

Interim Report

January – September 2021

Events during the second quarter

12 Aug 2021: PiezoMotor entered into an exclusive licensing agreement

PiezoMotor entered into an exclusive licensing agreement with an Asian company for the commercialisation of PiezoMotor's PiezoWave® technology for camera optics in mobile phones, PCs, wearables and in the automotive industry.

The partner is a quoted company and is a well-established supplier of integrated solutions in very high volumes for smart devices, internet-of-things applications and electronics for the automotive industry, with customers including Samsung, Huawei, OPPO, vivo, Xiaomi, Dell, HP and LG.

PiezoMotor and the partner will collaborate on the integration of PiezoWave® technology into mobile camera applications. Volume mass production will be set up by the Partner or another company in the Partner's network.

- For competition reasons, specific royalty levels will not be made public, but royalties consist of a fixed sum for every PiezoWave[®] motor sold.
- A number of factors affect the total future potential royalty payments, including the number of motors per camera/phone (each camera can contain multiple motors)
- Around 1.5 billion smart phones are produced worldwide each year
- PiezoMotor's partner is a supplier to companies which are jointly responsible for a very large proportion of the global smartphone market
- PiezoMotor's current assessment is that a market penetration of around 10% would result in royalty revenue for PiezoMotor in the region of SEK 200-400 million per year
- Royalties from the collaboration do not involve any additional expenses for PiezoMotor

8 Sept 2021: PiezoMotor won a further follow-up order from the semiconductor industry

PiezoMotor announced that the company has won an additional follow-up order from the semiconductor industry valued at SEK 3.1 million, with delivery in the fourth quarter of 2021.

Events after the end of the period

25 Oct 2021: PiezoMotor signed an agreement for the acquisition of The Precision Alliance Motion – establishing PiezoMotor's presence in the USA

PiezoMotor signed an agreement for the acquisition of the American company The Precision Alliance Motion LLC (TPA), a developer and manufacturer of advanced precision positioning systems

in areas including life science. The acquisition of TPA establishes a corporate group with pro forma rolling 12-month sales of around SEK 150 million in Q3 2021. The consideration amounts initially to USD 24 million, paid partly in cash and partly in series B shares in PiezoMotor, as well as a conditional cash consideration totalling USD 2 million paid over the subsequent two years.

Transformative acquisition

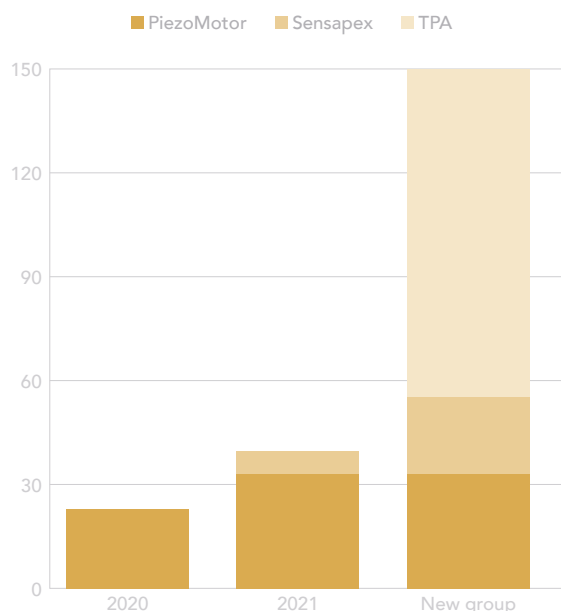
The third quarter of the year was highly successful. Our high level of organic growth continued, with a 34 percent increase in product sales compared with the same quarter of the previous year. We entered into a collaborative venture to create a potentially highly profitable licensing arrangement, and also integrated our first acquisition - Sensapex. We have continued to expand our pipeline of new projects and our initiatives to increase direct sales, with very positive results providing support for a high level of continued organic growth.

All these elements have created tremendous potential for PiezoMotor, but when our third quarter report is published today, we are also announcing the next major event - we are expanding our operation and acquiring the US systems integrator, The Precision Alliance, TPA.

The acquisition changes PiezoMotor at a fundamental level. As of 30 September, the rolling 12-month sales for the companies in the Group reached around SEK 150 million. At a stroke, this changed the fundamentals for the type of company that PiezoMotor is. To our European base, in which we began to establish our own direct sales, we are now adding an American presence from which we can begin to build an equivalent sales organisation in the USA.

The growth trend in the Group is firmly established and our positive cash flow provides a solid base for us to make additional acquisitions and create further business opportunities as we continue to build our corporate Group around the global trends of miniaturisation and increased precision.

Revenue LTM September 30th (MSEK)



Sensapex Oy is included in the figures from June to September. The figures for the new Group show the consolidated LTM sales of the three companies as of September 2021.



A handwritten signature in blue ink, appearing to read 'Anders Kottenauer'.

Anders Kottenauer, CEO

The Group

The Group was formed in June 2021. Consequently, there are no comparison figures for the Group.

Revenue

Net sales for the Group during the third quarter of 2021 amounted to SEK 10.5 million. Including the new acquisition, Sensapex, the Group's sales grew by 88 percent in the third quarter compared with PiezoMotor's sales during the third quarter of the previous year. The three first quarters of the year also showed clear growth. Taking Sensapex into account – that company's sales are only included in the Group from 1 June 2021 – sales were 77 percent higher in the first three quarters of 2021 compared with the corresponding period in 2020.

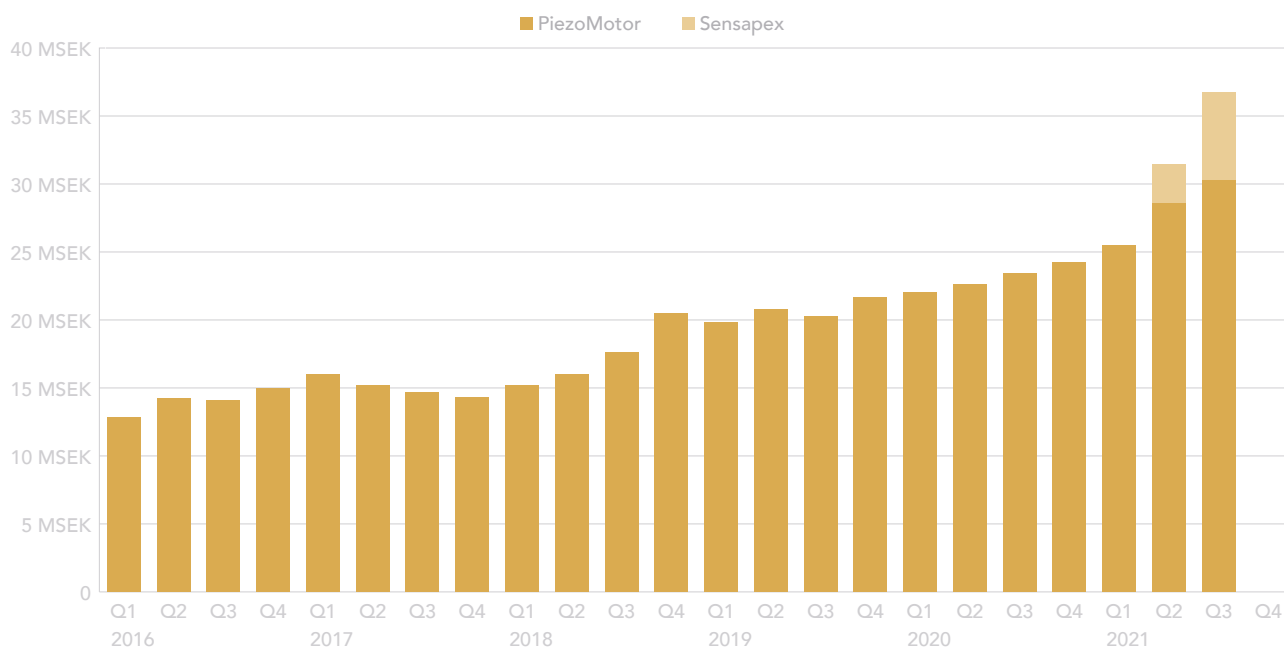
Profit/loss

The gross loss for the third quarter was SEK -1.5 million. Excluding amortisation of goodwill, the gross loss was SEK -0.5 million. The operating loss for the third quarter amounted to SEK -19.1 million. The consolidated EBITDA in the third quarter was SEK -9.5 million. Earnings per share were SEK -0.55.

Cash flow, investments and liquidity

As at 30 September 2021, the Group held cash and cash equivalents amounting to SEK 3.2 million.

Product revenue, LTM



The Parent

The third quarter

Product sales during the third quarter of 2021 totalled SEK 6.7 million (5.0), equivalent to growth of 34 percent compared with the third quarter of 2020. Other sales consisted of project and licence revenue, and amounted to SEK 0.2 million (1.1). Net sales during the third quarter totalled SEK 6.9 million (6.2).

The gross profit for the third quarter was SEK 0.1 million (1.4). The gross margin was 0 percent (23). Material costs in the third quarter of the previous year were exceptionally low due to a favourable product mix. Licence revenue and revenue from development projects fell by SEK 0.9 million, and this reduced the gross profit by SEK 0.3 million.

The operating loss for the third quarter was SEK -6.5 million (-4.8). As a result of recruitment to the sales organisation and increased marketing during the third quarter, selling expenses rose by SEK 1.1 million over the corresponding preceding period. The loss after tax for the third quarter amounted to SEK -6.5 million (-5.9). Basic and diluted earnings per share totalled SEK -0.45 (-0.43)

SEK 0.4 million was invested in new patents during the third quarter, primarily for solutions for mobile phone optics. SEK 0.3 million was invested in the new LINK motor platform.

On 30 September, the company's cash and cash equivalents amounted to SEK 1.9 million (22.4). The cash flow from operating activities, before changes in working capital, amounted to SEK -6.7 million (-4.4).

January to September

Product sales rose during the first nine months of the year by 39 percent to SEK 21.4 million (15.3). Other revenue amounted to SEK 1.1 million (2.8). For the period January to September, total sales amounted to SEK 22.4 million (18.1).

The operating loss for the period was SEK -23.4 million (-17.3). The SEK -6.1 million difference in comparison with the preceding year is primarily due to increased selling expenses (SEK -3.5 million) and administrative expenses (SEK -1.0 million).

Selling expenses during the year rose as a result of investment in the sales organisation. In total, the sales organisation has four more employees than it did in the corresponding period of the previous year, and this has increased expenses by SEK 3 million. In addition, there has been an increase in the resources devoted to marketing. The increased administrative expenses are temporary in nature and are largely associated with the integration of the acquired company, Sensapex, aimed at harmonising procedures and generating synergy effects.

PiezoMotor acquired the Finnish systems integrator, Sensapex Oy, along with its US subsidiary, in May. The acquisition value is recognised under the item 'Shares in subsidiaries'.

SEK 4.3 million was invested in the new LINK motor platform during the first nine months of the year. Of this amount, SEK 2.2 million consists of internal resources which have been capitalised, while SEK 2.1 million relates to consulting expenses. During the year, SEK 0.6 million was invested in new patents, primarily for solutions for mobile phone optics.

Personnel

The average number of employees in the Group during the third quarter of 2021 was 46 (33), of whom 14 were women (11).

Significant events

Significant events during the first quarter and after the end of the quarter, see above.

All press releases are on the website www.piezomotor.com

Financing

At the end of the third quarter, PiezoMotor had cash and cash equivalents of SEK 3.2 million. In the judgement of the Board of Directors, financing has been secured for at least 12 months into the future.

Principles for drawing up the interim report

The financial statements in this interim report have been drawn up in accordance with the same principles as the company's latest annual report for 2020, that is to say, in accordance with the Swedish Annual Accounts Act and BFNAR [the Swedish Accounting Standards Board] regulation 2012:1 Annual Reports.

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

PiezoMotor consists entirely of a Swedish parent, PiezoMotor AB, which has owned the Finnish company, Sensapex Oy, since May 2021. Sensapex Oy is the owner of Sensapex Inc.

Definitions

Earnings per share

The profit/loss for the period divided by the average number of outstanding shares.

Equity/assets ratio

Equity as a percentage of total assets.

Product revenue

Revenue from the sale of goods.

Organic growth

Sales from companies which have been part of PiezoMotor for over 12 months.

Financial calendar

Year-end report

January – December 2021

15 February 2022

Shares and share capital

Name	Number of shares 30 Sept 2021	Proportion and votes (%)	Number of shares 30 June 2021	Change in number of shares
Adam Dahlberg	2,961,839	15.2 %	2,961,839	0
Gaudium IVST, LLC	2,287,168	11.8 %	2,287,168	0
Swedbank Robur Ny Teknik	1,700,000	8.7 %	1,691,580	8,420
Dr. Fritz Faulhaber GmbH & Co. KG	1,486,157	7.6 %	1,719,090	-232,933
Handelsbanken Microcap	1,437,061	7.4 %	1,600,000	-162,939
Avanza Pension	923,803	4.8 %	843,830	79,973
Management	816,835	4.2 %	816,835	0
Margareta Nilsson	287 724	1.5 %	287 724	0
Gunvald Berger	267,283	1.4 %	267,283	0
Tibia Konsult AB	213,632	1.1 %	245,179	-31,547
Other (approx. 3,900)	7,052,610	36.3 %	6,713,584	339,026
Total	19,434,112	100.0 %	19,434,112	0

Submission of interim report

Uppsala, 25 October 2021
PiezoMotor Uppsala AB (publ)

Adam Dahlberg, Chairman of the Board

Henrik Nittmar, Board Member

Ping Faulhaber, Board Member

Joakim Stenberg, Board Member

Anders Kottenauer, CEO

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Consolidated income statement (SEK thousand)

	1 Jul 2021 30 Sept 2021	1 Jun 2020 30 Sept 2020
Product sales	9,445	18,048
Other income	1,032	1,095
Net sales	10,477	19,143
Cost of goods sold	11,942	-15,539
Gross profit/loss	-1,465	3,604
Selling expenses	-7,595	-8,399
Administrative expenses	-3,594	-6,814
R&D expenses	-5,779	-6,618
Other operating income	159	178
Other operating expenses	-855	-855
Operating profit/loss	-19,131	-18,906
Interest income	0	0
Interest expense and similar financial expenses	-32	-66
Profit/loss after financial expenses	-19,163	-18,972
Tax on profit/loss for the period	0	0
Profit/loss for the period	-19,163	-18,972
Basic earnings per share	-0.55	-0.54
Diluted earnings per share	-0.55	-0.54
Average number of shares (thousand)	19,434	19,434
Number of shares at end of period (thousand)	19,434	19,434

Consolidated balance sheet (SEK thousand)

ASSETS	30 Sept 2021
Non-current assets	
Intangible assets	
Capitalised research and development expenditure	40,408
Patents and other intangible assets	26,164
Other intangible assets	1,403
Tangible assets	
Plant, machinery and equipment	6,619
Financial assets	
Deferred tax	752
Goodwill	88,177
Total non-current assets	163,522
Current assets	
Stock	18,137
Accounts receivable	6,264
Tax assets	260
Other receivables	9,881
Prepaid expenses and accrued income	3,291
Cash and bank balances	3,177
Total current assets	41,010
Total assets	204,532

EQUITY AND LIABILITIES (SEK THOUSAND)

30 Sept 2021

Restricted equity

Share capital	9,717
Development expenditure fund	13,929
Total restricted equity	23,646

Non-restricted equity

Share premium reserve	160,628
Profit/loss for the period	-18,972
Total non-restricted equity	141,657
Total equity	165,303

Long-term liabilities to credit institutions	15,490
Total long-term liabilities to credit institutions	15,490

Short-term liabilities to credit institutions	278
Advances from customers	519
Accounts payable	4,065
Deferred tax	9,000
Other liabilities	4,162
Accrued expenses and prepaid income	5,714
Total equity and liabilities	204,532

Consolidated Statement of cash flows (SEK thousand)

	1 Jul 2021 30 Sept 2021
Profit/loss after financial items	-19,163
Adjustment for items not included in cash flow	
Amortisation/depreciation/impairment	9 500
Other	972
	10 472
Cash flow from operating activities before changes in working capital	-8 691
Changes in working capital	
Stock	3,348
Operating receivables	4,580
Operating liabilities	-6,696
	-2,480
Cash flow from operating activities after changes in working capital	-7,459
Investing activities	
Acquisition of intangible assets	-702
Acquisition of tangible assets	0
Acquisition of subsidiaries	0
Cash flow from investing activities	-702
Financing activities	
New share issue	0
Expenses for new issue	0
Amortisation of loans	0
Other	0
Cash flow from investing activities	0
Cash flow for the period	-8,161
Opening cash and cash equivalents	11,338
Closing cash and cash equivalents	3,177

Parent's statement of comprehensive income(SEK thousand)

	Note	1 Jul 2021 30 Sept 2021	1 Jul 2020 30 Sept 2020	1 Jan 2021 30 Sept 2021	1 Jan 2020 30 Sept 2020	1 Jan 2020 31 Dec 2020
Product sales		6,713	5,033	21,352	15,302	23,983
Other income		225	1,139	1,095	2,830	3,399
Net sales		6,938	6,172	22,447	18,132	27,382
Cost of goods sold		-6,847	-4,799	-20,590	-15,781	-23,117
Gross profit	1	91	1,373	1,857	2,351	4265
Selling expenses		-1,382	-263	-4,278	-729	-1860
Administrative expenses		-1,455	-2,397	-9,800	-8,916	-14,783
R&D expenses		-3,860	-3,361	-9,436	-9,794	-10,806
Other operating income		45	306	1,546	937	976
Other operating expenses		107	-420	-3,270	-1,108	-1,753
Operating profit/loss		-6,453	-4,761	-23,382	-17,258	-23,960
Interest income		0	0	0	0	0
Interest expense and similar financial expenses		-6	-14	-27	-85	-118
Profit/loss after financial expenses		-6,459	-4,775	-23,409	-17,243	-24,078
Tax on profit/loss for the period		0	0	0	0	0
Profit/loss for the period		-6,459	-4,775	-23,409	-17,243	-24,078
Basic earnings per share		-0.45	-0.43	1.50	-1.16	-1.60
Diluted earnings per share		-0.45	-0.43	1.50	-1.16	-1.60
Average number of shares (thousand)		19,434	15,480	17,237	14,920	15,060
Number of shares at end of period (thousand)		19,434	15,480	17,237	15,480	15,480

Parent's Balance sheet (SEK thousand)

ASSETS	30 Sept 2021	31 Dec 2020	30 Sept 2020
Non-current assets			
Intangible assets			
Capitalised research and development expenditure	13,929	9,606	8,798
Patents and other intangible assets	2,444	2,070	2,036
Other intangible assets	1,391	1,655	1,610
Tangible assets			
Plant, machinery and equipment	5,879	5,555	5,225
Financial assets			
Deferred tax	752	752	752
Shares in subsidiaries	143,375	0	0
Total non-current assets	167,769	19,637	18,420
Current assets			
Stock	11,387	11,103	11,653
Accounts receivable	3,739	6,612	5,961
Tax assets	260	492	268
Other receivables	2,361	1,968	1,433
Prepaid expenses and accrued income	3,647	2,604	2,637
Cash and bank balances	1,899	17,320	22,424
Total current assets	23,293	40,099	44,376
Total assets	191,062	59,736	62,797

EQUITY AND LIABILITIES (SEK THOUSAND)	Note	30 Sept 2021	31 Dec 2020	30 Sept 2020
Restricted equity				
Share capital		9,717	7,740	7,740
Development expenditure fund		13,930	9,606	8,798
Total restricted equity		23,647	17,346	16,538
Non-restricted equity				
Share premium reserve		180,181	55,408	56,216
Profit/loss for the period		-23,409	-24,078	-17,343
Total non-restricted equity		156,771	31,331	39,186
Total equity	2	180,418	48,676	55,411
Short-term liabilities to credit institutions		278	1,210	1,960
Advances from customers		60	3	0
Accounts payable		2,944	5,233	1,117
Other liabilities		1,839	1,296	746
Accrued expenses and prepaid income		5,523	3,318	3,563
Total equity and liabilities		191,062	59,736	62,797

The Parent's statement of cash flows (SEK thousand)

	1 Jul 2021 30 Sept 2021	1 Jul 2020 30 Sept 2020	1 Jan 2021 30 Sept 2021	1 Jan 2020 30 Sept 2020	1 Jan 2020 31 Dec 2020
Profit/loss after financial items	-6,472	-4,775	-23,409	-17,343	-6,735
Adjustment for items not included in cash flow					
Amortisation/depreciation/impairment	441	353	1,305	948	360
Other	-675	0	-705	538	0
	-234	353	600	1,486	360
Cash flow from operating activities before changes in working capital	-6,706	-4,422	-22,809	-15,857	-6,374
Changes in working capital					
Stock	995	-320	-284	816	550
Operating receivables	4,780	-1,883	1,669	3,796	-1,377
Operating liabilities	1,756	-1,314	795	-2,486	4,421
	4,018	-3,517	2,181	2,125	3,594
Cash flow from operating activities after changes in working capital	-2,688	-7,939	-20,628	-13,733	-2,781
Investing activities					
Acquisition of intangible assets	-702	-672	-4,887	-3,010	-1,010
Acquisition of property, plant and equipment	0	-149	-1,174	-1,244	-567
Acquisition of subsidiaries	-4,575	0	-81,300	0	0
Cash flow from investing activities	-5,277	-821	-87,361	4,255	1,577
Financing activities					
New share issue	0	0	100,000	25,000	0
Expenses for new issue	0	0	-6,500	0	0
Amortisation of loans	0	-375	0	-1,496	0
Other	-186	0	-932	0	746
Cash flow from financing activities	-186	-375	92,568	-23,504	-746
Cash flow for the period	-8,150	-9,135	-15,421	5,516	-5,105
Opening cash and cash equivalents	10,050	31,560	17,320	16,908	22,424
Closing cash and cash equivalents	1,899	22,424	1,899	22,424	17,320

Note 1 Parent's gross profit (KSEK)

	1 Jul 2021 30 Sept 2021	1 Jul 2020 30 Sept 2020	1 Jan 2021 30 Sept 2021	1 Jan 2020 30 Sept 2020	1 Jan 2020 31 Dec 2020
Product sales	6,713	5,033	21,352	15,302	23,983
Direct materials	-2,380	-830	-7,230	-5,169	-7,669
Other direct production costs	-4,283	-3,216	-12,818	-9,105	-13,422
Depreciation/amortisation	-184	-150	-542	-450	-589
Gross profit on product sales	-133	837	762	578	2,303
Contribution margin 1 product sales	65 %	84 %	66 %	66 %	68 %
Gross margin product sales	-2 %	-17 %	4 %	4 %	10 %
Other income	225	1,139	1,095	2,830	3,399
Cost of goods sold other income	0	-603	0	-1,057	-1,437
Gross profit other income	225	536	1,095	1,773	1,962
Total sales for the period	6,938	6,172	22,447	18,132	27,382
Gross profit for the period	91	1,373	1,857	2,351	4,265
Gross margin for the period	1 %	22 %	8 %	13 %	16 %

Note 2 Parent's change in equity (KSEK)

	January – September 2021	January – December 2020	January – September 2020
Opening balance	48,676	47,754	47,754
New share issue	155,151	25,000	25,000
Profit/loss for the period	-23,409	-24,078	-17,343
Closing balance	180,418	48,676	55,411

Share capital consists of 19,434,112 shares, of which 0 are series A and 19,434,112 are series B.
There are 370,500 outstanding warrants in the company in total.

