

An eventful quarter with growth and agreements

1 April-30 June

- Net sales reached SEK 3,5 (3,2) million
- Loss after taxes SEK -3,7 (-2,8) million
- Earnings per share were SEK -0,07 SEK (-0,07)
- Cash and equivalents were 4,4 (2,8) million

Significant events during period

- Agreement with Capio Specialistcenter. Order value SEK 2.4 million
- Agreement with Urogyn Sweden. Order value SEK 1,2 million
- The new platform, CoreTherm® Eagle, submitted for CE marking
- Distribution agreement signed for the Israeli market

1 April-30 June

- Net sales reached SEK 8,1 (8,5) million
- Loss after taxes SEK -5,8 (-3,9) million
- Earnings per share were SEK -0,11 SEK (-0,09)

Significant events after the end of the period

- The Board decides on a rights issue, which can provide the company with up to SEK 18 million before issue costs

Key figures

(SEK MILLION)	jan-jun 2022	jan-jun 2021	jan-jun 2020
Net sales	8,1	8,5	6,1
Gross margin, %	76	87	66
Operating profit/loss	-5,8	-3,9	-4,7
Cash flow from operating activities	-9,5	-3,2	-4,2
Average number of employees	7	7	5

“When I look at how the quarter developed with strong sales in the domestic market, submission for CE marking of the new platform and the great interest from the rest of Europe, I think it looks very exciting”

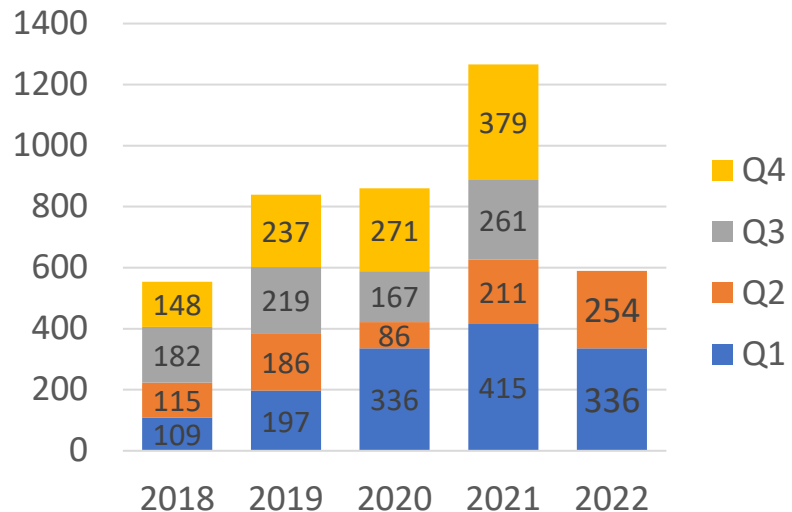
Johan Wennerholm
CEO, ProstaLund AB (publ)

CEO statement

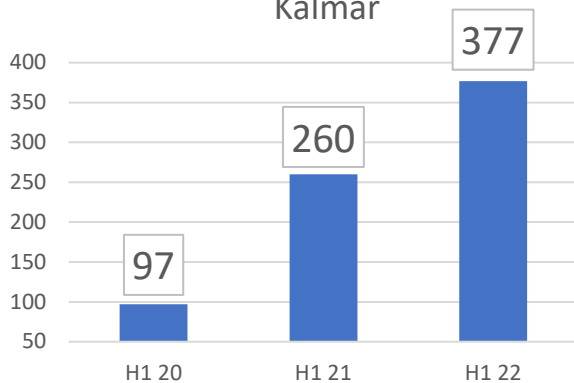
What a spring it has been. It feels like ProstaLund never before has had such a positive and progressive quarter. Best second quarter so far in the number catheters. Two new agreements with two of our largest private customers in Sweden at the same time as we see that most of our public customers are getting started even though Covid-19 is still affecting, and the queues are long. The new agreements mean that we will have larger, guaranteed, smoother and more predictable sales than we previously had, and we work together with them for both a higher volume and increased quality.

Our third large private customer, Specialistläkargruppen (SLG) in Kalmar changed owners on 1 January this year, which meant that the care agreements that

Number of CoreTherm treatments sold in the Nordic region 2018-2022



Sales in Sweden without SLG Kalmar



previous owners had with Region Kalmar ended and the officials in the region failed to give the new owner a corresponding agreement which has greatly affected the number of treatments compared to the first half of 2021, we have lost about 130 CoreTherm treatments with this customer. In June, however, Region Kalmar County issued a procurement regarding a four-year agreement that includes CoreTherm treatments, and we therefore assess that there are very good conditions for a return to previous levels in the future. CoreTherm growth in Sweden, when we exclude SLG, looks very positive and almost completely compensates for

the temporary loss in Kalmar. We have sold 45% more CoreTherm treatment catheters to other Swedish customers compared to the first half of 2021, 45% is good.

Sales and gross margin

If you look more closely at sales in the form of figures, you see that even though we are growing, it is not in the same parity as in the number of treatments. One of the reasons is that in previous years we have received royalties for the product Gepan, for which our subsidiary was general agent, and which was sold to Navamedic ASA 2019. So, the figures are somewhat misleading. Adjusted for royalty last year, this year we have sold for approximately SEK 8.1 million against last year's 7.7 in that case. Another reason for the lower growth rate in figures is that with the new agreements (see above) the price has decreased per treatment, but the total volume has increased. This can give a skewed picture on a quarterly basis of comparison. The gross margin differs quite a lot between Q2 this year

compared to the same period last year. The reason is the currency, we buy in US dollars and sell in Swedish kronor. Last year, the average exchange rate for the dollar was SEK 8.39, this year the average exchange rate was 10.03. An increase of 20%.

Interest in Europe is growing

When the restrictions regarding Covid-19 were released, it meant that we could finally visit and demonstrate our products in hospitals in the UK. During the quarter, a number of physicians, with very good results, evaluated CoreFlow - Soft Stent on a handful of patients in private hospitals. Both CoreFlow and the Schelin catheter have been approved at Guy's Hospital in London, as the first public NHS hospital, and our products are thus ready for use. We have subsequently received an initial CoreFlow order from our distributor iUrology.

During the quarter, we exhibited at major congresses in both Finland (NUF) and in England (BAUS). BAUS is the largest English urology congress with over 800 urology delegates. While waiting for our new CoreTherm platform, we have so far only launched the Schelin catheter and CoreFlow as independent products. The interest in these products is great as they both solve challenges that the English urologists have high on their agenda. The Schelin catheter allows them to relocate (eg steam treatment) that are currently performed under general anesthesia from expensive operating rooms to ordinary treatment rooms. CoreFlow means that they do not have to use regular catheters, thereby both minimizing the risk of severe infections and increasing the comfort for patients.

Our experience so far is that our strategy of using the more easily sold "stand alone" products to gain a foothold in a new market, and in the next phase bring the flagship CoreTherm, will work very well. Despite the focus on Schelin catheters and CoreFlow, many were also curious about CoreTherm and we have a handful of English urologists who this autumn are interested in coming to Sweden to see and evaluate CoreTherm treatments.

During the quarter, we also signed a distribution agreement for Israel. This was preceded by a visit to Sweden where our entire product portfolio was evaluated by an Israeli urology professor and our new partner AMI Technologies. During two intensive days, they received a thorough review of all data about our products and also got to see a number of CoreTherm treatments at two of our Excellence Centers. They were very impressed, and it did not take long from the visit until the agreement came into place. As our products are CE marked, the registration process is relatively simple in Israel, and we hope to be able to ship the first delivery to Israel soon.

Our agreements with iUrology in the UK and AMI Technologies in Israel give rings on the water and we have initial discussions with potential distributors in another ten countries.

CE marking

After a lot of hard work during actually several years for the organization, it felt incredibly good that the new CoreTherm platform, CoreTherm Eagle, was submitted to our control body, TÜV SÜD, for CE marking. The new machine will be well received, I dare to promise, especially from those who have not seen previous versions of our concept. With good treatment results, with the demand from patients for this kind of treatment and a platform that has the latest technical solutions, I am very hopeful.

The issue

In my opinion, the issue proposed by the Board is a very offensive issue in the sense that it is made to prepare for the next step in our expansion plan. We have a number of CoreTherm Eagles that must be manufactured so that they are in place when the CE marking is completed. We need to build and increase our stock for the Schelin catheter and CoreFlow - Soft Stent so that we have items on the shelf to be able to meet the demand we anticipate is around the corner. We will need to register products in a number of countries and build an organization to cope with greater international expansion. That everyone on both the board and management guarantees, and in some cases even

oversubscribes, their pro-rata, I think very clearly shows what faith we all have in the company's future development.

Registry study

The registry study is a study that evaluated the risk of developing prostate cancer after treatment with the two most established methods for treating benign prostatic hyperplasia (BPH). The methods compared are heat treatment (TUMT) or surgery (TURP). We have received information that the results of the study have been submitted to a urological journal and it is under review. Unfortunately, we do not know more at this time.

The future

When I look at how the quarter developed with strong sales in the domestic market, submission for CE marking of the new platform and the great interest from the rest of Europe, I think it looks very exciting. Our investment in creating a strong domestic market is paying off now, we get a completely different attention from those we meet internationally. There is no 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 51 525 365 and the quota value was SEK 1.00 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 June 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 period.

A new outbreak of the covid-19 pandemic will have a negative impact on ProstaLund's sales and earnings.

Sales and earnings

Net sales came in at SEK 8,088 (8,450) thousand, which was a 4 % 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 -5,762 (-3,927) 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 -5,848 (-3,944) thousand.

Sales and earnings – second quarter

Net sales came in at SEK 3,520 (3,179) thousand, which was a 10 % increase compared with the same period last year. The increase is due to a 45% increase in sales in catheters. The new agreements the company has entered into with lower prices, but larger volumes also have an effect. The operating loss was SEK -3,265 (-2,761) thousand. Loss after tax came in at SEK -3,707 (-2,771) thousand.

Investments

Investments in property, plant & equipment amounted to SEK 50 (133) thousand. Investments in intangible assets amounted to SEK 4,002 (4,193) 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 – second quarter

Investments in property, plant & equipment amounted to SEK 0 (0) thousand. Investments in intangible assets amounted to SEK 909 (1,705) thousand. Investments in financial assets amounted to SEK 0 (0) thousand.

Financial position and financing

Cash flow from operating activities amounted to SEK -9,547 (-3,208) 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 4,373 (2,761) thousand. Equity amounted to SEK 27,799 (20,913) thousand and the equity / assets ratio was 72 (79) percent.

The company has agreed on a loan from ALMI of SEK 2 million and a short-term loan of SEK 3 million without security from the three largest owners; Mats Alyhr, BWG Invest Sarl and Sonny Schelin. The loan from ALMI runs for 60 months and the short-term loan runs until January 2023. Market interest is paid for both. The loan of SEK 3 million was paid in March. The loan from ALMI of SEK 2 million was paid in April.

Financial position and financing – second quarter

Cash flow from operating activities amounted to SEK -4,464 (-1,000) thousand. Cash and cash equivalents at the end of the period amounted to 4,373 (2,761) thousand.

Financial goals

The company's goal is to perform 1,500 CoreTherm® 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, 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 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.

Annual General Meeting

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

Upcoming financial information

- 2022-10-21 Interim report Jul-Sep 2022
- 2023-02-15 Year-end Bulletin 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, July 14th, 2022

The Board of Directors

FOR QUESTIONS ABOUT THIS REPORT, PLEASE CONTACT:

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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 July 14th 2022

ADDRESS

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Certified Advisor is Västra Hamnen Corporate Finance AB.

Consolidated Income Statement in Summary

All amounts in SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operating income					
Net sales	3 520	3 179	8 088	8 450	17 073
Cost of goods sold	-1 051	-237	-1 908	-1 117	-2 390
Gross profit	2 469	2 942	6 180	7 333	14 683
Sales & Marketing expenses	-3 916	-3 633	-7 534	-7 138	-12 217
Administrative expenses	-1 220	-1 278	-2 394	-2 279	-6 809
Research and development costs	-796	-758	-1 852	-1 637	-3 244
Other operating income	-	-	-	-	101
Capitalized development expenditure	-162	-34	-162	-206	-369
Operating profit/loss	-3 625	-2 761	-5 762	-3 927	-7 854
Profit/loss from financial items					
Interest income and similar profit/loss items	-	-	-	5	5
Interest expenses and similar profit/loss items	-82	-10	-86	-22	-35
Profit/loss after financial items	-3 707	-2 771	-5 848	-3 944	-7 884
Tax expenses	-	-	-	-	-
Profit/loss for the period	-3 707	-2 771	-5 848	-3 944	-7 884
Share attributable to parent company shareholders	-3 707	-2 771	-5 848	-3 944	-7 884
Per share data	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Earnings per share, SEK (basic and diluted)	-0,07	-0,07	-0,11	-0,09	-0,17
Equity per share, SEK	0,54	0,54	0,64	0,62	0,69
Equity-asset ratio, %	72%	79%	72%	80%	82%
Number of outstanding shares	51 525 365	42 156 813	51 525 365	42 156 813	51 525 365
Average number of outstanding shares	51 525 365	42 156 813	51 525 365	42 156 813	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	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales	3 520	4 568	4 933	3 690	3 179	5 271	3 675
Gross profit/loss	2 469	3 711	4 306	3 044	2 942	4 391	3 334
Gross margin in %	70%	81%	87%	82%	93%	83%	91%
Overhead costs	-5 932	-5 848	-6 536	-4 679	-5 669	-5 385	-6 891
Operating profit/loss	-3 625	-2 137	-2 228	-1 699	-2 761	-1 166	-3 731
Profit/loss for the period	-3 707	-2 141	-2 233	-1 707	-2 771	-1 173	-3 745
Cash flow	-3 540	-5 326	-3 464	13 942	-2 805	-4 929	-2 800

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2022-06-30	2021-06-30	2022-03-31	2021-12-31
Assets				
Intangible assets	24 385	15 685	23 495	20 420
Property, plant & equipment	395	395	425	400
Inventories	6 421	5 031	6 045	6 570
Trade receivables	1 778	1 507	2 883	1 355
Other receivables	1 034	1 147	1 519	1 456
Cash and cash equivalents	4 373	2 761	7 913	13 239
Total assets	38 386	26 526	42 280	43 440
Equity and liabilities				
Equity	27 799	20 913	32 977	35 456
Interest-bearing liabilities, longterm	1 533	100	0	0
Current interest-bearing liabilities	3 400	300	3 100	200
Trade payables	2 449	2 878	4 365	6 144
Other liabilities	3 205	2 335	1 838	1 640
Total equity and liabilities	38 386	26 526	42 280	43 440

Consolidated statement of changes in equity

All amounts in SEK thousand	2022-06-30	2021-06-30	2022-03-31	2021-12-31
Opening balance	35 456	25 352	35 456	25 352
New share issues	-	-	-	18 737
Costs of new share issues	-	-	-	-602
Profit/loss for the period	-5 848	-3 944	-2 141	-7 884
Other comprehensive income for the period	-1 809	-495	-338	-147
Closing balance	27 799	20 913	32 977	35 456

Cash Flow Analysis in Summary

All amounts in SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Profit/loss after financial items	-3 707	-2 771	-5 848	-3 944	-7 884
Adjustments for non-cash items	-1 422	426	-1 717	-309	-260
Tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	-5 129	-2 345	-7 565	-4 253	-8 144
Changes in working capital	665	1 345	-1 982	1 045	2 340
Cash flow from operating activities	-4 464	-1 000	-9 547	-3 208	-5 804
Capitalization of development expenditure	-909	-1 705	-4 002	-4 193	-8 992
Acquisition/disposal of property, plant & equipmer	-	-	-50	-133	-195
Förvärv/Avyttring av finansiella anläggningstillgång	-	-	-	-	-
Cash flow from investing activities	-909	-1 705	-4 052	-4 326	-9 187
New share issue					18 737
Transaction costs attributable to new share issue					-602
Change in bank overdraft facilities	2 000		5 000		
Change in bank overdraft facilities	-167	-100	-267	-200	-400
Cash flow from financing activities	1 833	-100	4 733	-200	17 735
Total cash flow for the period	-3 540	-2 805	-8 866	-7 734	2 744
Cash and cash equivalents at start of period	7 913	5 566	13 239	10 495	10 495
Cash and cash equivalents at end of period	4 373	2 761	4 373	2 761	13 239

Income Statement - Parent Company

All amounts in SEK thousand	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operating income					
Net sales	3 414	3 091	7 882	8 291	16 796
Cost of goods sold	-986	-197	-1 817	-1 037	-2 242
Gross profit	2 428	2 894	6 065	7 254	14 554
Sales & Marketing expenses	-3 875	-3 600	-7 454	-7 058	-12 188
Administrative expenses	-1 221	-1 278	-2 395	-2 279	-6 809
Research and development costs	-796	-758	-1 852	-1 637	-3 244
Other operating income	-	-	-	-	843
Capitalized development expenditure	-163	-31	-163	-203	-363
Operating profit/loss	-3 626	-2 773	-5 798	-3 923	-7 206
Profit/loss from financial items					
Interest income and similar profit/loss items	-	-	-	5	5
Interest expenses and similar profit/loss items	-82	-10	-86	-22	-35
Profit/loss after financial items	-3 708	-2 783	-5 884	-3 940	-7 236
Tax expenses	-	-	-	-	-
Profit/loss for the period	-3 708	-2 783	-5 884	-3 940	-7 236

Balance Sheet - Parent Company

All amounts in SEK thousand	2022-06-30	2021-06-30	2022-03-31	2021-12-31
Assets				
Intangible assets	24 385	15 685	23 495	20 420
Property, plant & equipment	395	395	425	400
Financial assets	464	464	464	464
Inventories	6 388	4 937	5 982	6 480
Trade receivables	1 745	1 312	2 803	1 334
Receivables from group companies	40	0	0	70
Other receivables	1 116	1 147	2 481	1 529
Cash and bank balances	4 119	2 647	7 761	13 049
Total assets	38 652	26 587	43 411	43 746
Equity and liabilities				
Equity	29 844	20 888	33 551	35 727
Interest-bearing liabilities, longterm	1 533	100	0	0
Current interest-bearing liabilities	3 400	300	3 100	200
Liabilities to group companies	-	610	0	0
Trade payables	2 441	2 875	5 297	6 138
Other liabilities	1 434	1 814	1 463	1 681
Total equity and liabilities	38 652	26 587	43 411	43 746