



# INTERIM REPORT APRIL-JUNE 2022

## SUMMARY OF THE INTERIM REPORT

During the second quarter, sales in regular wound healing products amounted to MSEK 0.5 (1.9). The Group's net turnover during the quarter amounted to MSEK 0.9 (2.2). Turnover during the second quarter of 2021 was affected by a larger one-off sale of approximately MSEK 0.9. The turnover of wound healing products in the first half of 2022 amounted to MSEK 2.3 (2.6), which indicates that sales within the Company's turnover during the second quarter of 2022 were affected due to the war in Ukraine, which caused disruptions in logistics chains and reduced willingness from distributors to temporarily tie up capital in stock assets. During the quarter, S2Medical AB has strived to strengthen its stock, as it has been assessed that the reduced turnover is of a temporary nature, which is also supported by inventories made at distributors, which indicate that sales to end customers have continued at a normal rate during the quarter resulting in low stock quantities in the distributor chain. As a result of more winning tenders during the period, the Company has focused on securing raw material stocks for the coming year in order to safeguard manufacturing capacity, which together with issue costs negatively affected the cash flow for the period. During the second quarter of 2022, the Group's liquidity has been strengthened through an issue of units with preferential rights for S2Medical AB's shareholders.

## DEVELOPMENT WITHIN THE GROUP, APRIL-JUNE 2022

- Net turnover within the Company's regular wound healing products amounted to MSEK 0.5 (1.9)
- Total net turnover amounted to MSEK 0.9 (2.2)
- Operating result amounted to MSEK -6.2 (-4.1)
- Result for the period amounted to MSEK -6.8 (-4.1)
- Earnings per share amounted to SEK -0.33 (-0.28)

## FINANCIAL OVERVIEW

- Figures in parentheses below indicate information for the corresponding period during the previous financial year.

## TURNOVER AND RESULT FOR THE GROUP

Turnover for the second quarter amounted to MSEK 0.9 (2.2). The change compared with previous years is attributable to weaker sales in the Middle East during the second quarter, which was affected by a larger one-off order of approximately MSEK 0.9 in 2021. Inventories of distributors' stocks indicate, however, that sales to end customers continued at normal levels during the quarter, which suggests that more orders may come in the second half of the year.

Expenses have increased compared with the previous year, attributable to increased external costs as a result of increased consulting fees and increased marketing costs during the quarter. The increased consulting costs are largely related to the work the Company has carried out to increase the durability of the products in the Epiprotect series. Personnel costs are higher as a result of increased personnel and a negative

currency effect from the Company's branch in the United Arab Emirates. Interest expenses have increased as a result of the loan financing that S2Medical AB raised during the fourth quarter of 2021.

The result for the second quarter amounted to MSEK -6.8 (-4.1), and, in addition to the increased costs mentioned above, is also negatively affected compared to the previous year by increased interest expenses as a result of the loan financing S2Medical AB raised during the fourth quarter of 2021.

#### **FINANCIAL POSITION**

Cash and cash equivalents as of the balance sheet date amounted to MSEK 10.8, compared with MSEK 2.1 at the beginning of the period. Cash flow for the quarter amounted to MSEK 8.5 (-6.8). Cash flow during the quarter was positively affected by the issuance of units which S2Medical carried out during the second quarter.

The equity/assets ratio at the end of the period was 50%.

#### **SIGNIFICANT EVENTS DURING THE PERIOD, APRIL 1 – JUNE 30, 2022**

As of April 13, S2Medical AB has received an order code (Oracle code) for the products in the Epiprotect series in Mediclinic in the United Arab Emirates. Mediclinic is one of the largest private healthcare providers in the country, with seven hospitals and over 20 clinics with a total of over 900 beds. The order code enables regular orders of the coded product and as such has opened up further growth in the Company's branch in Dubai.

On April 28, it was announced that S2Medical AB, via Mediq AB, won a procurement at Region Jönköping for wound healing items. The products in the procurement are Ynolen's perfume-free odor remover and a wound scraper, both of which are manufactured by subcontractors to the Company. The procurement runs over four years and is estimated to be worth a total of approximately MSEK 4.5.

On May 10, S2Medical AB announced the result of the issuance of units with preferential rights for the Company's shareholders, which was announced on March 15. The rights issue was subscribed for at 37.0 per cent, with and without the support of unit rights, the remaining part of the rights issue is allocated to underwriters and the Company is thereby provided with a total of approximately MSEK 21 before issue costs.

On June 8, it was announced that S2Medical AB had recruited a new Chief Financial Officer. Ingvild Pizarro, who comes from a position as Vice President at the listed company Hoylu AB, will start the position as Chief Financial Officer in September at the latest.

As of June 15, S2Medical AB has received notification from the control body that an extended shelf life, from one to three years, for products in the Epiprotect series has been approved. The approval was obtained after review of the required testing and documentation. S2Medical AB has already carried out the tests required to further increase the durability of the products to five years, and intends to submit an application to ECM for approval of the documentation in the near future.

On June 15, it was announced that S2Medical AB had won a procurement for wound healing items in the five Swedish regions collectively known as Femklövern. The products referred to in the procurement are Ynolen's perfume-free odor remover, which is manufactured by a subcontractor to the Company. The procurement runs for a maximum of four years and is estimated to be worth up to MSEK 6. The value of the procurement is calculated based on previous years' consumption.

## **SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

As of July 26, S2Medical AB (publ) has signed an exclusive distribution agreement with Wesburry Trading for the Qatari market. The agreement covers all products that the Company represents in the region and involves initial orders totalling approximately SEK 250 000, as well as obligations for additional orders of at least MSEK 8 over the next three years in order to maintain the validity of the contract. Wesburry Trading is a large distribution company in Qatar and represents several well-known brands in a number of medical device categories.

The full report can be found in the company's website <https://www.s2m.se/en/financial-reports>

This disclosure contains information that S2Medical AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 20-08-2022 21:00 CET.

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### **About S2Medical**

S2Medical AB (publ) is a medical technology company that develops and sells innovative wound healing products for the entire wound healing process, with a focus on burns and chronic wounds. The company has developed eiratex®, a new cellulose-based material for healing severe burns and chronic wounds. The material heals wounds effectively and thereby reduces both suffering for patients and costs for health care.

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