTS® and BPC® GO help to ensure stable and large-scale production of biogas/biomethane by analyzing the potential of biogas and biomethane production from biomass feedstock in a precise and automated procedure that limits the costs and error of conventional manual analysis. Making sure the biogas industry gets the most out of their product at any given moment.

A similar concept also applied to other biological fermentation processes, such as biodegradability of plastics, wastewater treatment and animal feed analyses, where either gas production or consumption can be used as a process indicator for optimizing and controlling fermentation process and performing the quality control of end products.

BPC Instruments in brief

A world-leading company

BPC Instruments is a global Swedish-based technology company developing and offering analytical instruments enabling more efficient, reliable, and higher quality research and analysis for industries in renewable energy and environmental technology. The result is not only higher accuracy and precision, but also significant reduction in time consumption and labour requirement for performing analysis. The BPC Instruments innovative products offer high quality hardware and software based on deep knowledge and experience of target applications.

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 Green-tech 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 September 30, 2022, 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 mainly consist of the company's products such as instruments. Net sales for the third quarter amounted to 8 646 kSEK (6 277 kSEK). Net sales for the first nine months of 2022 amounted to 22 443 kSEK (17 291 kSEK).

Costs

The operating expenses consist of mainly other external costs, personnel cost, raw material and consumables. The operating expenses during the third quarter amounted to 7 373 kSEK (5 853 kSEK). The operating expenses during the first nine months of 2022 amounted to 20 948 kSEK (17 174 kSEK). The capitalized development costs in the first nine months of 2022 amounted to 1 286 kSEK (1 955 kSEK).

Results

The profit after financial items for the third quarter amounted to 1 888 kSEK (1 237 kSEK). The profit after financial items for the first nine months of 2022 amounted to 3 300 kSEK (2 409 kSEK).

Financing and financial position

Total cash and equivalents as of September 30, 2022, amounted to 17 273 kSEK (4 168 kSEK).

Equity

At the end of the period, BPC Instruments' equity/asset ratio was 82 % (69).

Number of employees

As of September 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 Jul-Sep 3 months	2021 Jul-Sep 3 months	2022 Jan-Sep 9 months	2021 Jan-Sep 9 months	2021 Jan-Dec full year
Net sales	8 646	6 277	22 443	17 291	26 447
Activated work for own account	468	539	1 286	1 955	3 076
Other income	158	30	482	78	130
Operating income	9 272	6 846	24 211	19 324	29 653
<i>Operating expenses</i>					
Raw materials and consumables	-2 593	-2 747	-7 151	-7 009	-9 627
Other external costs	-1 727	-1 003	-5 348	-3 380	-4 960
Personnel costs	-2 572	-1 697	-6 923	-5 665	-8 507
Depreciation of tangible and intangible assets	-488	-436	-1 495	-1 036	-1 514
Other operating expenses	8	30	-31	-84	-101
	-7 373	-5 853	-20 948	-17 174	-24 709
Operating profit	1 899	993	3 263	2 150	4 944
<i>Result from financial investments</i>					
Other interest income and similar items	113	270	300	417	472
Other interest expenses and similar items	-124	-26	-263	-158	-210
Total result from financial investments	-12	244	37	259	262
Profit after financial items	1 888	1 237	3 300	2 409	5 206
Tax	-391	-258	-683	-499	-624
Net Profit	1 497	979	2 617	1 910	4 582
Earnings per share before and after dilution (SEK)	0,14	40,29	0,25	78,58	0,44
Total number of shares	10 454 000	24 305	10 454 000	24 305	10 454 000

Balance sheet

(KSEK)	2022-09-30	2021-09-30	2021-12-31
Assets			
Fixed assets			
<i>Intangible assets</i>			
Capitalized expenditure on development and similar work	5 859	4 827	5 488
Patent	629	850	903
Total intangible assets	6 488	5 677	6 391
<i>Tangible assets</i>			
Equipment, tools, fixtures, and fittings	1 603	813	781
Total tangible assets	1 603	813	781
<i>Financial assets</i>			
Investment in associated companies	5 081	5 081	5 081
Endowment insurance	2 821	2 121	2 421
Total financial assets	7 902	7 202	7 502
Total fixed assets	15 992	13 691	14 674
Current assets			
Inventories			
Raw materials and consumables	5 547	2 040	2 478
<i>Short-term receivables</i>			
Accounts receivables	4 236	4 077	4 930
Tax receivables	661	0	55
Other receivables	1 103	1 035	1 270
Prepaid expenses and acquired income	795	708	1 043
Total current receivables	6 794	5 821	7 298
<i>Other short-term investments</i>			
Other short-term investments	7 000	0	0
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	7 452	2 047	15 577
Total current assets	26 793	9 907	25 353
Total assets	42 786	23 598	40 027

Balance sheet

(KSEK)	2022-09-30	2021-09-30	2021-12-31
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	575	243	575
Reserve development costs	6 488	5 178	5 950
Total restricted equity	7 063	5 421	6 525
<i>Non restricted equity</i>			
Share premium reserve	16 925	3 937	16 925
Profit or loss brought forward	8 452	5 180	4 408
Profit/loss for the year	2 617	1 910	4 582
Total non-restricted equity	27 994	11 027	25 915
Total equity	35 057	16 448	32 440
<i>Long term liabilities</i>			
Loan to credit institutions	1 000	2 000	1 750
Total long-term liabilities	1 000	2 000	1 750
<i>Current liabilities</i>			
Credit institutions	1 000	1 000	1 000
Account payables	3 423	2 389	2 802
Tax liabilities	0	97	0
Other liabilities	374	259	298
Accrued expenses and deferred income	1 932	1 405	1 737
Total current liabilities	6 729	5 150	5 837
Total equity and liabilities	42 786	23 598	40 027

Changes in shareholder equity January–September 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		213		-213		0
Profit for the year					2 617	2 617
Share equity 2022-09-30	575	6 488	16 925	8 453	2 617	35 057

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
Warrants			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 Jul–Sep 3 months	2021 Jul–Sep 3 months	2022 Jan–Sep 9 months	2021 Jan–Sep 9 months	2021 Jan–Dec full year
Operating activities					
Profit after financial items	1 888	1 237	3 300	2 409	5 206
Adjustment depreciations, other	465	428	1 472	1 041	1 514
Paid income tax	-298	-766	-1 289	-1 157	-1 434
Cash flow from changes in working capital					
Changes in inventory	-1 543	159	-3 069	-836	-1 274
Changes in account receivables	936	-931	694	117	-735
Changes in other receivables	128	11	415	136	-428
Changes in account payables	1 303	347	621	-550	-137
Changes in other liabilities	-662	-520	271	188	558
Cash flow from operating activities	2 216	-35	2 415	1 349	3 270
Investment activities					
Investment in intangible assets	-468	-539	-1 286	-1 955	-3 076
Investment in tangible assets	-294	93	-1 105	-219	-259
Investment in associated companies	0	-11	0	-1 718	-4 139
Increase/decrease short term financial investments and receivables	-600	-21	-7 400	-2 121	0
Cash flow from investment activities	-1 361	-478	-9 791	-6 013	-7 474
Financing activities					
Share Issue	0	0	0		13 004
Warrants	0	0	0		316
Dividend, payment	0	0	0	-1 000	-1 000
Changes in long-term loan	-250	-250	-750	-750	-1 000
Cash flow from financing activities	-250	-250	-750	-1 750	11 320
Cash flow for the period	605	-763	-8 125	-6 414	7 116
Cash at the beginning of the period	6 847	2 809	15 577	8 461	8 461
Cash at the end of the period	7 452	2 047	7 452	2 047	15 577
Short-term investment	9 821	2 121	9 821	2 121	2 421
Total cash and equivalents at the end of the period	17 273	4 168	17 272	4 168	17 998

The next reporting dates

The year-end report (Q4) for the financial year of 2022 is expected to be available from Feb 21, 2023.

Lund, November 11, 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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