



Period-end Report

Bio-Works Technologies AB (publ)

January – June 2018



About Bio-Works

Bio-Works, founded 2006, designs, develops, manufactures and supplies innovative leading-edge products for chromatographic separation of proteins or other molecules. The company is staffed by people rich in experience in the biotech industry and particularly in protein separation media. Bio-Works agarose-based high performance products are used within life science and food & beverage research and commercial production. Bio-Works facilities are located in the Uppsala Business Park Uppsala, Sweden. The Company processes and Quality Management System follow the ISO 9001:2008 standard.

Since 14th December 2017 Bio-Works Technologies AB's share is listed on Nasdaq First North, Stockholm.

The period 1st January – 30th June 2018 in short

- Net sales amounted to 3 550 (2 858) KSEK, which is an improvement by 24 percent
- During the first half-year Bio-Works invoiced its historically second largest order of 1000 KSEK and its third largest order of ca 950 KSEK
- The result for the period was -16 181 (-10 150) KSEK
- Result per share for the period amounted to -0.84 SEK (-0.98 SEK)
- Cash flow from operations amounted to -17 950 (-8 548) KSEK
- Cash balance amounted to 71 240 (24868) KSEK
- At the Annual General Meeting 18th of May two new board members were elected, Kirsti Gjellan and Lena Söderström. At the same time Per-Olov Crona and Mats Johnson resigned from the board
- The Annual General Meeting elected to direct a new shares issue to the two new board members and two new warrant programmes, of which one is directed to the board of directors' and the other to the employees.

Important events during the first half-year 2018

- The customer base grew by 68 percent during the first half of 2018 and the number of customers amounted to 176. The aim for the year is to grow and extend the customer base by 75 percent. Through the fast growth we have established good prerequisites for overachieving on this target.
- Bio-Works largest customer, PolyPeptide, has continued to purchase large volumes for several new projects during 2018.
- Four customers now use our products in full-scale production. One of them produces an FDA approved biopharmaceutical product. We have now 40 customers in different phases of scaling up of their projects. At year-end 2017 this number was 30.
- During the spring, Bio-Works established a new sales office in Philadelphia, USA to allow for efficient development of the large American market. We have relatively rapidly developed a good prospect list in North America and have a fast-growing customer base.
- We continue to build our prospect list and customer base in Asia.
- The development of our new Protein A product, WorkBeads affimAb, is progressing according to plan. We plan for test deliveries from September and a start of sales of the final product from October. Marketing of the product was initiated in July at a scientific meeting in the US.
- During the winter, ten new employees were recruited in order to build the company for growth through development of our own sales and to speed up product development.
- Bio-Works underwent a major quality review from an established company from North America during the month of May which underscored the importance of our ISO 9001:2015 project.
- The subsidiary, Bio-Works Company Ltd, based in Hong Kong was deregistered the 18th of January 2018 which means that the Bio-Works Group nowadays consist of the parent company Bio-Works Technologies AB and the subsidiary Bio-Works Sweden AB
- The Bio-Works Technologies AB share was introduced on First North, Nasdaq Stockholm December 14th and the total number of shareholders at year-end 2017 was 1 322. On the 30th of June, the total number of shareholders amounted to 1 297.

Important events after the end of the period, 30th June 2018

- During July, Bio-Works has received another order of 150 KSEK from a regular and returning, scale-up customer.
- At the beginning of July, a new American scale-up customer purchased one of our products for 72 KSEK. Our technical advantages are very clear in the customer's application.
- During the month of July, the inflow of orders from existing and new customers was good and showed a clear improvement compared to the same month in 2017.

Comments by the CEO

Dear Shareholder,

I would like to start this letter by thanking our customers, co-workers and long-term shareholders. The growth we have achieved during the first half of 2018 would not have been possible without the trust you have shown us. Bio-Works was listed on the stock exchange in Stockholm in December 2017, and when I look back on our most important business parameters half a year later, I can proudly say we have overachieved.

In April we reached a very important milestone when one of our customers who is using Bio-Works' separation media, WorkBeads, for production of a biological pharmaceutical informed us that the pharmaceutical has been approved by FDA. This pharmaceutical is the first of several pharmaceutical projects currently are using WorkBeads and which have been developed all the way from lab scale to large scale production. The fact that WorkBeads is now being used in production of an FDA approved pharmaceutical is a breakthrough of which we are truly proud. It is a significant verification of our technology which immediately has strengthened trust in Bio-Works and our products.

That WorkBeads is now being used for production of an FDA approved pharmaceutical has lowered the threshold for the use of Bio-Works' products in new scale-up projects. It has also opened-up for new sales opportunities. Sales in the first half of 2018 were 24 % higher than for the same period 2017. The number of total customers grew by 68 % during the first half, from 105 to 176. Based on the development at the end of last year we put up a goal to grow the number of customers this year by 75 %. This we have almost achieved already at the half year point. It is very important that we grow our pipeline of customer projects that can develop into scale-up projects and eventually move into production, thus improving our sales both short and long term. The sales growth is to a large extent due to our increased sales activities globally, not the least in Asia and North America, but also due to the fact that our customers to a higher extent order larger volumes. The sales value of the average order has increased. As we mentioned before the main driver for our business, i.e. that our customers move into large scale production, has now started.

It is of course very positive for us to increase the number of customers, but we also want you to note the importance of more of our customers working with scale-up and getting close to production, giving us a lock-in effect of our products and resulting in recurring larger orders. Regulatory authorities often demand that the same separation media that has been used at the end of development (phase 3) is also used for the final production. This means recurring orders and revenue for Bio-Works during the lifetime of the pharmaceutical product. The values of each order in the production phase can vary a lot depending on each process but can be as large as 10 MSEK per project and customer. We are still in a rather early phase, but we experience that our customers working with scale-up presently order between 50 KSEK and 1000 KSEK instead of 50 KSEK to 500 KSEK previously. We have, at the end of the period, apart from the one customer producing the FDA approved pharmaceutical, three more customers using our products in full scale production. We also experience that customers who have started to use our products in one project also more often

starts to use our products in other projects, at several of their sites. Note that the largest volumes will come from the fully scaled-up processes used in production.

We are expecting continued growth in European sales through the efforts of our own personnel. As planned, we opened a sales office in USA during the first half of 2018. This has given us a platform to work from in order to better build relations with customers in North America. We have already intensified our sales activities which have resulted in an increased interest, sales and sampling for customer tests of our products.

Within the next 2-3 years we see a shift in our sales more towards Asia and North America where we expect the fastest growth. South Korea is working to become the largest producer of biosimilars (biological copies of original biopharmaceuticals). This has motivated our largest shareholder, Amicogen, a leading biotech company with head office in South Korea, to invest in us. Amicogen has also been involved in the development of our Protein A product.

The development of our Protein A product, which we call WorkBeads affimAb, is coming close to full launch, and thus the first deliveries. We have started marketing and during September we will start the delivery of samples to customers who have asked for it. The initial response is very positive. Our strategic focus is to get antibody producing companies to test the product. Over time they can then build our product into their scale-up projects. We can then get the same type of lock-in effect for WorkBeads affimAb as we have seen for our other WorkBeads products when they have been built into the customers' production processes. We expect that WorkBeads affimAb will increase Bio-Works' growth over the next coming years.

We thank you for your trust and continue our effort for growth during 2018.

Uppsala, August 17th, 2018

Mats Johnson
CEO
Bio-Works Technologies AB (publ)

The Group

Key Ratios	Jan - Jun		Jan - Dec	
	2018	2017	2017	2016
Net sales (KSEK)	3 550	2 858	4 945	3 677
Inflow of orders (KSEK)	3 291	3 176	5 175	2 801
Average number of employees	27	17	19	17
Equity ratio (%)	95	82	94	84
Earnings per share (SEK)	-0,84	-0,98	-1,69	-2,65
Bank balance (KSEK)	71 240	24 868	89 423	13 142
Equity (KSEK)	83 348	34 654	99 316	18 328
Share price per closing day (SEK)	7,66	-	10	-
Number of shares	19 335 670	12 041 670	19 315 670	8 629 156
Number of shares in average	19 325 670	10 335 413	13 972 413	6 481 267

OBS! In table above: Number of shares on average

The development of the Group during the period January – June 2018

Inflow of orders

The inflow of orders to Bio-Works in the period increased by nearly 4 percent to 3 291 KSEK in 2018 compared to 3 176 KSEK last year. Continued efforts to increase the customer base have led to many new customers, +68 percent. The number of customers amounted to 176 totally at period-end. We are deepening our network of customers in Europe and building prospect lists and customer bases in North America and Asia at a good pace. More customers start with scale-up (now totally 40 customers) and four are now in full production scale, of which one is manufacturing an FDA approved biopharmaceutical product.

Revenue (Net Sales)

The net sales increased in 2018 by 24 percent compared to the year before and amounted to 3 550 KSEK. Our lab product range has increased its net sales by 92 KSEK compared to 2017. The Bio Process range has also increased by 593 KSEK which confirms that our focus on customers working with scale-up of purification of biomolecules is yielding results.

Our largest customer based in Sweden continued to purchase three large volumes from our product range. The products are now included in several on-going projects at their operation. The largest delivery was for just over 1 000 KSEK. Our co-operation with Amicogen Inc. in South Korea has supported us well in developing sales in South Korea. A handful of new customers in China have started co-operation with us with focus on scale-up.

Net sales	Jan - Jun		Jan - Dec	
	2018	2017	2017	2016
Sweden	2 250	1 863	2 424	712
Europe	992	835	1 811	2 692
North America	53	51	123	192
Asia	255	109	587	81
Total	3 550	2 858	4 945	3 677

Last year there were two development projects on-going in which Bio-Works activated internal work during the year's first six months with 858 KSEK and this was taken up as an income contribution

financing of 776 KSEK. The two development projects are now finished and therefore the “other operating income” decreased in this period to 41 KSEK.

Operating expenses and the result

Operating expenses for the Bio-Works Group amounted to -19 837 (-14 445) KSEK. Personnel costs amounted to 11 381 KSEK which was an increase by 3 816 KSEK compared to 2017. The reasons are mostly an increased number of employees and Bio-Works has entered into a collective trade union agreement with new pension terms.

The costs for raw material and consumables rose by 192 KSEK to 492 KSEK because of the rising net sales of the products. The other external expenses were 6 804 KSEK, an increase of 1 329 KSEK due to increasing marketing activities, extended travel, increased facilities, rising development material expenses and purchased external service

The depreciation increased in 2018 by 60 KSEK due to new investments in the latter part of 2017.

The operating loss in the first half-year amounted to -16 263 (-10 112) KSEK. The larger deficit for 2018 depends mostly on the ambition and effort to build an organization for future growth and the endeavour to extend the customer base.

The period financial net amounted to 82 KSEK and includes positive currency effects of 19 KSEK due to an overall weaker Swedish krona. The opposite occurred in 2017, giving a negative currency impact of -9 KSEK. The Groups’ interest income rose with 64 KSEK despite the negative interest rate environment in Sweden.

The loss for the first six months of 2018 amounted to -16 181 (-10 150) KSEK.

Research and development

During 2018 Bio-Works has commenced several development projects which are planned to result in an extended product portfolio and improved attractivity as supplier.

The development projects are running on time short-term and will not be capitalized. Capitalized internal development work in 2018 is therefore 0 (858) KSEK. Last year’s development projects were finished 31st of December 2017.

Financial position and cash flow

Bio-Works’ assets decreased in the first half-year by 17 524 KSEK mostly due to decreasing liquidity.

The equity ratio at 30th June 2018 amounted to 95 percent compared to 94 percent at year-end 2017.

Cash flow from the operating activities was -17 950 (-8 548) KSEK.

Investments amounted to 274 KSEK for new machinery and equipment.

The Annual General Meeting decided to direct a new shares issue to the two new board members and a warrant program to four of the members of the board of directors. The decisions have been made, resulting in an addition of 214 KSEK to the bank balance.

The total cash flow for the first six months in 2018 amounted to -18 010 (11 726) KSEK. At 30th June 2017 an on-going new share issue was in process which explains last year’s positive cash flow.

The liquidity at 30th June 2018 was 71 240 (24 868) KSEK.

Shareholders

At 30th June 2018 Bio-Works Technologies AB had 1 297 shareholders and those with the largest holdings are shown in the table below.

Shareholders	Number of shares	Number of votes
Amicogen Inc.	1 912 000	9,89%
Ålandsbanken AB	1 001 100	5,18%
Försäkrings AB Avanza Pension	881 689	4,56%
Nordnet Pensionsförsäkring AB	732 114	3,79%
SEB London-Luxemburg (SICAV) Fond	619 460	3,20%
Danica Pension	502 100	2,60%
Almi Invest Östra Mellansverige AB	457 086	2,36%
Andrew Bright	356 589	1,84%
Ralf Jersby	297 648	1,54%
JHB Consulting AB	267 179	1,38%
The ten largest shareholders	7 026 965	36,34%
Other shareholders	12 308 705	63,66%
Total number	19 335 670	100,00%

Personnel

The number of employees in the Group has during 2018 in average amounted to 24 (17) and at the end of the period the number of full-time employees was 27.

Accounting Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and Swedish Accounting Standard Board, BFNAR 2012:1(K3). The applied principals are unchanged compared to last year.

The Group's consolidated financial statements is prepared using the acquisition accounting method. The acquisition date is the date when control is obtained. Identifiable assets and liabilities are measured at their fair values at the acquisition date. Goodwill is the difference between acquired identifiable net asset at the date of acquisition and the acquisition cost. The acquisition cost is taken when it arises.

Bio-Works Group						
INCOME STATEMENT						
KSEK	Jan - Jun		Change	Jan - Dec		Change
	2018	2017		2017	2016	
Net sales	3 550	2 858	692	4 945	3 677	1 268
Change in inventories of products in progress	-17	-159	142	121	1 083	-962
Capitalized own developing work	0	858	-858	1 428	2 807	-1 379
Other operating income	41	776	-735	2 080	2 170	-90
Total revenue, change in inventories etc.	3 574	4 333	-759	8 574	9 737	-1 163
Operating expenses						
Raw material and consumables used	-492	-300	-192	-1 279	-1 005	-274
Other external expenses	-6 804	-5 475	-1 329	-11 607	-10 639	-968
Personnel costs	-11 381	-7 565	-3 816	-17 017	-13 178	-3 839
Depreciation of intangible and tangible assets	-1 160	-1 100	-60	-2 225	-1 980	-245
Other operating expenses	0	-5	5	-17	0	-17
Total operating expenses	-19 837	-14 445	-5 392	-32 145	-26 802	-5 343
Operating profit/loss	-16 263	-10 112	-6 151	-23 571	-17 065	-6 506
Profit/loss from financial items						
Financial income	64	0	64	12	7	5
Financial expenses	-1	-29	28	-66	-169	103
Currency effects	19	-9	28	-32	70	-102
Total financial net	82	-38	120	-86	-92	6
Profit/loss after financial items	-16 181	-10 150	-6 031	-23 657	-17 157	-6 500
Tax	-	-	-	-	-	-
PROFIT/LOSS FOR THE PERIOD	-16 181	-10 150	-6 031	-23 657	-17 157	-6 500

An adjustment in the Income Statement for the period of Jan – Jun 2017 has been made between the rows *Change in inventories of products in progress* with -555 KEK and *Raw material and consumables* with +555 KSEK because the rows should be comparable to each other. The adjustment does not influence the result, balance sheet or opening balances for any of the periods.

Bio-Works Group BALANCE SHEET KSEK	30 Jun 2018	30 Jun 2017	31 Dec 2017
FIXED ASSETS			
Intangible assets	7 588	8 950	8 551
Tangible assets	990	566	913
TOTAL FIXED ASSETS	8 578	9 516	9 464
CURRENT ASSETS			
Inventory	4 914	3 742	3 775
Accounts receivables	1 472	180	768
Other short-term receivables	311	3 328	1 093
Prepaid expenses and accrued income	1 266	837	956
Bank balances	71 240	24 868	89 249
TOTAL CURRENT ASSETS	79 203	32 955	95 841
TOTAL ASSETS	87 781	42 471	105 305
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1 934	1 114	1 932
Development fund	3 960	2 786	3 960
Non-restricted equity			
Share premium reserve	163 580	88 833	163 368
Profit/loss brought forward	-69 945	-47 929	-46 287
Profit/loss for the period	-16 181	-10 150	-23 657
TOTAL EQUITY	83 348	34 654	99 316
SHORT-TERM LIABILITIES			
Accounts payables	1 134	3 726	1 861
Prepayments from customers	0	0	0
Other short-term liabilities	971	1 015	1 774
Accrued expenses and deferred income	2 328	3 076	2 354
TOTAL SHORT-TERM LIABILITIES	4 433	7 817	5 989
TOTAL EQUITY AND LIABILITIES	87 781	42 471	105 305

Bio-Works Group
Change in Equity
KSEK

	<u>Restricted equity</u>		<u>Non-restricted equity</u>		Total equity
	Share-capital	Development fund	Share premium reserve	Profit/loss brought forward incl. this years result	
Opening balance 2017	863	2 786	65 112	-45 120	23 641
Share issue January	35				35
Share issue June	306		26 816		27 122
Share issue December	728		70 938		71 666
Warrants			502		502
Development fund		1 174		-1 174	0
Translation differences				7	7
This year's result				-23 657	-23 657
Closing balance 2017	1 932	3 960	163 368	-69 944	99 316
Opening balance 2018	1 932	3 960	163 368	-69 944	99 316
Share issue June	2		159		161
Warrants			53		53
Translation differences				-1	-1
This year's result				-16 181	-16 181
Closing balance 2018	1 934	3 960	163 580	-86 126	83 348

Bio-Works Group CASH FLOW KSEK	Jan - Jun 2018	Jan - Jun 2017	Jan - Dec 2017	Jan - Dec 2016
Operating activities				
Operating profit/loss	-16 263	-10 112	-23 571	-17 065
<i>Adjustments for items not included the cash flow</i>	1 215	1 062	2 135	1 874
Cash flow from operating activities before working capital changes	-15 048	-9 050	-21 436	-15 191
Cash flow from working capital changes	-2 902	502	204	734
Cash flow from operating activities	-17 950	-8 548	-21 232	-14 457
Investing activities				
Investments in intangible assets	0	-859	-1 428	-2 807
Investments in tangible assets	-274	-53	-556	-32
Cash flow from investing activities	-274	-912	-1 984	-2 839
Financing activities				
New share issue	161	21 186	98 822	20 029
Warrants	53	0	502	0
Cash flow from financing activities	214	21 186	99 324	20 029
Cash flow this period	-18 010	11 726	76 108	2 733
Liquidity at this periods' beginning	89 249	13 142	13 142	10 400
Exchange rate differences in liquidity	1	0	-1	9
Liquidity at this period end	71 240	24 868	89 249	13 142

Parent company

Bio-Works Technologies AB INCOME STATEMENT KSEK	Jan - Jun		Jan - Dec	
	2018	2017	2017	2016
Net sales	2 283	1 853	3 783	3 556
Operating expenses				
Other external expenses	-2 163	-2 128	-3 903	-3 119
Personnel costs	-1 809	-1 253	-4 071	-2 704
Depreciation of intangible asset	-11	-10	-22	-7
Total operating expenses	-3 983	-3 391	-7 996	-5 830
Operating profit/loss	-1 700	-1 538	-4 213	-2 274
Profit/loss from financial items				
Profit/loss from associated companies	0	-34	-18 038	-13 066
Financial income	323	0	120	7
Financial expenses	-1	0	0	0
Currency effects	0	0	0	331
Total financial net	322	-34	-17 918	-12 728
Profit/loss after financial items	-1 378	-1 572	-22 131	-15 002
Tax	-	-	-	-
PROFIT/LOSS FOR THE PERIOD	-1 378	-1 572	-22 131	-15 002

Bio-Works Technologies AB	30 Jun	30 Jun	31 Dec
BALANCE SHEET	2018	2017	2017
KSEK			
FIXED ASSETS			
Intangible assets	4	25	14
Financial non-current assets	28 467	16 436	12 208
TOTAL FIXED ASSETS	28 471	16 461	12 222
CURRENT ASSETS			
Short-term receivables, Group companies	3 532	0	712
Other short-term receivables	22	109	482
Prepaid expenses and accrued income	116	2 809	75
Bank balances	63 139	22 612	84 423
Total current assets	66 809	25 530	85 692
TOTAL ASSETS	95 280	41 991	97 914
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	1 934	1 114	1 932
Non-restricted equity			
Share premium reserve	163 580	86 047	163 368
Profit/loss brought forward	-69 780	-47 648	-47 648
Profit/loss for the period	-1 378	-1 572	-22 131
TOTAL EQUITY	94 356	37 941	95 521
SHORT-TERM LIABILITIES			
Accounts payables	265	3 471	1 066
Other short-term liabilities	171	130	249
Accrued expenses and deferred income	488	449	1 078
TOTAL SHORT-TERM LIABILITIES	924	4 050	2 393
TOTAL EQUITY AND LIABILITIES	95 280	41 991	97 914

Bio-Works Technologies AB CASH FLOW KSEK	Jan -Jun 2018	Jan -Jun 2017	Jan - Dec 2017	Jan - Dec 2016
Operating activities				
Operating profit/loss	-1 700	-1 538	-4 213	-2 274
<i>Adjustments for items not included the cash flow</i>	9	-23	-4	-3 721
Cash flow from operating activities before working capital changes	-1 691	-1 561	-4 217	-5 995
Cash flow from working capital changes	-3 807	-9 741	6 588	-1 213
Cash flow from operating activities	-5 498	-11 302	2 371	-7 208
Investing activities				
Aquisition of patent	0	0	0	-43
Change of long-term receivables	0	0	0	0
Cash flow from investing activities	0	0	0	-43
Financing activities				
New share issue	161	21 186	98 822	20 029
Warrants	53	0	502	-
Conditional shareholder's contribution given	0	0	-18 000	-9 000
Loan to subsidiary	-16 000	0	-12 000	-
Cash flow from financing activities	-15 786	21 186	69 324	11 029
Cash flow this period	-21 284	9 884	71 695	3 778
Liquidity at this years' beginning	84 423	12 728	12 728	8 950
Liquidity at this period end	63 139	22 612	84 423	12 728

Risks

Bio-Works operations are associated with risks related to development of existing and future products, financing, intangible assets, co-operation with partners, agreements and are highly dependent on key persons. There is an ongoing process to identify all existing risks and to judge how each respective risk will be handled. Otherwise we refer to the Annual Report 2017 and the prospectus and invitation to subscribe in shares in Bio-Works Technologies AB.

Assurance

The board of directors and the CEO assure the Year-End Report gives a fair overview of the Group's operation, financial performance and result. The report describes the significant risks and uncertainties ahead for the Group.

Audit

The report has not been subject to review by the Company's auditors.

Uppsala 17th August 2018

Thomas Pollare
Chairman of the board

Patrick van de Velde
Board member

Kirsti Gjellan
Board member

Yong Chul Shin
Board member

Lena Söderström
Board member

Mats Johnson
CEO

Certified Advisor

FNCA AB is the company's certified advisor at Nasdaq First North

Next reporting dates

Year-End Report 2018 22 February 2019

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Annual General Meeting

Annual General Meeting for 2018 will be held 24th May 2019

For further information,

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This information is the information Bio-Works Technologies AB is required to publish according to the European Union Market Abuse and Financial Instrument Trading Act.

The information was released through the above-mentioned contact person, for publication on 17th August 2018 at 8 am.