

# Year-end report January - December 2021

## S2Medical AB (publ)

FRI, FEB 18, 2022 09:00 CET

### SUMMARY OF INTERIM REPORT

During the fourth quarter, sales in ordinary wound healing products amounted to SEK 1.4 (0.1) million and increased on a full-year basis by 261% compared with 2020. The Group's net sales during the quarter amounted to SEK 1.6 (4.9) million. Sales throughout the year amounted to SEK 7.7 (25.6) million. During the fourth quarter of the previous year, the company had increased sales as a result of sales of medical consumables in order to prevent the spread of COVID-19.

#### DEVELOPMENT WITHIN THE GROUP, OCTOBER – DECEMBER 2021

- Net sales within the company's ordinary wound healing products amounted to SEK 1.4 (0.1) million
- Total net sales amounted to SEK 1.6 (4.9) million
- Operating profit amounted to SEK -6.3 (-5.5) million
- Profit for the period amounted to SEK -6.5 (-5.5) million
- Earnings per share amounted to SEK -0.43 (-0.37)

#### DEVELOPMENT WITHIN THE GROUP, FULL YEAR JANUARY – DECEMBER 2021

- Net sales within the company's ordinary wound healing products amounted to SEK 4.6 (1.3) million
- Total net sales amounted to SEK 7.7 (25.6) million
- Operating profit amounted to SEK -19.8 (-15.1) million
- Profit for the year amounted to SEK -20.1 (-15.1) million
- Earnings per share amounted to SEK -1.33 (SEK -1.02)

### FINANCIAL STANDING

The company's cash and cash equivalents as of the balance sheet date amounted to SEK 9.5 million, compared with SEK 5.3 million at the beginning of the period. Cash flow for the quarter amounted to SEK +4.2 (+21.3) million and in 2021 to SEK -15.8 (+9.4) million. The equity / assets ratio at the end of the period was 49%.

### SIGNIFICANT EVENTS DURING THE PERIOD 1 OCTOBER - 30 DECEMBER 2021

On October 5, 2021, an exclusive distribution agreement was signed with the Arabian Trade House (ATH) for the Saudi Arabian market. The agreement covers S2Medical AB's products in the EPIPROTECT® series and ivaQ® and entails initial orders totaling approximately SEK 250,000. The minimum volume for maintaining exclusivity for Saudi Arabia is set at SEK 14 million over the next three years. The new agreement is signed after the previous distribution agreement with Saudi Mais Company expired. Arabian Trade House has been around for over 40 years and today has more than 500 employees with several major brands in medical technology such as Pall, Abbott, BD and Boston Scientific in its product portfolio. On October 7, S2Medical AB received full market approval for the products EPIPROTECT® 2117 and Ulcer® in the United Arab Emirates, respectively. The approval simplifies the import of the products in the country and creates increased opportunities for sales of larger volumes. Previously, smaller volumes of the products were imported with special permission from the Ministry of Health and Prevention. As orders from customers in the country have increased, a complete registration has been carried out, which will facilitate, above all, the logistics part of the distribution chain.

On October 28, S2Medical AB received a confirmation from the certification body RISE that all deviations identified during the certification audit for ISO13485: 2016 that the company underwent in June are now

closed. On December 6, the Company was notified that a further independent review of the certification audit took place without deviations and the certificate has thus been issued. Certification according to ISO13485: 2016 is a requirement for market approval in several different markets, which means that the company, after approved certification, can more easily register its products in countries outside the EU. On October 29, S2Medical AB raised a loan financing of a total of SEK 10 million. The term of the loan is until December 31, 2022 and is taken up with a set-up fee of 5.00% and a monthly interest rate of 1.00% (until the end of March 2022) and 1.50% (up to and including end of December 2022). The company has the opportunity to repay the loans at any time without additional costs.

On October 29, the wholly owned subsidiary Curenc AB filed a patent application for a new group of peptides. The research group that S2Medical collaborated with in this project made great progress during the spring of 2021, which has now led to the discovery of a completely new group of peptides. The research group's tests of this peptide show that it is not only several times cheaper but also more effective against bacteria than its predecessor. The peptide group is based on more than 15 years of research and is the biggest breakthrough for the research group. The results of the research group have shown that the peptide has a strong effect on bacteria without being combined with other preparations but, like its predecessor, has a very strong synergistic effect on antibiotics, which enables both the use of a much lower dose of antibiotics with sustained effect, but also for older generations of antibiotics, which no longer work, to be able to be used again to fight infections. The technology contains several different unique parts, such as that bacteria do not seem to be able to develop resistance to the peptide, at the same time as the molecule is stable and does not break down as quickly in the body and therefore has a more long-lasting effect. This enables the use of the peptide to prevent infections without any known risk of developing resistance.

On November 25, S2Medical AB signed an extension of the existing framework agreement with Region Halland for the delivery of wound healing materials. The existing agreement runs until the end of March 2022, but contains an extension option that has now been activated. With the extension, the agreement will run until the end of March 2023.

On December 3, S2Medical AB was informed that the company had won a procurement of EPIPROTECT® in five Swedish regions that together call themselves Femklövern. Femklövern consists of Region Uppsala, Region Dalarna, Region Örebro län, Region Västmanland and Region Södermanland. S2Medical already has an additional procurement that extends until 2022-02-28, but has now been allocated a place in the regular procurement that takes effect on 2022-03-01 and is valid until 2024-02-29. The regions have jointly estimated the entire value of Epiprotect in the procurement at SEK 13 million.

On December 30, an Extraordinary General Meeting was held in Linköping, where Miles Wright, Fredrik Skog, Chadi Asaad, Patrick Sheehan and Mårten Skog were elected to join the Board until the next Annual General Meeting. Fredrik Skog was elected Chairman of the Board.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 16 February, S2Medical AB received a confirmation from the Saudi authorities that the products in the new Epiprotect series are registered and approved for sale as Class IIb in the country.

Products in the Epiprotect series have previously been registered in the country, but in line with the new classification announced by the Company in mid-2021, a new registration has now been completed.

The company will make an investment in Saudi Arabia that will be initiated in 2022 and includes, among other things, that its own staff will assist salespeople from the company's new distributor in the country, Arabian Trade House. The registration is thus of strategic importance to increase the credibility of the company's products and to ensure the products' availability on the market over the coming years. Saudi Arabia is one of the largest and most important markets in the region and is expected to account for a significant part of the company's expansion in the region over the coming years.

The information is such that S2Medical AB is obliged to publish in accordance with the EU Market Abuse Regulation (EU no. 596/2014) and the Act (2007: 528) on the securities market. The information was submitted, through the care of the specified contact person, for publication 2022-02-18 09:00 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 thus reduces both suffering for patients and costs for health care.

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To read the entire year-end report, visit <https://www.s2m.se/en/financial-reports>