



PMD Device Solutions AB GROUP

INTERIM REPORT

Q1

Apr-June

Q2

July-Sep

Q3

Oct-Dec

Q4

Jan-Mar

2023-2024

Improving Gross Margins

KEY FIGURES

Amounts in SEK thousands unless otherwise indicated	Apr-Sept H1 2023-24	Apr-Sept H1 2022-23	12 months to March 2023
Revenue	18 469	4 637	18 408
Revenue from sensor sales	18 034	3 346	15 208
Gross margin%	84%	81%	78%
Operating margin %	Neg	Neg	Neg
Equity ratio %	-263%	-161%	-211%

IMPORTANT EVENTS DURING THE PERIOD

- There were no significant events during the period.

AFTER THE END OF THE INTERIM PERIOD

- The Company signed an agreement with Promore Pharma AB to take part in a reverse acquisition of Promore.

• FIRST HALF

APRIL-SEPT 2023

- Figures in brackets immediately following the period results refer the same period last year.
- Revenue amounted to SEK 18.5m (4.6m) which is a 3x increase compared to the same period last year.
- Revenue from sensor sales was SEK 265m (210M).
- Loss on ordinary activities amounted to SEK -8m (-11.7m), an improvement of SEK 3.7m since last year.
- Loss for the period came to SEK -12.1m (-20m) mainly due to lower financial costs and improved operating result.
- Cash flow from operating activities changed from SEK -2m to SEK -4.4m.

COMPANY DEVELOPMENTS DURING H1

1 APRIL – 30 SEPT 2023

REVENUE

Revenues for the 6 months amounted to SEK 18.5m (4.6m). The increase is due to sales of RespiraSense sensors. Recurring sensor sales rose 3x to SEK 18m compared to the same time last year.

GROSS PROFIT

Gross profit for the 6 months totalled SEK 14.6m (3.7m) which is 3x greater than the previous year. The gross margin rose from 81% to 84% resulting from the change in the product mix between the 2 periods.

Cost of goods sold represents the direct costs of acquiring and producing sold products.

OPERATING EXPENSES

Operating expenses for the half year increased SEK 6m to reflecting the higher compliance requirements including recruitment of quality and regulatory personnel, following FDA approval of RespiraSense in late 2022 and our entry into the UK market.

RESULT FOR THE PERIOD

Loss for the six months was SEK -12.1m (-20m), an improvement of SEK 8m compared to the previous year.. The reduction in the loss is due to lower interest costs and improving gross profits.

CASH FLOW AND LIQUIDITY

Cash flows from operating activities after changes in working capital were SEK-4.9m (-2m).

The company spent SEK 1.7m on development of the next generation of RespiraSense technology in the 6 months to 30 September 2023.

The Company raised SEK 6.2m from new and existing shareholders during the period which are expected to be converted to shares before the end of 2023. The proceeds are intended to reduce the borrowings of the company.

FINANCIAL POSITION

At the end of September 2023, the Company's equity was SEK -108m. The cash and cash equivalents amounted to SEK 2.5m.

SIGNIFICANT EVENTS IN THE PERIOD

There were no other significant events during the quarter.

PMD SOLUTIONS IN BRIEF

THE COMPANY

PMD Device Solutions AB (“the Company”), is a limited company incorporated in Sweden. The registered office is c/o Eversheds Sutherland Advokatbyrå AB, Box 14055, 104-40, Strandvagen 1, Stockholm, with operational headquarters in Bishopstown House, Model Farm Road, Cork, Ireland.

The principal activity of the Company is that of medical device development and sales.

EMPLOYEES

In the quarter, the average number of employees in the Company was 24 (18). The average number of women in the Company was 12 (9) and the average number of men was 12 (9).

MARKET

PMD’s primary product is RespiraSense™, a solution used for monitoring respiratory rate to detect deterioration of a patient’s general condition early and to avoid preventable respiratory failure and adverse patient outcomes. As RespiraSense™, to the Company’s knowledge, is the world’s only continuous, motion-tolerant respiratory rate monitoring system, PMD is of the impression that there is a new emerging market for continuous respiratory rate monitoring in the general ward.

The Company is primarily operating in the Irish market, which is small compared to most other European markets. As PMD executes its expansion pipeline, the addressable market for RespiraSense™ is expected to increase significantly. Except for being applicable to the hospital environment, PMD’s technology also enables monitoring of patients in home settings. There is a growing trend of hospital-at-home care and increasing demand for wearable devices and PMD projects that the future addressable market for RespiraSense™ which will also include hospital-at-home care.

THE SHARE AND SHAREHOLDERS

As of 30 September 2023, the number of shares and votes in PMD Device Solutions AB was 18,346,500.

The company has an outstanding incentive program for employees and key collaborators.

The new and existing incentive programs may increase the number of shares by: 1,606,642 shares.

Largest shareholders on 30 Sept

The Company’s owners, who hold at least five (5) percent of the shares and votes as at 30 September 2023 in the parent company, are shown in the table below. All shares have the same voting values.

Owner	Number of shares	Share of capital and votes
Myles Murray	8,904,100	48.53%
Anne Dorney	2,035,300	11.09%
John O’Sullivan	1,423,500	7.76%
Cogent Nominee Limited	991,300	5.40%
Gentian Consultancy Services Limited	953,400	5.20%

FINANCIAL CALENDAR

Year-end report 2023/24	TBD
Annual General Meeting	TBD
Interim report Q3 2023/24	TBD
Interim Report Q4 2023/24	TBD

AUDITORS REVIEW

This Report has been not reviewed by the company’s auditors.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK'000	Apr-Sept H1 2023-24	Apr-Sept H1 2022-23	12 months to March 2023
Net sales	18 469	4 637	18 407
Cost of sales	-3 887	-894	-4 022
Gross profit	14 582	3 743	14 385
Operating expenses	-20 089	-13 527	-33 085
Depreciation and amortisation	-2 579	-2 111	-4 442
Other income	190	129	546
Operating loss	-7 896	-11 766	-22 596
Interest payable and similar expenses	-4 263	-8 076	-13 883
Loss on ordinary activities before taxation	-12 159	-19 842	-36 479
Taxation	—	—	—
Loss for the financial period	-12 159	-19 842	-36 479
Other comprehensive income:- Exchange difference on translation of foreign operations	-2 129	-3 212	-5 352
Total comprehensive loss for the period	-14 288	-23 054	-41 831

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK'000		Unaudited 30 SEPT 2023	Unaudited 30 SEPT 2022	Audited 31 MARCH 2023
	Note			
ASSETS				
Non-current assets				
Intangible assets		28 709	26 381	27 891
Tangible assets		2 784	3 485	3 162
Right of use assts		3 440	3 066	3 964
Total non-current assets		35 023	32 862	35 017
Current assets				
Inventory		1 367	4 494	4 937
Accounts receivables		2	104	64
Other receivables		1 648	4 737	271
Prepayments and accrued income		670	534	484
Cash and cash equivalents		2 493	4 564	4 310
Total current assets		6 180	14 433	10 066
TOTAL ASSETS		41 203	47 295	45 083
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables		17 436	11 393	14 907
Convertible loan notes		24 942	31 460	27 281
Liabilities to credit institutions		379	483	510
Other short term loans		10 331	110	9 882
Other liabilities		19 966	16 949	15 897
Accrued expenses and prepaid income		48 061	40 791	49 085
Total current liabilities		121 115	101 185	117 562
Non-current liabilities				
Liabilities to credit institutions		81	363	257
Other liabilities		28 395	21 686	22 167
Total non-current liabilities		28 476	22 049	22 424
TOTAL LIABILITIES		149 591	123 234	139 986
TOTAL EQUITY		-108 388	-75 939	-94 903
TOTAL LIABILITIES AND EQUITY		41 203	47 295	45 083

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK'000	Share Capital	Other Contributed Capital	Reserves	Retained earnings	Total Equity
At 31 March 2022	550	-	156	-53 466	-53 072
Loss for the period	-	-	-	-19 842	-19 842
Movement on translation reserve	-	-	-3 025	-	-3 025
Transfer from retained earnings		23 561		-23 561	-
At 30 SEPT 2022	550	23 561	-3 181	-96 869	-75 939
At 31 March 2023	550	23 561	-5 508	-113 506	-94 903
Loss for the period	-	-	-	-12 159	-12 159
Movement on translation reserve	-	-	-1 326	-	-1 326
At 30 SEPT 2023	550	23 561	-6 834	-125 665	-108 388

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK'000	Apr-Sep H1 2023	Apr-Sep H1 2022	12 months to March 2023
Cash-flows from operating activities			
Operating Loss for the period	-7 896	-11 766	-22 596
Adjusted for items that are not included in cash flow:	2 864	2 756	4 442
Tax paid	-	-	-
Interest paid	-4 263	-8 076	-4 131
Net cash inflow/(outflow) from operating activities before changes in working capital	-9 295	-17 086	-22 285
<i>Cash flow from changes in working capital</i>			
Decrease/(increase) in operating assets	2 198	-5 440	-1 581
Increase/(decrease) in operating liabilities	2 238	20 499	28 752
Total change in working capital	4 436	15 059	27 171
Cash flows from operating activities	-4 859	-2 027	4 886
Cash flows from investing activities			
Payment to acquire tangible fixed assets	-125	-	-81
Payments to acquire intangible fixed assets	-1 671	-1 782	-3 837
Payments for leasing rights	-	-970	-2 232
Net cash used in investing activities	-1 796	-2 752	-6 150
Cash flow from financing activities			
Repayment of convertible loans	-	-	-2 415
Advanced contribution from shareholders	6 259	-	-
Repayment of liabilities to credit institutions	-4 711	-2 052	-271
Change in lease liabilities	3 291	3 136	-
Net cash inflow/(outflow) from financing activities	4 839	1 084	-2 686
Net increase/(decrease) in cash and cash equivalents during the period	-1 817	-3 696	-3 950
Cash and cash equivalents at the beginning of the period	4 310	8 260	8 260
Cash and cash equivalents at the end of the period	2 493	4 564	4 310

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

a) Basis of financial statements

These condensed interim consolidated financial statements are non-statutory general-purpose financial statements for the 6 months ended 30 September 2023 and have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all of the information required in annual financial statements in accordance with IFRS as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since last annual financial statements for the year ended 31 March 2023. The application of the accounting principles is in accordance with those contained in the Annual Report for the financial year ended 31 March 2023 and shall be read in conjunction with this Interim Report.

b) Presentation currency and going concern

Unless otherwise stated all amounts are presented in Swedish Kroner ("SEK") which is the functional currency of the Group. There are no changes to IFRS in 2023 that are estimated to have a significant impact on the Group's earnings and financial position.

Management have prepared projections and forecasts for the Group. These include consideration of revenue growth, funding and finance facilities in place, and cash reserves held. On this basis, the Directors consider that it is appropriate to prepare the condensed interim consolidated financial statements on the going concern assumption.

2. SHARE CAPITAL AND THE PARENT COMPANY

Amounts in SEK'000	30 SEPT 2023	30 SEPT 2022
Share Capital (Group)	550	550
Other contributed capital (Group)	23 561	23 561
Share Capital of Parent		
18,346,500 ordinary shares	550	550
Other contributed capital	25 685	25 685

3. SHARE-BASED PAYMENTS

On 1 September 2020, the company offered a share option plan to certain directors. The company's employee options were equity settled share-based payments as defined in IFRS 2. The exercise price equated to the fair market value at the grant date. A further small grant was made in October 2021. A warrant was issued in respect of all options granted which allowed a subscription for 13,053 shares. The warrant was transferred to the parent company as part of the restructure. The company had warrants for 1,210,500 shares in the AB as at 30 September 2023.

4. FINANCING

The company is in an early growth phase and is incurring significant product development, marketing and other costs, implying that the Company's current operations is, to a large extent, dependent on external financing. Management have prepared projections and forecasts for the company. These include consideration of revenue growth, a successful fundraising and finance facilities in place, and cash reserves held.

It is the assessment of the company's directors that the above-mentioned financing ensures the Company's current operations for the next 12 months.

5. POST BALANCE SHEET EVENTS

The Company entered an agreement with Promore Pharma AB to execute a reverse acquisition before the end of 2023.

6. RELATED-PARTY TRANSACTIONS IN THE PERIODS

Related parties are defined as senior management, members of the Board of Directors and owners of the company or subsidiaries. There were no related party transactions in the period.

7. SIGNIFICANT RISKS AND UNCERTAINTIES

Risk factors can have a potential negative impact on business in PMD. It is important that these risk factors are understood when evaluating the Company's growth opportunities. The Group has a negative equity of SEK -108 m at the end of the period and is actively seeking new financing.

PMD is in a phase of growth and expansion and has plans to expand into new geographical markets. A successful market entry is dependent on receiving a desired level of market acceptance from doctors, hospitals, patients, healthcare purchasers and the industry in general.

Delays in the planned expansion may lead to a loss of revenue and increased costs, which may have adverse effects on PMD's operations, financial position and earnings.

Adverse developments in financial markets, political economic downturns or weak economic growth may lead to strains in the market for medical technology products. PMD operates in an emerging market where the competitive landscape makes the company challenged by competition from, among others, technology and medical device companies, with significant financial resources, new entrepreneurs with innovative fast-growing businesses, and other companies active in the healthcare sector, where some of the competitors have larger financial resources and capacity to compete.