



RLS GLOBAL

Gentle Methods



INTERIM REPORT
JULY–SEPTEMBER 2022



Summary of the reporting period

New issue by offsetting loans strengthens RLS Global's solvency

JULY 1st–SEPTEMBER 30th (Previous year in brackets)

- Net sales amounted to TSEK 198 (TSEK 132).
- Earnings before interest and taxes (EBIT) amounted to MSEK-5,2 (MSEK 6,2).
- Earnings per share after dilution at SEK-0,07 (SEK 0,09).
- Cash flow from operating activities amounted to TSEK-5 114 (TSEK-6 214).
- Liquid assets at the end of the period MSEK 3,7 (MSEK 16,4).
- Equity ratio was 77 % (86 %).

JANUARY 1st–SEPTEMBER 30th (Previous year in brackets)

- Net sales amounted to TSEK 904 (TSEK 472).
- Earnings before interest and taxes (EBIT) amounted to MSEK-16,4 (MSEK 3,98).
- Earnings per share after dilution at SEK-0,23 (SEK 0,06).
- Cash flow from operating activities amounted to MSEK-12,7 (MSEK-3,46).
- Liquid assets at the end of the period MSEK 3,7 (MSEK 16,4).
- Equity ratio was 77 % (86 %).

SUMMARY OF EVENTS DURING THIRD QUARTER

- RLS issues new shares by way of set-off, totaling TSEK 10 000.
- An article regarding ChloroSolv is published in Journal of Wound Care.

SUMMARY OF EVENTS AFTER THIRD QUARTER

- New CEO Björn Larsson starts October 1.
- RLS has raised liquid assets through a new issue in November 2022 (rights issue) of MSEK 29.4.
- The Swedish Medicines Agency has approved RLS' application for pressure ulcers.
- RLS visits the conference Wounds UK in Harrogate, England.

CEO Message



Launch of ChloraSolv further strengthened with momentum from completed rights issue

During the third quarter, RLS Global continued the launch of ChloraSolv in advanced wound care, through our sales channels in Europe, the Middle East and in veterinary care in Scandinavia. Since I took office as CEO on 1 October, the initiative has continued, we have received approval to start a clinical study in pressure ulcers and a fully secured rights issue has been completed, providing the Company with capital for further commercial momentum going forward.

During my first term as CEO, I have seen that the successful work of RLS Global in recent years has resulted in a product – ChloraSolv, based on our buffered hypochlorite platform – that is approved for sale in Europe for the treatment of hard-to-heal wounds, has received reimbursement in a number of markets and is now being marketed, distributed and sold in collaboration with our partners. In addition, I note that RLS Global is well positioned going forward with a highly skilled and dedicated team successfully driving the company forward on all fronts and always with the best interests of the patient and healthcare provider in focus!

MARKET LAUNCH CONTINUES IN EUROPE, MIDDLE EAST AND IN THE ANIMAL SEGMENT

Our business model, where we connect with strong partners with a powerful market presence and well-established networks, creates commercial leverage.

During the third quarter, ConvaTec continued to drive the launch efforts in Europe. In November, ConvaTec hosted the national wound conference Wounds UK with an exhibition dedicated to ChloraSolv and a major launch symposium where ChloraSolv was successfully presented to a large number of key UK customers. I attended this conference myself and was impressed by the professionalism of the ConvaTec team and the positive reception of ChloraSolv by customers.

In the Middle East, work continued during the third quarter towards the first commercial orders. In November, we received preliminary approval of a first tender in Kuwait, which is expected to give a commercial order before the end of the year. In addition, work continues through our partner MedSurg with first market approval expected by the end of the year and remaining markets in 2023.

In the animal segment, the launch in Sweden was kick-started in the third quarter together with Swevet with a very good reception from customers. This has continued during October and November despite difficulties in making customer visits due to the current severe shortage of veterinarians in Sweden.

EXPANDED CLINICAL INDICATION AND CERTIFICATION ACCORDING TO NEW STANDARD

ChloraSolv is currently approved for use in two types of hard-to-heal wounds – venous leg ulcers and diabetic foot ulcers. During the third quarter, the team worked hard to prepare an expanded

indication for ChloraSolv, and in October received a long-awaited approval to initiate a clinical study with the goal of getting ChloraSolv approved for pressure ulcers, a very important commercial indication. The study is expected to start as early as the end of this year.

In parallel, during the third quarter, work continued successfully towards the approval of ChloraSolv according to the new stricter standard for medical devices in Europe, MDR. As a result, a key milestone in the approval process was achieved in September, enabling us to look forward to MDR certification in 2023.

With the rights issue now completed, we will have additional resources to accelerate the launch in existing markets, prepare the launch in expanded indications, and ensure an efficient supply chain.

WORK ON AUTOMATING PRODUCTION IS PROGRESSING

In order to efficiently meet the expected sharp increase in demand over the next few years, work continued during the third quarter to drive the project to automate the production of ChloraSolv. The first order for the production equipment itself was placed in November.

With the rights issue now completed, we will have additional resources to accelerate the launch in existing markets, prepare the launch in expanded indications, and ensure an efficient supply chain.

This is my first interim report as CEO of RLS Global, but I have spent many years of my professional life working with wound healing products as well as with the underlying diseases that cause wounds, such as diabetes and cardiovascular disease. Improving the health and quality of life of patients, making life easier for healthcare professionals, and creating societal benefit through better health economics – and thereby commercial success and business value – is a strong driver for me.

I look forward to working with the RLS Global team and our partners to continue to create value and to communicate the progress of the ChloraSolv launch – in close dialogue with you shareholders. Thank you for your confidence in RLS Global!

Mölnådal,
November 24, 2022
Björn Larsson
VD, RLS Global



Administration Report



Risk and uncertainties

RLS Global AB is subject to various types of risk in its operations. They can generally be divided into; market related risk, operational risks and financial risks.

Market related risks

Customers' willingness to buy goods and services is affected, among other things, by the general economic situation and the desire to try new methods as well as the ability of the new methods to increase efficiency. It cannot be guaranteed that current product registrations can be retained if the regulations change. Furthermore, it cannot be guaranteed that new regulatory approvals will be obtained for our products.

Operational risks

Failure in R&D projects due to lack of effect, inadequate method selection or assumptions, production disruptions, delays in deliveries and launches, as well as misjudgments of demand and growth rate, patent infringement and non-granted patent applications. There are nine employees in the company and if one or more of these leave the company, this could have a negative impact on its operations, results and financial position.

Financial risks

The company has a negative cashflow and may need additional capital in the future. The company's financing takes place in the long term and with respect for the shareholders' desire to see a steady growth in value. An investment in RLS Global AB is a risk, but also an opportunity for good returns.

Financial information July–September 2022

Net sales for the period July–September amounted to TSEK 198 (TSEK 132).

Other operating income for the period amounted to TSEK 12 (TSEK 115). Other operating income refers mainly to re-invoiced market costs to ConvaTec.

Operating income of MSEK-5,2 (MSEK-6,2) is lower than last year. Mainly depending on the payment we received and booked as income from ConvaTec after signing the distribution contract 2021.

Net investments for the period of TSEK 0,0 (TSEK 0,0).

Financial information January–September 2022

Net sales for the period January–September amounted to TSEK 904 (TSEK 472).

Other operating income for the period amounted to TSEK 418 (TSEK 15 548). Other operating income refers mainly re-invoiced market costs to ConvaTec. Last year's other income refers to the first milestone payment from ConvaTec.

Earnings before interest and taxes (EBIT) amounting to MSEK-16,4 (MSEK-3,9) is lower than last year. Mainly depending on the first milestone we invoiced ConvaTec in accordance with our agreement signed June 17, 2021.

Net investments for the period of TSEK 0,0 (MSEK- 0,0).

Audit review

This report has not been subject to review by the company's auditor.

Next report

The next financial report is the year-end report for January–December 2022 and will be published on February 28, 2023.

Assurance

The Board of Directors and the CEO have, to the best of their abilities, ensured that this Interim Report provides a true and fair view of the Company's operations, position and results, and describes significant risks and uncertainties that the company faces.

Trading place and Certified Adviser

RLS Global's shares has been listed on the Nasdaq First North Growth Market since May 17th, 2017 and trading takes place under the short name RLS.

Certified Adviser is Redeye Aktiebolag.

During the period 2012–2017, the company was listed on Aktietorget.

Administration Report



Other information

For further information on RLS Global AB's operations, please refer to the company's website: www.rls.global

Contact information

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RLS Global AB (publ)
Company Identity No 556726-3495

Gothenburg, November 24th, 2022

Steve Krognés
Chairman of the Board

Karin Eliasson
Member of the Board

Christer Hägglund
Member of the Board

Roland Frösing
Member of the Board

Mathias Leijon
Member of the Board

Financial Information in Summary



INCOME STATEMENT (TSEK)

	JUL-SEP 2022	JUL-SEP 2021	JAN-SEP 2022	JAN-SEP 2021	JAN-DEC 2021
Net sales	198	132	904	472	653
Other operating income	12	115	418	15 548	15 954
TOTAL OPERATING INCOME	210	247	1 322	16 020	16 607
Operating expenses	-4 987	-6 044	-16 439	-18 753	-26 149
Depreciation and writedowns	-416	-416	-1 247	-1 247	-1 479
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	-5 193	-6 213	-16 364	-3 980	-11 021
Net financial income /expense	-8	-1	169	-12	-218
PROFIT/LOSS AFTER FINANCIAL ITEMS	-5 201	-6 214	-16 195	-3 992	-11 239
Tax for the period					
PROFIT/LOSS FOR THE PERIOD	-5 201	-6 214	-16 195	-3 992	-11 239

BALANCE SHEET (TSEK)

	Note	30 SEP 2022	30 SEP 2021	31 DEC 2021
NON-CURRENT ASSETS				
Intangible assets		8 802	10 246	10 017
Tangible assets		40	75	72
Financial assets		2 211	2 171	2 211
TOTAL NON-CURRENT ASSETS		11 054	12 492	12 300
CURRENT ASSETS				
Inventories		785	826	591
Current receivables		2 156	1 731	2 241
Cash and bank		3 696	16 356	11 469
TOTAL CURRENT ASSETS		6 637	18 913	14 301
TOTAL ASSETS		17 691	31 405	26 601
Stockholder's equity	2	13 686	27 128	19 881
Current non-interest bearing liabilities		4 005	4 277	6 720
TOTAL EQUITY AND LIABILITIES		17 691	31 405	26 601

Financial Information in Summary



KEY RATIOS (TSEK)

	JUL-SEP 2022	JUL-SEP 2021	JAN-SEP 2022	JAN-SEP 2021	JAN-DEC 2021
Number of shares at period end	70 065 535	66 717 695	70 065 535	66 717 695	66 717 695
Average number of shares*	67 833 641	66 717 695	67 089 677	66 717 695	66 717 695
Equity ratio, percent	77	86	77	86	75
Return on equity, percent	-38	-23	-118	-15	-57
Return on total assets, percent	-29	-20	-91	-13	-42
EQUITY PER SHARE, AFTER DILUTION, SEK	0,20	0,41	0,20	0,41	0,30
EARNINGS PER SHARE AFTER DILUTION, SEK	-0,07	-0,09	-0,24	-0,06	-0,17

* Average number of shares is calculated as a weighted average during the period.

CASH FLOW (TSEK)

	JUL-SEP 2022	JUL-SEP 2021	JAN-SEP 2022	JAN-SEP 2021	JAN-DEC 2021
Cash flow from operating activities	-5 114	-6 214	-12 659	-3 466	-9 546
Cash flow from investment activities					-40
Cash flow from financing activities	3 000	825	4 886	825	825
CASH FLOW FOR THE PERIOD	-2 114	9 473	-7 773	-2 641	-7 528
Liquid assets at the beginning of the period	5 810	6 883	11 469	18 997	18 997
LIQUID ASSETS AT THE END OF THE PERIOD	3 696	16 356	3 696	16 356	11 469

Supplementary Disclosures



NOTE 1. ACCOUNTING PRINCIPLES

RLS Global AB applies the Swedish Annual Accounts Act (1995: 1554) and the Swedish Accounting Standards Board's general advice BFAR 2016: 1 Annual report and consolidated accounts. The same accounting principles and calculation bases have been applied as in the latest annual report.

The cash flow statement has been prepared in accordance with the indirect method.

NOTE 2. STATEMENT OF CHANGES IN EQUITY (TSEK)

	JUL-SEP 2022	JUL-SEP 2021	JAN-SEP 2022	JAN-SEP 2021	JAN-DEC 2021
EQUITY AT THE BEGINNING OF THE PERIOD	8 887	32 517	19 881	30 295	30 295
Warrants		825		825	825
New shares issued	10 000		10 000		
Profit/loss for the period	-5 201	-6 214	-16 195	-3 992	-11 239
EQUITY AT THE END OF THE PERIOD	13 686	27 128	13 686	27 128	19 881

