

INTERIM REPORT APRIL – JUNE 2023

SUMMARY OF THE INTERIM REPORT

The Group's net sales for the quarter amounted to 2.7 (0.9) MSEK. The increase in sales is partly attributable to increased sales activity in the Company's focus areas, resulting in orders whose deliveries have been reallocated from the previous quarter. Operating costs have decreased significantly compared to the same period last year. The reduction in operating costs is attributable to efficiencies in both staff and other external costs. However, the default interest on the loan financing, which was due to be repaid in December, resulted in significantly increased costs this quarter, negatively affecting the overall result.

The result for quarter 2 amounted to -8.3 (-6.8) MSEK and, in addition to the reduced operating costs, is also negatively affected by the aforementioned higher financial costs compared to the same period last year.

DEVELOPMENT IN THE GROUP, APRIL - JUNE 2023

- Total net sales amounted to 2.7 (0.9) MSEK
- Operating profit amounted to -5.1 (-6.2) MSEK
- The result for the period amounted to -8.3 (-6.8) MSEK
- Earnings per share amounted to -0.26 (-0.33) SEK*

*These figures do not include the decided but not yet registered partially guaranteed rights issue that the Company announced on May 5, 2023.

FINANCIAL OVERVIEW

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

TURNOVER AND RESULT FOR THE GROUP

The net sales for quarter 2 amounted to 2.7 (0.9) MSEK. The increase in sales is partly attributable to increased sales activity in the Company's focus areas, resulting in orders whose deliveries have been reallocated from the previous quarter. Operating costs have decreased significantly compared to the same period last year. The reduction in operating costs is attributable to efficiencies in both staff and other external costs. However, the default interest on the loan financing, which was due to be repaid in December, resulted in significantly increased costs this quarter, negatively affecting the overall result. The result for quarter 2 amounted to -8.3 (-6.8) MSEK and, in addition to the reduced operating costs, is also negatively affected by the aforementioned higher financial costs compared to the same period last year.

FINANCIAL POSITION

Cash and cash equivalents amounted to 1.7 MSEK at the balance sheet date compared to 1.3 MSEK at the beginning of the period. The cash flow for the quarter amounted to 0.4 (8.6) MSEK. The equity/assets ratio at the end of the period was 35%.

SIGNIFICANT EVENTS DURING THE PERIOD 1 APRIL – 30 JUNE 2023

S2Medical AB (publ) signs a distributor agreement in the United Arab Emirates and delivers a record order of the skin substitute Epiprotect worth approximately 2 million SEK

S2Medical AB has concluded the exclusivity of the agreement with its previous distributor in the United Arab Emirates and has instead signed a new distribution agreement with Protech EMT ("Protech"). In connection with this new agreement, S2Medical has received the largest order to date of the skin substitute Epiprotect in the United Arab Emirates, worth approximately 2 million SEK. The agreement with Protech also includes obligations for additional orders of at least 25.3 million SEK over the next three years to maintain the validity of the agreement.

S2Medical signs a manufacturing agreement with a distributor in Saudi Arabia

S2Medical has signed a manufacturing agreement for Epiprotect with its distribution partner in Saudi Arabia, Arabian Trade House (ATH). The agreement provides an upfront amount of approximately 2.2 million SEK. The manufacturing will be carried out through ATH's manufacturing arm, Arabian House for Industries (AHI). The agreement grants AHI an exclusive right to manufacture products for the Saudi market.

S2Medical wins positions in a tender for wound care products in Region Kalmar County

S2Medical has won positions in the tender for Region Kalmar's wound care through the non-exclusive distributor MEDIQ. The tender will be valid from 2023-10-01 to 2025-09-01.

S2Medical has won a tender for wound care products in the United Arab Emirates, worth approximately 3.4 MSEK

The tender is estimated to be worth approximately 1.7 MSEK per year for at least 2 years. Mubadala Health, one of the largest healthcare providers in the United Arab Emirates, will order from the tender quarterly with orders equivalent to approximately 400,000 - 500,000 SEK.

The board of S2Medical AB has decided on a rights issue of units worth approximately 26 MSEK

The issue is covered by approximately 85% of subscription commitments and guarantee commitments. The primary purpose of the rights issue is to enable a strategy through increased efforts in marketing and sales, mainly within the company's focus regions.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

S2Medical AB has secured a new loan agreement that replaces the previous agreement that expired in December 2022.

With the new financing structure, the company plans to, after an initial amortization, retain a remaining loan debt of approximately 8.1 million SEK. Part of the original loan will be paid off with funds from the liquidity from the rights issue that the company has carried out. The remaining part of the loan will be paid off through liquidity from the subscription options that run for 6, 12, and 18 months. The company is expected to be debt-free by the end of July 2024.

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 25-08-2023 15:30 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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