

# A stable quarter with growth and new agreements

## 1 July-30 September

- Net sales reached SEK 3,8 (3,7) million
- Loss after taxes SEK -2,1 (-1,7) million
- Earnings per share were SEK -0,04 SEK (-0,03)
- Cash and equivalents were 15,9 (16,7) million

### Significant events during period

- The company carried out a rights issue which brought the company approximately SEK 19.8 million in capital before issue costs
- A letter of intent regarding the distribution agreement for China is signed
- Agreement with Capio Specialistmottagning, Lund
- Distribution agreement signed for Brazil

## 1 January-30 September

- Net sales reached SEK 11,9 (12,1) million
- Loss after taxes SEK -8,0 (-5,7) million
- Earnings per share were SEK -0,15 SEK (-0,12)

### Significant events after the end of the period

- Results for the registry study on prostate cancer are presented at the Urologidagarna in Malmö by one of the authors
- Distribution agreement signed for Spain

## Key figures

(SEK MILLION)	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2019
Net sales	11,9	12,1	8,8	9,5
Gross margin, %	77	85	71	67
Operating profit/loss	-7,7	-5,6	-6,2	-8,1
Cash flow from operating activities	-13,0	-6,3	-6,2	-6,6
Average number of employees	7	7	5	5

“There is no longer any doubt that we have world-class products”

Johan Wennerholm  
CEO, ProstaLund AB (publ)

## CEO statement

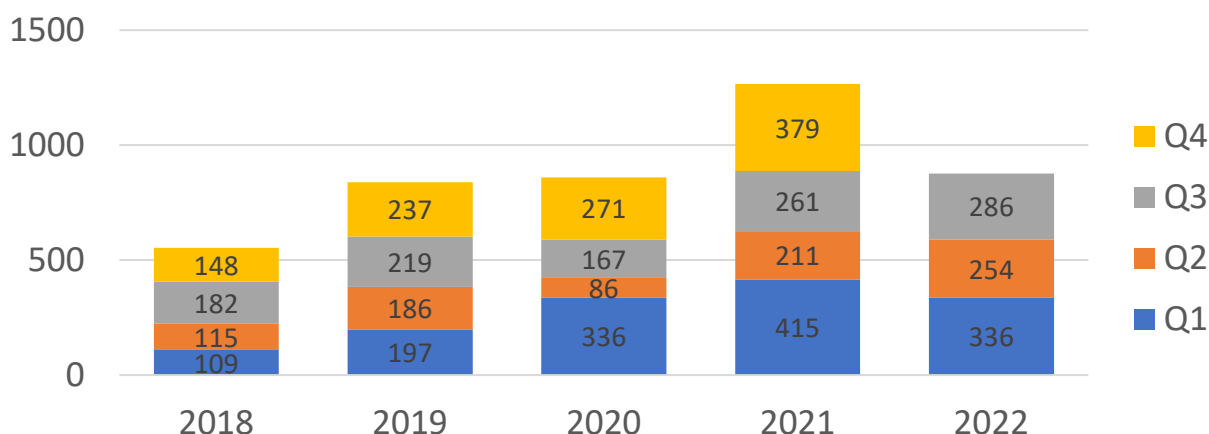
### Generally

I can summarize that the third quarter has been an intense and productive one. We have been to the European Congress of Urology, EAU. We have carried out a share issue. We have submitted a 510k application for the Schelin Catheter to the US authorities. In England, the first patient has been treated after local anesthesia via the Schelin Catheter. We have also written a Letter of Intent with a Chinese distributor, a distribution agreement for Brazil and a new CoreTherm agreement with Capio in Lund. After the end of the period, the results from the registry study have been presented at the Swedish Urologidagarna and we have signed another agreement with a distributor, now for Spain.

### CoreTherm in the Nordics

Normally, the third quarter is usually quite quiet with the healthcare holiday period in July and well into August. This year it was different, and we received orders already at the beginning of July from some Danish customers. The most pleasing thing is that Specialistläkargruppen (SLG) in Kalmar has received an agreement, containing CoreTherm treatments, with Region Kalmar that extends over 4 years. Since the end of August, SLG is up and running full production of BPE patients again. This has meant that we have recovered almost the entire loss from the first half of the year and at the same time deliver the best third quarter to date.

CoreTherm Treatments Nordic countries 2018-2022



We notice that interest in our method is gaining ground and we have requests, above all from private actors, but also from public ones, when doctors who know our method change workplace. The agreement with Capio Lund is one such example. Dr. Fredrik Stenmark's study, comprising 570 men with large glands who were treated with CoreTherm, was published in the quarter, and is attracting interest both at home and abroad. During the quarter, we had visitors from UK with the aim of understanding how CoreTherm treatments work in Sweden, which we see as proof that our method is also interesting outside of Sweden's borders. A wider launch in Europe outside the Nordics will probably take place with our new CoreTherm platform during the next year.

### Our stand-alone-products

At the beginning of July, we visited the European Urology Congress in Amsterdam, a meeting with about 4000 urology delegates. ProstaLund has not participated in this congress for several years. We showcased

our stand-alone products; The Schelin Catheter and CoreFlow – Soft Stent. The response was very positive, and we got a lot of new contacts, both doctors and potential distributors. One of these contacts was the Spanish distributor Presurgy, with whom we signed an agreement in the first week of October. During the quarter, our products have been evaluated and tested by a handful of doctors around Europe and so far, we have only received positive feedback, which of course bodes very well for the future.

In mid-July, we wrote a Letter of Intent with our, hopefully, future distributor in China. They have been working for some time to primarily register the Schelin Catheter in China, an incredibly timeconsuming task. We expect that registration could possibly be in place at the end of 2022 or during the first quarter of next year.

Our strategy of using the more "easily sold" stand-alone products to gain a foothold in a new market, we feel so far works very well. In a very short time, thanks to the strategy, we have established good relations with leading urologists in several important countries, both in and outside Europe. Contacts we think we would have had a very hard time making with CoreTherm alone.

### **The issue**

The rights issue of units that ended on August 10, 2022 was oversubscribed by 85%. In total, approximately SEK 19.8 million was added to ProstaLund before transaction costs. Part of the issue has been used to repay loans and purchase products.

### **The registry study**

At the Swedish Urologidagarna in Malmö, October 5-7, Dr. Fredrik Stenmark presented the results from the register study carried out by Stenmark and a few more Swedish professors and PhD urologists. The registry study has, among other things, evaluated the risk of developing prostate cancer after treatment with the two most established methods for the treatment of benign prostate enlargement (BPH). The methods compared are microwave thermotherapy (TUMT) or surgery (TURP).

The results indicate that there is a lower risk of both prostate cancer diagnosis and prostate cancer-specific mortality if the patients are treated with our method compared to surgery (TURP). According to Stenmark, a publication in a peer-reviewed journal is in the pipeline and is required to gain acceptance by the profession.

### **The future**

It is extremely gratifying to be able to communicate that we now have several products in the portfolio and not just CoreTherm. To grow our main business (CoreTherm) in our home market while opening Europe to our independent products; The Schelin Catheter and the CoreFlow - Soft Stent mean that we will stand stronger in the future. In addition, it means that we currency hedge our revenue flows in a better way than today, where today we buy in USD and sell in SEK. I estimate that most of the national registrations that our distributors are working on will be completed in the fourth quarter and that we will then see initial orders in the next few quarters. There is no longer any doubt that we have world-class products.

Johan Wennerholm  
CEO

## Financial information

### Company information

ProstaLund AB (publ), corporate identity 556745-3245, with its registered head office in Lund is the parent company of the ProstaLund Group. The address of the head office is Scheelevägen 19, 223 70 Lund. Wholly owned subsidiaries are Nordisk Medicin & Teknik AB and CoreTherm®Medical Inc (USA).

### Shares

ProstaLund is listed on the Nasdaq First North Growth Market. The company is traded under the ticker name PLUN and the ISIN code SE0002372318. Certified Adviser is Västra Hamnen Corporate Finance AB.

The number of shares at the end of the period was 57 193 154 and the quota value was SEK 0,1 per share. All shares are of the same type and have the same voting rights.

### Scope of the report

This year-end report covers the period from 1 January 2022 to 30 September 2022. The comparative information in the report refers to the corresponding period in 2021, unless otherwise stated. All information in the report refers to the ProstaLund Group, unless it is explicitly stated that the information refers to the parent company ProstaLund AB (publ).

### Impact of the covid-19 pandemic

The pandemic has had a negative effect on the company's sales. The company estimates this at approximately SEK 0,5-1,0 million for the first 6 months of 2022.

### Sales and earnings

Net sales came in at SEK 11,861 (12,140) thousand, which was a 2,3 % decrease compared with the same period last year. The change is due to a change of ownership in one of the private clinics and normal variations in incoming orders between quarters. The operating loss was SEK -7,749 (-5,626) thousand. The increased loss is in large part due to reduced gross margin which in turn is due to the currency, USD. The company manufactures its products in the United States. Loss after tax came in at SEK -7,965 (-5,651) thousand.

### Sales and earnings – third quarter

Net sales came in at SEK 3,773 (3,690) thousand, which was a 2,2 % increase compared with the same period last year. The increase is due to a 10% increase in sales in catheters. The new agreements the company has entered into with lower prices but larger volumes also has an effect. The operating loss was SEK -1,987 (-1,699) thousand. Loss after tax came in at SEK -2,117 (-1,707) thousand.

### Investments

Investments in property, plant & equipment amounted to SEK 51 (184) thousand. Investments in intangible assets amounted to SEK 4,324 (5,169) thousand. Investments in financial assets amounted to SEK 0 (0) thousand. Investments in intangible fixed assets mainly relate to the company's new platform.

### Investments – third quarter

Investments in property, plant & equipment amounted to SEK 1 (51) thousand. Investments in intangible assets amounted to SEK 322 (976) thousand. Investments in financial assets amounted to SEK 0 (0) thousand.

### Financial position and financing

Cash flow from operating activities amounted to SEK -13,015 (-6,274) thousand. The change is largely due to the Company's need to build up a stock to secure access to raw material and long lead times. Cash and cash equivalents at the end of the period amounted to 15,941 (16,703) thousand. Equity amounted to SEK 45,197 (36,909) thousand and the equity / assets ratio was 86 (86) percent.

The company has agreed on a loan of SEK 3 million in March from the three largest owners; Mats Alyhr, BWG Invest Sarl and Sonny Schelin and a loan from ALMI of SEK 2 million. The loan from ALMI runs for 60 months Market interest is paid for both and has been debited for the quarter. The short-term loan of SEK 3 million was repaid on 30<sup>th</sup> of September.

A rights issue was carried out during the month of August and added approximately SEK 18.5 million in new capital to the company after the issue costs were paid.

### Financial position and financing – third quarter

Cash flow from operating activities amounted to SEK -3,468 (-3,066) thousand. Cash and cash equivalents at the end of the period amounted to 15,941 (16,703) thousand.

A rights issue was carried out during the month of August and added approximately SEK 18.5 million in new capital to the company after the issue costs were paid.

The short-term loan of SEK 3 million taken in March från the three largest owners was repaid in full on 30<sup>th</sup> of September.

### Financial goals

The company's goal is to perform 1,500 CoreTherm<sup>®</sup> treatments from the third quarter of 2022, and twelve months ahead. This is a repetition of previously communicated targets upon cessation of effects of the covid pandemic which are considered to have disappeared only towards the end of the second quarter of 2022.

The company also estimates that we will show a positive cash flow from operating activities on a monthly basis during the fourth quarter of 2023.

### Organization

The number of people employed was 7 (7) at the end of the period. The employees included 4 (3) women and 3 (4) men. The average number of employees was 7. The number of consultants is 5.

### Research and development

Development work is conducted in-house in collaboration with technical consultants and external clinics. The development work is focused on new development and further refinement of the current product portfolio.

### Insurance

ProstaLund has a standard corporate insurance which also includes product liability. The insurance is subject to ongoing review. The Board of Directors assesses that the corporate insurance is adapted to the current scope of operations.

### Disputes

ProstaLund is not a party in any legal disputes or arbitrations. The Board of Directors is not aware of any

circumstances that could lead to any such legal processes being imminent.

### Risk factors

ProstaLund is affected by a number of risks whose effects could have a negative impact on its future, earnings or financial position. The latest annual report, which is available on the company's website [www.prostalund.se](http://www.prostalund.se), contains a description of the risk factors. The risk factors that are judged to be of the greatest importance are listed below, in no particular order:

- Depending on financing
- Depending on key personnel
- Regulatory approvals
- Product liability
- Currency risk
- Competition
- Disputes
- Changes in legislation

### Prerequisites for continued operation

This financial information has been prepared based on the assumption of continued operations. The company has historically reported losses. In preparing the report, management has based its assumptions on existing cash and cash equivalents, increased sales and the possibility of other financing.

When estimating future expenses, management has taken into account that certain expenses are under management's control and can thus be eliminated or postponed to the future. Management is aware that there are uncertainties in the estimation of future cash flows as well as uncertainties in the financing of operations.

If the Group for some reason can't continue to operate, it may affect the Group's ability to realize the assets carrying amounts, especially related to capitalized expenses for development work, and to pay debts at a normal rate and to the amounts included in the Group's interim report.

### Transactions with related parties

#### Agreement with board members

The Company has entered into consulting agreements with all of the Company's Board members. The consulting agreements regulate the board members' performance of assignments that cannot be considered to be tasks that are normally incumbent on a board

member. The fee for work according to the consulting agreement amounts to SEK 1,800 per hour. Others on the Board and the Company's CEO must approve such work before it is performed.

#### **Royalty agreement**

The company has entered into a royalty agreement with Schelin Medicin AB regarding the rights to the products CoreFlow – Soft Stent and the Schelin Catheter. The agreement means that two (2) percent of the invoiced amount for these products must be paid in royalties to Schelin Medicin AB, provided that the company reports a profit and that a patent has been granted. The royalty can amount to a maximum of SEK 4 million per year and a maximum of SEK 20 million in total. The agreement shall cease to apply when an amount of SEK 20 million has been paid to Schelin Medicin AB.

#### **Valuation of intangible assets**

The reported capitalized expenses for development work are subject to management's impairment test. The most critical assumption, evaluated by management, relates to whether the intangible asset is expected to generate future economic benefits, which at least correspond to the carrying amount of the intangible asset. Management's assessment is that the expected future cash flows are sufficient to justify the carrying amount of the intangible asset, which is why no write-down has been made. However, the valuation is based on and dependent on the conditions for continued operation.

#### **Remuneration policy**

The guiding principle is that ProstaLund will offer its management and key personnel competitive remuneration based on the market situation, the company's performance, and individual performance. The design of the remuneration policy shall ensure that the management and key personnel and the shareholders have common goals.

#### **Annual report**

The annual report for 2021 was published on April 11 2022. The annual report is available on the company's website [www.prostalund.se](http://www.prostalund.se).

#### **Annual General Meeting**

The Annual General Meeting for 2021 was held on May 5<sup>th</sup> 2022 in Lund.

#### **Upcoming financial information**

- 2023-02-15 Year-end report 2022

#### **Accounting policies**

This report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice. Accounting principles and calculation methods applied are in accordance with the accounting principles used in the preparation of the most recent annual report.

#### **Audit**

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

ProstaLund AB (publ)  
Lund, October 21st, 2022

*The Board of Directors*

**FOR QUESTIONS ABOUT THIS REPORT, PLEASE CONTACT:**

Johan Wennerholm, CEO, ProstaLund AB

+46 (0)730-42 99 97 | E-post: [johan.wennerholm@prostalund.com](mailto:johan.wennerholm@prostalund.com)

**PUBLICATION**

This information is information that ProstaLund AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:15 a.m. CET October 21<sup>st</sup> 2022

**ADDRESS**

ProstaLund AB

Scheelevägen 19

SE-223 70 Lund

ProstaLund is listed on the Nasdaq First North Growth Market. The Company is traded under the ticker name PLUN and ISIN code SE0002372318.

Certified Advisor is Västra Hamnen Corporate Finance AB.

## Consolidated Income Statement in Summary

All amounts in SEK thousand	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Operating income</b>					
Net sales	3 773	3 690	11 861	12 140	17 073
Cost of goods sold	-982	-646	-2 890	-1 763	-2 390
<b>Gross profit</b>	<b>2 791</b>	<b>3 044</b>	<b>8 971</b>	<b>10 377</b>	<b>14 683</b>
Sales & Marketing expenses	-2 447	-2 844	-9 981	-9 983	-12 217
Administrative expenses	-1 471	-1 218	-3 865	-3 497	-6 809
Research and development costs	-769	-617	-2 621	-2 254	-3 244
Other operating income	-	-	-	-	101
Capitalized development expenditure	-91	-64	-253	-270	-369
<b>Operating profit/loss</b>	<b>-1 987</b>	<b>-1 699</b>	<b>-7 749</b>	<b>-5 626</b>	<b>-7 854</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	-	-	-	5	5
Interest expenses and similar profit/loss items	-130	-8	-216	-30	-35
<b>Profit/loss after financial items</b>	<b>-2 117</b>	<b>-1 707</b>	<b>-7 965</b>	<b>-5 651</b>	<b>-7 884</b>
Tax expenses	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-2 117</b>	<b>-1 707</b>	<b>-7 965</b>	<b>-5 651</b>	<b>-7 884</b>
Share attributable to parent company shareholders	-2 117	-1 707	-7 965	-5 651	-7 884
<b>Per share data</b>	<b>Jul-Sep 2022</b>	<b>Jul-Sep 2021</b>	<b>Jan-Sep 2022</b>	<b>Jan-Sep 2021</b>	<b>Jan-Dec 2021</b>
Earnings per share, SEK (basic and diluted)	-0,04	-0,03	-0,15	-0,12	-0,17
Equity per share, SEK	0,79	0,72	0,49	0,72	0,69
Equity-asset ratio, %	86%	86%	86%	86%	82%
Number of outstanding shares	57 193 154	51 525 365	57 193 154	51 525 365	51 525 365
Average number of outstanding shares	53 414 628	51 525 365	52 155 119	45 279 664	46 841 089

### Definitions of financial ratios

**Earnings per share.** Profit/loss for the period divided by average weighted number of shares

**Equity-asset ratio.** Equity divided by total assets.

**Equity per share.** Equity divided by number of shares at the end of the period.

## Quarterly financial performance

All amounts in SEK thousand	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net sales	3 773	3 520	4 568	4 933	3 690	3 179
Gross profit/loss	2 791	2 469	3 711	4 306	3 044	2 942
Gross margin in %	74%	70%	81%	87%	82%	93%
Overhead costs	-4 687	-5 932	-5 848	-6 536	-4 679	-5 669
Operating profit/loss	-1 987	-3 625	-2 137	-2 228	-1 699	-2 761
Profit/loss for the period	-2 117	-3 707	-2 141	-2 233	-1 707	-2 771
Cash flow	11 568	-3 540	-5 326	-3 464	13 942	-2 805



## Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2022-09-30	2021-09-30	2022-06-30	2021-12-31
<b>Assets</b>				
Intangible assets	24 688	16 641	24 385	20 420
Property, plant & equipment	366	425	395	400
Inventories	7 844	6 038	6 421	6 570
Trade receivables	2 653	2 650	1 778	1 355
Other receivables	780	527	1 034	1 456
Cash and cash equivalents	15 941	16 703	4 373	13 239
<b>Total assets</b>	<b>52 272</b>	<b>42 984</b>	<b>38 386</b>	<b>43 440</b>
<b>Equity and liabilities</b>				
Equity	45 197	36 909	27 799	35 456
Interest-bearing liabilities, longterm	1 433	100	1 533	0
Current interest-bearing liabilities	400	200	3 400	200
Trade payables	4 023	3 528	2 449	6 144
Other liabilities	1 219	2 247	3 205	1 640
<b>Total equity and liabilities</b>	<b>52 272</b>	<b>42 984</b>	<b>38 386</b>	<b>43 440</b>

## Consolidated statement of changes in equity

All amounts in SEK thousand	2022-09-30	2021-09-30	2022-06-30	2021-12-31
Opening balance	35 456	25 352	35 456	25 352
New share issues	19 837	18 737	-	18 737
Costs of new share issues	-1 378	-602	-	-602
Profit/loss for the period	-7 965	-5 651	-5 848	-7 884
Other comprehensive income for the period	-753	-927	-1 809	-147
<b>Closing balance</b>	<b>45 197</b>	<b>36 909</b>	<b>27 799</b>	<b>35 456</b>

## Cash Flow Analysis in Summary

All amounts in SEK thousand	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Profit/loss after financial items</b>	-2 117	-1 707	-7 965	-5 651	-7 884
Adjustments for non-cash items	1 105	-391	-612	-700	-260
Tax paid	-	-	-	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>-1 012</b>	<b>-2 098</b>	<b>-8 577</b>	<b>-6 351</b>	<b>-8 144</b>
Changes in working capital	-2 456	-968	-4 438	77	2 340
<b>Cash flow from operating activities</b>	<b>-3 468</b>	<b>-3 066</b>	<b>-13 015</b>	<b>-6 274</b>	<b>-5 804</b>
Capitalization of development expenditure	-322	-976	-4 324	-5 169	-8 992
Acquisition/disposal of property, plant & equipmer	-1	-51	-51	-184	-195
Förvärv/Avyttring av finansiella anläggningstillgång	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-323</b>	<b>-1 027</b>	<b>-4 375</b>	<b>-5 353</b>	<b>-9 187</b>
New share issue	19 837	18 737	19 837	18 737	18 737
Transaction costs attributable to new share issue	-1 378	-602	-1 378	-602	-602
Change in bank overdraft facilities	0	-	5 000	-	-
Change in bank overdraft facilities	-3 100	-100	-3 367	-300	-400
<b>Cash flow from financing activities</b>	<b>15 359</b>	<b>18 035</b>	<b>20 092</b>	<b>17 835</b>	<b>17 735</b>
<b>Total cash flow for the period</b>	<b>11 568</b>	<b>13 942</b>	<b>2 702</b>	<b>6 208</b>	<b>2 744</b>
Cash and cash equivalents at start of period	4 373	2 761	13 239	10 495	10 495
<b>Cash and cash equivalents at end of period</b>	<b>15 941</b>	<b>16 703</b>	<b>15 941</b>	<b>16 703</b>	<b>13 239</b>

## Income Statement - Parent Company

All amounts in SEK thousand	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Operating income</b>					
Net sales	3 747	3 838	11 629	12 129	16 796
Cost of goods sold	-965	-609	-2 782	-1 646	-2 242
<b>Gross profit</b>	<b>2 782</b>	<b>3 229</b>	<b>8 847</b>	<b>10 483</b>	<b>14 554</b>
Sales & Marketing expenses	-2 422	-2 825	-9 876	-9 883	-12 188
Administrative expenses	-1 470	-1 217	-3 865	-3 496	-6 809
Research and development costs	-769	-616	-2 621	-2 253	-3 244
Other operating income	-	-	-	-	843
Capitalized development expenditure	-90	-63	-253	-266	-363
<b>Operating profit/loss</b>	<b>-1 969</b>	<b>-1 492</b>	<b>-7 768</b>	<b>-5 415</b>	<b>-7 206</b>
<b>Profit/loss from financial items</b>					
Interest income and similar profit/loss items	-	-	-	5	5
Interest expenses and similar profit/loss items	-82	-8	-168	-30	-35
<b>Profit/loss after financial items</b>	<b>-2 051</b>	<b>-1 500</b>	<b>-7 936</b>	<b>-5 440</b>	<b>-7 236</b>
Tax expenses	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-2 051</b>	<b>-1 500</b>	<b>-7 936</b>	<b>-5 440</b>	<b>-7 236</b>

## Balance Sheet - Parent Company

All amounts in SEK thousand	2022-09-30	2021-09-30	2022-06-30	2021-12-31
<b>Assets</b>				
Intangible assets	24 688	16 641	24 385	20 420
Property, plant & equipment	366	425	395	400
Financial assets	464	464	464	464
Inventories	7 828	5 981	6 388	6 480
Trade receivables	2 653	2 457	1 745	1 334
Receivables from group companies	902	0	40	70
Other receivables	777	527	1 116	1 529
Cash and bank balances	15 612	16 518	4 119	13 049
<b>Total assets</b>	<b>53 290</b>	<b>43 013</b>	<b>38 652</b>	<b>43 746</b>
<b>Equity and liabilities</b>				
Equity	46 250	37 524	29 844	35 727
Interest-bearing liabilities, longterm	1 433	200	1 533	0
Current interest-bearing liabilities	400	100	3 400	200
Liabilities to group companies	0	583	-	0
Trade payables	4 014	3 527	2 441	6 138
Other liabilities	1 193	1 079	1 434	1 681
<b>Total equity and liabilities</b>	<b>53 290</b>	<b>43 013</b>	<b>38 652</b>	<b>43 746</b>