



RLS GLOBAL

Gentle Methods



INTERIM REPORT
JANUARY – JUNE 2021

Summary



RLS signs global distribution agreement with ConvaTec

APRIL 1st – JUNE 30th (previous year in brackets)

- Net sales amounted to TSEK 244 (TSEK 739)
- Earnings before interest and taxes (EBIT) amounted to MSEK 8,5 (MSEK -5,6)
- Other income TSEK 15 429 (TSEK 281)
- Earning per share before dilution at SEK 0,13 (SEK -0,09)
- Cash flow from operating activities amounted to MSEK -6,280 (MSEK -5 472)
- Liquid assets at the end of the period MSEK 6,9 (MSEK 30,3)
- Equity ratio was 87% (91 %)

JAN 1st – JUNE 30th (previous year in brackets)

- Net sales amounted to TSEK 302 (TSEK 1 112)
- Earnings before interest and taxes (EBIT) amounted to MSEK 2,2 (MSEK -9,5)
- Other income TSEK 15 429 (TSEK 281)
- Earning per share before dilution at SEK 0,03 (SEK -0,14)
- Cash flow from operating activities amounted to MSEK -12,1 (MSEK -10,9)
- Liquid assets at the end of the period MSEK 6,9 (MSEK 30,3)
- Equity ratio was 87% (91 %)

SUMMARY OF EVENTS DURING SECOND QUARTER

- RLS arranged AGM on June 17.
- RLS signed a global distribution agreement with ConvaTec.
- ChloraSolv is regulatory approved for sale in Kuwait.
- ChloraSolv01 is published in Journal of Wound Care.

COVID-19

- In the current situation, the Board has considered the impact of different possible future covid-19 related scenarios in order to be prepared for future outcomes.

TRADING PLACE AND CERTIFIED ADVISER

- RLS Global's shares have been listed on the Nasdaq First North Growth Market since 17th May, 2017 and trading takes place under the short name RLS.
Certified Adviser is Redeye Aktiebolag, phone: +46 8 121 576 90, email: certifiedadviser@redeye.se.
During the period 2012–2017, the company was listed on Aktietorget.

CEO Message



The partnership with ConvaTec is a breakthrough in line with our vision

An important step in RLS's strategy has been implemented – a global partnership has been established with ConvaTec Ltd. The collaboration is a breakthrough for RLS and is in line with the vision to become a leading research driven platform company. During this quarter, several other distinctive events have occurred, such as the publication of the clinical study ChloraSolv01 in Journal of Wound Care, the first orders are sent to Kuwait and the interaction between the healthcare sector and the industry has finally been intensified. .

RLS' vision is to be a leading research driven platform company in wound care. Today, the company has two indications based on the hypochlorite platform; leg ulcers and diabetic foot ulcers. This spring will RLS initiate a clinical trial on the indication pressure ulcers. In the USA, about 3,7 million chronic wounds are treated annually, the corresponding figure in Europe is about 9 million.

During the spring, RLS has conducted a first preclinical study on burns together with Linköping University with good results, where the next step is to initiate a study on patients. RLS will also evaluate the platform for atopic dermatitis (eczema), which represents a large patient group.

To maximize market presence, RLS intends to work with partners to commercialize the products globally. RLS is convinced that the company's platform and its unique features will support many patients around the world.

GLOBAL COOPERATION WITH CONVATEC

ConvaTec is one of the world's leading companies in advanced wound care. The company has a well-established hygiene concept with the aim to offer the healthcare an efficient process for the treatment of chronic wounds. ConvaTec has yet no offer in the debridement segment. ChloraSolv is now ConvaTec's offer for effective debridement to ensure optimal wound healing. RLS receives partial payment according to an agreed plan based on milestones. ConvaTec buys ChloraSolv at a fixed price which covers production costs and RLS receives royalties on net sales for ChloraSolv. ConvaTec is responsible for marketing and sales activities as well as future health economic studies to ensure optimal reimbursement.

ChloraSolv will be marketed by all sales teams in the wound care business at ConvaTec in each market. ConvaTec's investments and commitment in this collaboration show that

ChloraSolv will be an important part of the company's wound care product portfolio. RLS will continue to be responsible for manufacturing, research and development.

MARKET ACCESS

During the first and second quarters, RLS initiated several activities to generate reimbursement in priority markets in Europe. The health economic evaluation in the Netherlands is complete with good results. The process is also proceeding according to plan for the UK and France. Within the framework of the collaboration between RLS and ConvaTec, these activities will onwards be driven and financed by ConvaTec.

OTHER MARKETS

The first order has been shipped to Kuwait, where RLS now has established a first market presence in the Middle East. The prevalence rate for diabetes in Kuwait is 12,2% of the population compared to 4,8% in Sweden. Regarding the US market, RLS has written communication with FDA to get an approval for the regulatory strategic plan for ChloraSolv. RLS is still waiting for the regulatory decision for the Australian market, where there are currently no open questions from the authority.

The autumn will be very exciting for RLS. As we speak, we have daily meetings with our partner ConvaTec, who shows great commitment and drive, to develop strategic and operational plans to secure the launches ahead. I am really looking forward to taking ChloraSolv to the next level together with the team and ConvaTec.

I also would like to take the opportunity to wish you all a nice summer!

Mölnådal,
JULY 16th, 2021

Karin Fischer
CEO 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, result and financial position.

The impact that covid-19 will have on the company's operations is uncertain and cannot be predicted with certainty. Any negative impact on operations depends, among other things, on the duration, extent and severity of the pandemic.

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 – April–June 2021

Net sales for April-June amounted to TSEK 244 (TSEK 739).

Other operating income for the period amounted to TSEK 15,429 (TSEK 281). The other operating income for the period mainly consists of the income from ConvaTec in accordance with the distribution agreement signed in June.

Operating profit of TSEK 8,535 (MSEK -5,574) is better than the previous year. This is due to income from ConvaTec. Operating expenses of TSEK -6,722 (TSEK -6,178) are slightly higher than the previous year. This is largely due to the regulatory consultants needed for the US market.

Net investments for the period were TSEK 0 (TSEK -83). The previous year referred to patent costs.

Financial information – January–June 2021

Net sales for January-June amounted to TSEK 302 (TSEK 1,112).

Other operating income for the period amounted to TSEK 15,471 (TSEK 2,348).

Operating profit of TSEK 2,232 (TSEK -9,479) is better than the previous year. This is because the Company recognized the first installment as part of the distribution agreement signed in June. The agreement consists of a number of milestones to be achieved for installments. The installments are non-refundable.

Net investments of the period were TSEK 0 thousand (TSEK 414), which in the previous year pertained to sales of PeriSolv MSEK 0.3 (increase in long-term receivables of MSEK -2.2 and divestment of intellectual property rights MSEK 1.9) and patent costs of MSEK 0.1.

Cash and cash equivalents amount to TSEK 6,833 (TSEK 30,340). The company has a current receivable of approximately MSEK 15 that falls due in July. A long-term financing plan will be presented in the autumn.

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 January–September 2021 and will be published on November 12, 2021.

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 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, phone +46 8 121 576 90, email: certifiedadviser@redeye.se. 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

Karin Fischer, CEO
E-mail: karin.fischer@rlsglobal.se
Telephone: +46 702 48 46 51

Eva Jagenheim, CFO
E-post: eva.jagenheim@rlsglobal.se
Telephone: +46 730 23 13 57

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

Gothenburg, July 16th, 2021

Steve Krognés
Chairman of the Board

Karin Eliasson
Member of the Board

Roland Frösing
Member of the Board

Christer Hägglund
Member of the Board

Mathias Leijon
Member of the Board

Financial Information in Summary



INCOME STATEMENT (TSEK)

	APR–JUNE 2021	APR–JUNE 2020	JAN–JUNE 2021	JAN–JUNE 2020	FULL YEAR 2020
Net sales	244	739	302	1 112	2 043
Other operating income	15 429	281	15 471	2 348	2 402
TOTAL OPERATING INCOME	15 673	1 020	15 773	3 460	4 445
Operating expenses	-6 722	-6 178	-12 710	-11 875	-28 149
Depreciation and write-downs	-416	-416	-831	-448	-1 249
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	8 535	-5 574	2 232	-11 599	-26 781
Net financial income /expense	-26	-115	-10	-34	-255
PROFIT/LOSS AFTER FINANCIAL ITEMS	8 509	-5 689	2 222	-11 633	-27 036
Tax for the period					
PROFIT/LOSS FOR THE PERIOD	8 509	-5 689	2 222	-11 633	-27 036

BALANCE SHEET (TSEK)

	Note	JUNE 30, 2021	JUNE 30, 2020	DEC 31, 2020
NON-CURRENT ASSETS				
Intangible assets		10 651	11 862	11 461
Tangible assets		86	105	107
Financial assets		2 171	2 227	2 171
TOTAL NON-CURRENT ASSETS		12 908	14 194	13 739
CURRENT ASSETS				
Inventories		897	1 027	695
Account receivables		15 663	36	64
Current receivables		938	1 625	964
Cash and bank		6 883	30 340	18 997
TOTAL CURRENT ASSETS		24 381	33 028	20 720
TOTAL ASSETS		37 289	47 222	34 459
Stockholder's equity	2	32 517	43 149	30 295
Current non-interest bearing liabilities		4 772	4 073	4 164
TOTAL EQUITY AND LIABILITIES		37 289	47 222	34 459



Financial Information in Summary

KEY RATIOS

	APR–JUNE 2021	APR–JUNE 2020	JAN–JUNE 2021	JAN–JUNE 2020	FULL YEAR 2020
Number of shares at year end, before dilution	66 717 695	66 717 695	66 717 695	66 717 695	66 717 695
Average number of shares *), before dilution	66 717 695	66 717 695	66 717 695	66 717 695	60 907 722
Equity ratio, percent	87	91	87	91	90
Return on equity, percent	26	-13	7	-22	-51
Return on total assets, percent	23	-12	6	-20	-46
EQUITY PER SHARE, BEFORE DILUTION, SEK	0,49	0,65	0,49	0,65	0,79
EARNINGS PER SHARE*) BEFORE DILUTION	0,13	-0,09	0,03	-0,14	-0,44

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

CASH FLOW (TSEK)

	APR–JUNE 2021	APR–JUNE 2020	JAN–JUNE 2021	JAN–JUNE 2020	FULL YEAR 2020
Cash flow from operating activities	-6 280	-5 472	-12 114	-10 987	-22 219
Cash flow from investment activities		-83		-414	-727
Cash flow from financing activities	0	0	0	0	0
CASH FLOW FOR THE PERIOD	-6 280	-5 555	-12 114	-11 401	-22 744
Liquid assets at the beginning of the period	13 163	35 895	18 997	41 741	41 741
LIQUID ASSETS AT THE END OF THE PERIOD	6 883	30 340	6 883	30 340	18 997

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 BFNAR 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)

	APR-JUNE 2021	APR-JUNE 2020	JAN-JUNE 2021	JAN-JUNE 2020	FULL YEAR 2020
EQUITY AT THE BEGINNING OF THE PERIOD	24 008	48 838	30 295	52 755	52 755
Warrants	0	0	0	0	0
New shares issued	0	0	0	0	0
Profit/loss for the period	8 509	-5 689	2 222	-9 606	-22 460
EQUITY AT THE END OF THE PERIOD	32 517	43 149	32 517	43 149	30 295

