

# RLS GLOBAL

Gentle Methods



**INTERIM REPORT**  
JANUARY–MARCH 2023

# Summary



## JANUARY 1<sup>st</sup> – MARCH 31<sup>st</sup> (PREVIOUS YEAR IN BRACKETS)

- Net sales amounted to TSEK 89 (TSEK 305)
- Earnings before interest and taxes (EBIT) amounted to MSEK-7,5 (MSEK-5,3)
- Earnings per share after dilution at SEK-0,09 (SEK-0,07)
- Cash flow from operating activities amounted to TSEK-7 084 (TSEK-6 730)
- Liquid assets at the end of the period MSEK 13,4 (MSEK 4,7)
- Equity ratio was 82 % (77 %)

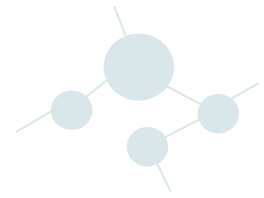
## SUMMARY OF EVENTS DURING FIRST QUARTER

- An extra AGM was held 9 February.
- Lars Johansson was elected Board Member and Chairman of the Board at the extra AGM.
- Wounds UK publishes the peer-reviewed article “The in vitro antibiofilm performance of ChloraSolv® Wound Debridement Gel”. The article concludes that ChloraSolv wound debridement gel shows notably greater antibiofilm activity, *in vitro*, compared to other debridement products and techniques.

## SUMMARY OF EVENTS AFTER FIRST QUARTER

- The UK MHRA (Medicines & Healthcare products Regulatory Agency) has approved RLS’ application to extend the current clinical study for pressure ulcers to UK.
- Eva Jagenheim leaves her role as CFO in RLS Global AB. She will remain in service during her notice period, at latest to October, to ensure a smooth transition to her successor.

# CEO Message



**RLS Global had a challenging first quarter as the launch in Europe was significantly delayed. During the latter part of the quarter, there were positive signs, especially from the UK, and ChloraSolv received market approval in the United Arab Emirates. Work in animal health continues and a dedicated go-to-market strategy is being developed.**

Despite a financially challenging quarter, ChloraSolv continues to receive very positive feedback from customers as well as from studies comparing the product with established alternatives.

Launching innovative products takes time. Initially, the product is used and evaluated by specialists. Thereafter, the use is increased and extended to primary care and home care. During the initial phase, customer feedback and new evidence are crucial to drive conversion and expansion into primary care and home care.

## **EUROPEAN LAUNCH DELAYED AND SALES AT LOW LEVELS**

Despite significant delays, the launch in the UK has shown positive signs since the end of the quarter. The sales force is now fully trained and is further supported by the fact that ChloraSolv is now covered by the system for prescribing and reimbursement for healthcare products. Convatec also continues to invest in ChloraSolv, for example through health economic data to support the launch. The increasing use among specialist nurses is reflected in the number of evaluations and a steady conversion from interest to testing and purchase. However, broader use in primary care and home care takes time and is therefore not expected during the current year.

In Sweden and the Nordic region, sales have not developed as we had expected. Late in 2023, positive experiences from the launch in the UK and further strengthened evidence are expected to result in increased sales. The launch of ChloraSolv is expected in additional countries in the latter part of 2023.

## **MIDDLE EAST – POSITIVE DEVELOPMENTS**

In January, the RLS team participated in the Arab Health congress in Dubai and trained our distributors' sales team. In Kuwait, the tender from the fourth quarter of 2022 resulted in an order and the establishment of ChloraSolv within the Ministry of Health's central supply system. Five out of seven hospitals affiliated with the ministry now use ChloraSolv. During the first quarter, ChloraSolv was accepted in a new tender, followed by an additional order from our distributor in May.

In March, we received approval in the United Arab Emirates, and approvals in Saudi Arabia and Qatar are expected later in the second quarter. Product testing is currently being conducted in both countries with launches planned for June. Qatar is

scheduled to follow shortly thereafter. Additional Middle Eastern countries are expected to be approved later in 2023 and in 2024.

## **ANIMAL HEALTH – STRONG CUSTOMER INTEREST, POSITIVE FEEDBACK AND THE FIRST REPURCHASE CUSTOMERS**

Currently, more than 50 veterinary clinics in Sweden are testing ChloraSolv. The number of purchasing customers is increasing and more are making recurring purchases. Animal health is less regulated than the human field and relatively quick to adopt new methods and products. Price sensitivity is generally significantly lower than in the human field, and we also see the possibility of international expansion.

## **ADDITIONAL INFORMATION**

The article "The in vitro antibiofilm performance of ChloraSolv Wound Debridement Gel®" was published in March and demonstrates that the antibiofilm activity of ChloraSolv is superior to that of key competitors.

In May, we received approval from the UK authorities to expand the pressure ulcer study to UK clinics, facilitating patient recruitment. The study has not yet included the first patient, which is a delay from our previous forecast.

We expect MDR certification in late 2023, in line with previous outlook.

We are continuously evaluating what is an optimal next step to achieve approval in the US. With the development plan indicated by the FDA, the approval is several years ahead.

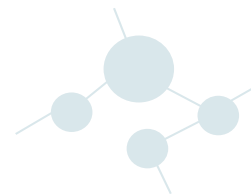
## **THE WAY FORWARD TOWARDS INCREASED SALES**

RLS will continue to support Convatec in its launch in Europe. In parallel, we are intensifying our focus on the Middle East and planning a significant investment in animal health where the goal is to launch international sales through partners in 2024.

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



*Möln dal,*  
*31 May, 2023*  
Björn Larsson  
CEO, RLS Global



# Group Performance

## Risk and uncertainties

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

The company has no business in Russia, Ukraine or Belarus and is not directly affected by what is happening in that region.

## Financial risks

The company has a negative cashflow and needs 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. The RLS management continuously takes measures that are reported to the Board to adjust costs and resources and reviews processes.

## Financial information January–March 2023

Net sales for the period January-March amounted to TSEK 89 (TSEK 305). This year's lower sales numbers can be explained

by the somewhat changed business model. This year RLS sold via distributors (Convatec, SweVet and MedSurg) while RLS last year sold directly to end customers. The distributors are in the process of building sales channels.

Other operating income for the period amounted to TSEK 18 (TSEK 306). Other operating income refers mainly to freight. Last year refers to reimbursed costs and freight.

Operating income of MSEK-7,5 (MSEK-5,1) is lower than last year. Mainly depending on the consulting costs related to the automatization project.

Net investments for the period of SEK 0 (SEK 0).

## Audit review

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

## Next report

The next financial report is the Q2 report for April-June 2023 and will be published on August 25, 2023. The Annual Report will be published week 23.

Annual General Meeting will be held 30 June 2023. The Q3 report for July-September will be published 23 November 2023.

The Q4 report for October-December 2023 will be published 29 February 2024.

## 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 advisor

RLS Global's shares have 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.

# Group Performance



## Other information

For further information on RLS Global AB's operations, please refer to the company's website: [www.rls.global](http://www.rls.global)

## Contact information

Björn Larsson, CEO  
E-mail: [bjorn.larsson@rlsglobal.se](mailto:bjorn.larsson@rlsglobal.se)  
Telephone: +46 766 20 17 25

Eva Jagenheim, CFO  
E-mail: [eva.jagenheim@rlsglobal.se](mailto:eva.jagenheim@rlsglobal.se)  
Telephone: +46 730 23 13 57

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

Gothenburg, May 31th, 2023

Lars Johansson  
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)

	JAN-MARCH 2023	JAN-MARCH 2022	JAN-DEC 2022
Net sales	89	305	1 198
Other operating income	18	306	544
<b>TOTAL OPERATING INCOME</b>	<b>107</b>	<b>611</b>	<b>1 742</b>
Operating expenses	-7 193	-5 558	-24 448
Depreciation and writedowns	-416	-416	-1 662
<b>EARNINGS BEFORE INTEREST AND TAXES (EBIT)</b>	<b>-7 502</b>	<b>-5 363</b>	<b>-24 368</b>
Net financial income/expense	-2	208	1
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-7 504</b>	<b>-5 155</b>	<b>-24 367</b>
Tax for the period			
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-7 504</b>	<b>-5 155</b>	<b>-24 367</b>

## BALANCE SHEET (TSEK)

	NOTE	MARCH 31, 2023	MARCH 31, 2022	DEC 31, 2022
<b>NON-CURRENT ASSETS</b>				
Intangible assets		7 992	9 612	8 397
Tangible assets		3 922	61	3 933
Financial assets		2 214	2 211	2 214
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14 128</b>	<b>11 884</b>	<b>14 544</b>
<b>CURRENT ASSETS</b>				
Inventories		911	1 089	582
Current receivables		1 312	1 370	3 056
Cash and bank		13 448	4 739	20 532
<b>TOTAL CURRENT ASSETS</b>		<b>15 671</b>	<b>7 198</b>	<b>24 170</b>
<b>TOTAL ASSETS</b>		<b>29 799</b>	<b>19 082</b>	<b>38 714</b>
Stockholder's equity	2	24 544	14 726	32 048
Current non-interest bearing liabilities		5 255	4 356	6 666
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29 799</b>	<b>19 082</b>	<b>38 714</b>

# Financial Information in Summary



## KEY RATIOS (TSEK)

	MARCH 31, 2023	MARCH 31, 2022	DEC 31, 2022
Number of shares at period end	79 874 705	66 717 695	79 874 705
Average number of shares*	79 874 705	66 717 695	68 941 621
Equity ratio, percent	82	77	83
Return on equity, percent	-31	-35	-76
Return on total assets, percent	-25	-27	-63
<b>EQUITY PER SHARE, AFTER DILUTION, SEK</b>	<b>0,30</b>	<b>0,22</b>	<b>0,48</b>
<b>EARNINGS PER SHARE* AFTER DILUTION, SEK</b>	<b>-0,09</b>	<b>-0,07</b>	<b>-0,37</b>

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

## CASH FLOW (TSEK)

	JAN-MARCH 2023	JAN-MARCH 2022	JAN-DEC 2022
Cash flow from operating activities	-7 084	-6 730	-23 569
Cash flow from investment activities	0	0	-3 902
Cash flow from financing activities	0	0	36 534
<b>CASH FLOW FOR THE PERIOD</b>	<b>-7 084</b>	<b>-6 730</b>	<b>9 063</b>
Liquid assets at the beginning of the period	20 532	11 469	11 469
<b>LIQUID ASSETS AT THE END OF THE PERIOD</b>	<b>13 448</b>	<b>4 739</b>	<b>20 532</b>

# 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)

	MARCH 31, 2023	MARCH 31, 2022	DEC 31, 2022
EQUITY AT THE BEGINNING OF THE PERIOD	32 048	19 881	19 881
New shares issued	0	0	36 534
Profit/loss for the period	- 7 504	-5 155	-24 367
EQUITY AT THE END OF THE PERIOD	24 544	14 726	32 048



