

RLS GLOBAL

Gentle Methods



INTERIM REPORT
JANUARY–JUNE 2023



Summary

APRIL 1st – JUNE 30th (PREVIOUS YEAR IN BRACKETS)

- Net sales amounted to TSEK 223 (TSEK 397)
- Earnings before interest and taxes (EBIT) amounted to MSEK -7,5 (MSEK 5,8)
- Earnings per share before dilution at SEK -0,09 (SEK 0,09)
- Cash flow from operating activities amounted to TSEK -6 904 (TSEK -5 929)
- Liquid assets at the end of the period MSEK 4,6 (MSEK 5,8)
- Equity ratio was 71 % (43 %)

JANUARY 1st – JUNE 30th (PREVIOUS YEAR IN BRACKETS)

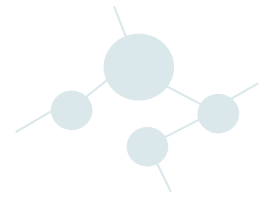
- Net sales amounted to TSEK 312 (TSEK 705)
- Earnings before interest and taxes (EBIT) amounted to MSEK -15,4 (MSEK -11,1)
- Earnings per share before dilution at SEK -0,19 (SEK 0,16)
- Cash flow from operating activities amounted to MSEK -13,9 (MSEK -12,7)
- Liquid assets at the end of the period MSEK 4,6 (MSEK 5,8)
- Equity ratio was 71 % (43 %)

SUMMARY OF EVENTS DURING SECOND QUARTER

- AGM is held on June 30th.

SUMMARY OF EVENTS AFTER SECOND QUARTER

- Björn Larsson leaves his role as CEO for RLS Global. Board member Roland Frösing is appointed interim CEO.
- Torbjörn Sannerstedt is appointed as the company's new CFO after Eva Jagenheim has announced that she is leaving the company.
- RLS Global has raised a short-term loan of MSEK 5,0 from several external investors.



CEO Message

I have been interim CEO of RLS Global since July 10, after Björn Larsson left the position following an agreement with the board. I am a physician, specializing in general surgery, and have worked for more than 20 years in the pharmaceutical and medical technology industry, of which the last 15 years in advanced wound care.

Hard-to-heal wounds are a growing global problem that, without effective and, above all, clinically useful and cost-effective products, leads to great suffering and increasing costs. Therefore, it is stimulating to contribute to ChloraSolv finally getting its well-deserved commercial breakthrough! During EWMA, Europe's leading wound care congress that this year took place in Milan 3–5 May, the importance of debridement for effective wound healing was clearly demonstrated. The market is there, ChloraSolv meets a clinical need and both users and patients (humans as well as animals) want the product.

CONVATEC

Our partner Convatec, one of the world's largest wound care companies, is managing marketing and sales of ChloraSolv both in Sweden and in several other European markets. Here is a quote from Convatec's top management:

"The introduction of ChloraSolv into Europe via the Convatec network has to date received positive customer feedback in a number of markets from health care professionals who have evaluated the technology. Brand awareness campaigns are ongoing, and the product has featured in numerous key congresses to a warm reception including EWMA and Wounds UK. ChloraSolv needs to go through a detailed evaluation process at each location which is a time-consuming process which is reflective of the diverse nature of the advanced wound care market."

LAUNCH PLANNED IN FURTHER COUNTRIES

But no product, no matter how good it may be, sells itself. The sales development so far is far from satisfactory, but Convatec continues to invest heavily in studies and health economic analyses necessary for market access and reimbursement in the most important markets in Europe. Launch is planned in several countries during the last quarter of this year with ChloraSolv as the first step in Convatec's "Wound Hygiene Concept". We have a good dialogue with Convatec, and my focus will be to further improve the cooperation between the companies.

MIDDLE EAST

Regarding the Middle East markets, ChloraSolv is already being used in most major hospitals in Kuwait after procurement and the feedback is predominantly positive. In the United Arab Emirates, evaluations for future tenders are ongoing and we expect regulatory approval in Saudi Arabia shortly.

ANIMAL HEALTH

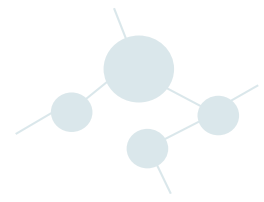
On the animal health side, we work through Swevet in the Nordic region and now have several repurchasing clinics in Sweden. Other Nordic countries are next in line and preparations are underway for expansion to additional countries. In the UK alone, the potential market for ChloraSolv is ten times larger than in Sweden!

Together with our distributors, our highly skilled and dedicated staff at RLS Global will make life easier for both users and patients with hard-to-heal wounds in need of debridement!

Let's Chlora Solve the problem for you!



Mölnådal,
August 25th, 2023
Roland Frösing
Interim 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. RLS has raised a short-term loan of MSEK 5,0 from several external investors. The loan has an interest rate of 8 percent and matures on December 31st, 2023.

Financial information April–June 2023

Net sales for the period April-June amounted to TSEK 223 (TSEK 397). 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 10 (TSEK 104). Other operating income refers mainly to freight. Last year refers to reimbursed costs and freight.

Operating income of MSEK -7,5 (MSEK -5,8) is lower than last year. Mainly depending on the consulting costs related to the automatization project.

Net investments for the period of TSEK 1 972 (SEK 0). The investment relates to machine parts for the automatization project.

Financial information January–June 2023

Net sales for the period January-June amounted to TSEK 312 (TSEK 705).

Other operating income for the period amounted to TSEK 28 (TSEK 406). Other operating income refers mainly to freight income. Last year refers mainly to reimbursed costs and freight income.

Earnings before interest and taxes (EBIT) amounting to TSEK -15 435 (TSEK -10 994) which is lower than last year. Mainly depending on higher costs related to the automatization project, consulting and travel costs.

Net investments for the period of TSEK 1 972 (TSEK 0). The investment relates to machine parts for the automatization project.

Audit review

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

Next report

The next financial report is the Q3 report for July–September 2023 and will be published on November 23th, 2023.

The Q4 report for October–December 2023 will be published February 29th, 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

Contact information

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

Gothenburg, August 25th, 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

Anders Edvell
Member of the Board

Financial Information in Summary



INCOME STATEMENT (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
Net sales	223	397	312	705	1 198
Other operating income	10	104	28	406	544
TOTAL OPERATING INCOME	233	501	340	1 111	1 742
Operating expenses	-7 356	-5 893	-14 943	-11 451	-24 448
Depreciation and write-downs	-416	-416	-831	-831	-1 662
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	-7 539	-5 808	-15 434	-11 171	-24 368
Net financial income /expense	1	-31	-1	177	1
PROFIT/LOSS AFTER FINANCIAL ITEMS	-7 538	-5 839	-15 435	-10 994	-24 367
Tax for the period					
PROFIT/LOSS FOR THE PERIOD	-7 538	-5 839	-15 435	-10 994	-24 367

BALANCE SHEET (TSEK)

	Note	30 JUN 2023	30 JUN 2022	31 DEC 2022
NON-CURRENT ASSETS				
Intangible assets		7 587	9 207	8 397
Tangible assets		5 884	51	3 933
Financial assets		2 213	2 211	2 214
TOTAL NON-CURRENT ASSETS		15 684	11 469	14 544
CURRENT ASSETS				
Inventories		511	1 617	582
Current receivables		2 746	1 643	3 056
Cash and bank		4 572	5 810	20 532
TOTAL CURRENT ASSETS		7 829	9 070	24 170
TOTAL ASSETS		23 513	20 539	38 714
Stockholder's equity	2	16 613	8 887	32 048
Short term loan		0	7 000	0
Current non-interest bearing liabilities		6 900	4 652	6 666
TOTAL EQUITY AND LIABILITIES		23 513	20 539	38 714

Financial Information in Summary



KEY RATIOS (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
Number of shares at year end, before dilution	79 874 705	66 717 695	79 874 705	66 717 695	79 874 705
Average number of shares* before dilution	79 874 705	66 717 695	79 874 705	66 717 695	68 941 621
Equity ratio, percent	71	43	71	43	83
Return on equity, percent	-45	-28	-92	-124	-76
Return on total assets, percent	-32	-66	-66	-54	-63
EQUITY PER SHARE, BEFORE AND AFTER DILUTION, SEK	0,21	0,13	0,21	0,13	0,48
EARNINGS PER SHARE BEFORE AND AFTER DILUTION, SEK	-0,09	-0,09	-0,19	-0,16	-0,37

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

CASH FLOW (TSEK)

	APR-JUN 2023	APR-JUN 2022	JAN-JUN 2023	JAN-JUN 2022	JAN-DEC 2022
Cash flow from operating activities	-6 904	-5 929	-13 988	-12 659	-23 569
Cash flow from investment activities	-1 972		-1 972		-3 902
Cash flow from financing activities	0	7 000	0	7 000	36 534
CASH FLOW FOR THE PERIOD	-8 876	1 071	-15 960	-5 659	9 063
Liquid assets at the beginning of the period	13 448	4 739	20 532	11 469	11 469
LIQUID ASSETS AT THE END OF THE PERIOD	4 572	5 810	4 572	5 810	20 532

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 methods have been applied as in the annual report for 2022. The annual report is available in Swedish for download on RLS Global's website.

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

NOTE 2. STATEMENT OF CHANGES IN EQUITY (TSEK)

	30 JUN 2023	30 JUN 2022	31 DEC 2022
EQUITY AT THE BEGINNING OF THE PERIOD	32 048	19 881	19 881
New shares issued			36 534
Profit/loss for the period	-15 435	-10 994	-24 367
EQUITY AT THE END OF THE PERIOD	16 613	8 887	32 048

