

Spermosens AB (publ)

INTERIM REPORT JANUARY - JUNE 2024

The revised strategy positions Spermosens optimally to unlock the full potential of its groundbreaking product.

1 JANUARY – 30 JUNE 2024

SIGNIFICANT EVENTS DURING THE QUARTER

- Spermosens receives patent approval in Singapore
- The rights issue carried out during the month of April provided the company with SEK 24.2 million before issue costs, which amount to approximately SEK 7.0 million
- Spermosens appoints Tore Duvold as new CEO
- Spermosens announced a revised strategy focusing on initiating a significant clinical study, enhancing global business development for its JUNO-Checked product, and optimizing operations for increased efficiency and cost reduction

SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

- Spermosens has entered into an agreement with US based ScanMed Partners to identify and attract strategic and commercial partners in North America with special focus on the US market.

FINANCIAL INFORMATION

Amounts in SEK thousand	2024	2023	2024	2023	2023	Rolling
	Q2	Q2	Q1-Q2	Q1-Q2	Full-Year	12 mth
Net sales	–	–	–	–	–	–
Operating profit/loss	-2 055	-3 400	-4 659	-6 648	-10 873	-8 884
- Whereof activated work for own account	1 142	3 635	3 529	6 022	5 915	3 422
Cash and cash equivalents	2 959	12 862	2 959	12 862	4 492	2 959
Total Cash flow			-1 533	6 171	3 940	-3 764
Equity end of period	24 132	18 192	24 132	18 192	12 692	24 132
Balance sheet total	27 302	21 686	27 302	21 686	26 105	27 302
Equity/assets ratio,%	88	84	88	84	49	88
Liquidity ratio,%	125	249	125	249	43	125
No. of shares	283 607 120	41 193 676	283 607 120	41 193 676	283 607 120	283 607 120
Weighted average number of shares, adjusted for dilution effect (thousands)	140 852 536	41 193 676	90 475 530	34 928 275	41 193 676	65 767 094
Earnings per share, SEK	-0,02	-0,08	-0,06	-0,19	-0,32	-0,17
Number of employees at end of period	6	6	6	6	7	6

CEO COMMENTS

The combination of declining birth rates and rising infertility presents one of the major challenges our time. Many countries struggle to find the right balance between economic development, social support, and healthcare improvements. Addressing infertility as part of the broader demographic strategy can reduce the decline in birth rates. The global birth rate challenge is not just a demographic challenge. It is a complex problem that touches on every aspect of society. At Spermosen, we are dedicated to finding solutions that can help increase birth rates and reduce the burden on couples struggling to conceive. Our innovative approaches aim to offer hope and support to those facing fertility challenges.

We recently revised our strategy to accelerate the development and commercialisation of our unique JUNO-Checked product designed to address male infertility. The revised strategy takes off in a clinical study designed to demonstrate the diagnostic value of Juno-Checked, to find the right strategic partners in the space of fertility solutions and reduce costs.

We are anticipating an eventful autumn as we initiate our clinical study at the Reproductive Medicine Center (RMC) in Malmö, which holds the potential to significantly enhance the value of JUNO-Checked and Spermosen. Our primary goal is to demonstrate the diagnostic efficacy of our product in assessing male infertility, making JUNO-Checked an important tool for patients, gynaecologists, fertility clinics, and sperm banks alike.

We are making good progress in preparing for the upcoming clinical trial, with plans to enroll the first patients in Q3. This study will provide us with continuous, valuable data, including the potential correlation between sperm binding capacity to the egg and fertility rates, as well as comparisons to traditional semen analyses, such as sperm count, motility, morphology and DNA fragmentation. Building on groundbreaking research, we hypothesize that sperm binding to the egg via the JUNO protein could emerge as the preferred method for predicting fertilization potential and become an indispensable for assessing male infertility.

We are also accelerating our business development efforts to establish strong partnerships with companies

specializing in fertility solutions. Our focus is on partnering with organizations that have the capability to finalize the development of a commercially viable product and leverage robust sales channels, as well as with strategic investors who bring expertise in the infertility space. Recently, we signed a business development agreement with U.S.-based Scan MedPartners, who assist us in identifying partners across North America. This fall, we will further expand our business development initiatives into key geographies, aiming to secure the optimal business models, product launches and sales strategies tailored to the specific needs of each market.

As part of our revised strategy, we have implemented measures to reduce our burn rate by sharply focusing on the upcoming clinical trial and targeted business development efforts. These measures will lower our capital requirements compared to previous projections. However, our current working capital remains limited, and we are actively pursuing financing solutions to ensure the successful execution of the clinical trial and business development.

Our core mission is to help couples having their own babies. I am confident that our revised strategy will position Spermosen optimally to unlock the full potential of our groundbreaking product, which addresses one of the most pressing challenges of our time: the decline in birth rates. As we move forward, I very much look forward to the coming months, which we hope will offer valuable clinical data and lead to productive partnerships and license agreements. A successful execution of our strategy will bring significant value to both patients and shareholders.



A handwritten signature in blue ink that reads "Tore Duvold". The signature is written in a cursive, slightly slanted style.

Tore Duvold, CEO of Spermosen AB
Lund, August 2024

ABOUT SPERMOSENS

The Problem: Current diagnostics fall short in assessing sperm quality in men. Several studies have reported a decline in sperm quality and other markers of male reproductive health. The WHO estimates that over 48 million couples are affected by infertility worldwide. More than 25 million people in Europe suffer from infertility. The male factor alone is responsible for approximately 30% of infertility cases and contributes to another 20%. Significant focus has been placed on diagnosing female infertility, leading to the neglect of male infertility—its research, diagnosis, and treatment. Globally, 3-4 million IVF treatments are performed annually, of which unfortunately less than 1 in 5 are successful.

Our Breakthrough Technology: Spermosens has developed a method that measures the interaction between sperm and egg cell proteins. For the first time, the binding ability of sperm can be determined. This will help doctors choose the appropriate IVF treatment, increasing success rates and leading to fewer IVF cycles to achieve pregnancy.

Patent Protection: Spermosens' patent portfolio currently includes a patent that provides protection for its medical device product, including the biosensor and its use for selecting suitable sperm for In Vitro Fertilization (IVF). Spermosens has obtained patent protection for its technology until 2039 in all key European markets, as well as in the USA and Japan, among others. Patent applications are ongoing in additional key markets. For more information, see <https://spermosens.com/technology/ip-status/>.

Spermosens' First Product: The JUNO-Checked system consists of an instrument and disposable cartridges. The cartridges contain biosensors on which sperm samples are applied to measure binding capacity. Standard IVF (StIVF) is recommended for sperm with a high score, thereby benefiting from the natural fertilization process. If a low score is observed, the alternative treatment Intra Cytoplasmic Sperm Injection (ICSI) is recommended.

Technical Pipeline: Spermosens' product portfolio is at the forefront of innovation in male reproduction and includes medical devices for diagnostics as a "best practice" treatment method. While JUNO-Checked helps to choose between StIVF and ICSI, JUNO-Picked assists the IVF clinic in selecting suitable sperm for ICSI. The launch and use of Spermosens' products are expected to shape and promote the global IVF market, providing a better and improved experience for both IVF clinics and couples facing infertility.

Market: The global market for in vitro fertilization was valued at USD 21.9 billion in 2021 and is expected to grow at a compound annual growth rate (CAGR) of six percent from 2022 to 2030. With over 3 million annual treatments and a sales price of over 200 dollars per cartridge, we estimate the sales potential for our first product to be many hundreds of millions of dollars. The US market is one of the world's three largest markets for IVF. Based on the CDC's 2021 Fertility Clinic Success Rates Report, there were 413,776 ART cycles performed at 453 reporting clinics in the USA in 2021. In Scandinavia, nearly 50,000 treatments were performed in 2018. About 25,000 treatments were started in Sweden in 2021. In Scandinavia, there are about 50 clinics. Without a competing alternative diagnostic product, global patent protection, and a pressing market need, Spermosens aims to become the market leader in male fertility diagnostic equipment globally.

Our Location: The company has its headquarters and laboratory at Medicon Village in Lund, Sweden, and collaborates with development partners across Europe. Medicon Village, together with the Biomedical Center at Lund University, the European Spallation Source (ESS), MAX IV, and other entities in the region, forms a unique concentration of research and development related to Life Science. These operations have a clear mission to change and improve. Spermosens is part of the innovative and expansive Life Science sector in the Öresund region.

FINANCIAL COMMENTS

NET SALES AND OPERATING PROFIT/LOSS

Net sales during the quarter totalled 0 KSEK (0). Operating expenses for the quarter totalled -2 055 KSEK (-3 400). Cost reductions are related to cost of administration and Research and Development. Operating expenses for Research and Development totalled -1 048 KSEK (-1 773). Expenses are primarily related to sourcing from external suppliers. Research and Development includes cost for depreciation of material assets, of -45 KSEK (-42). Depreciation is primarily related to laboratory equipment. Development cost for own account of 1 142 KSEK (3 635) has been activated in the balance sheet. Administrative expenses totalled -1 047 KSEK (-1 557). Costs are primarily related to cost of personnel. Other income and expenses relate to grants and currency 40 KSEK (-70). The operating profit/loss for the quarter totalled -2 055 KSEK (-3 400).

Net sales during the period totalled 0 KSEK (0). Operating expenses for the period totalled -4 659 KSEK (-6 648). Cost reductions are related to cost of administration and Research and Development. Operating expenses for Research and Development totalled -2 423 KSEK (-3 357). Expenses are primarily related to sourcing from external suppliers. Research and Development includes cost for depreciation of material assets, of -90 KSEK (-82). Depreciation is primarily related to laboratory equipment. Development cost for own account of 3 529 KSEK (6 022) has been activated in the balance sheet. Administrative expenses totalled -2 359 KSEK (-3 193). Costs are primarily related to cost of personnel. Other income and expenses relate to grants and currency 123 KSEK (-98). The operating profit/loss for the period totalled -4 659 KSEK (-6 648).

NET FINANCIAL ITEMS AND TAX

Net financial items for the quarter totalled -312 KSEK (-29). Profit/Loss for the quarter totalled -2 367 KSEK (-3 429). Earnings per share for the quarter totalled SEK-0,02 SEK (-0,08).

Net financial items for the period totalled -924 KSEK (-56). Profit/Loss for the period totalled -5 583 KSEK (-6 704). Earnings per share for the period totalled SEK-0,06 SEK (-0,19).

CASH FLOW

The cash flow from operating activities for the quarter totalled -5 648 KSEK (-2 603), whereof -3 052 KSEK (740) are related to changes in working capital.

During the quarter 8 597 KSEK of interest-bearing debt was amortized. ALMI loans raised during 2020, respectively 2022 were amortized with 147 KSEK (108), 8 450 KSEK out of 8 700 KSEK of the short-term loan raised in 2023 was amortized. During the month of April 2024, a rights issue was carried out amounting to SEK 24.2 million (of which an increase in the share capital by SEK 24,2 million) before issue costs of SEK 7.0 million. During the month of January 2023, a rights issue was carried out amounting to SEK 24.4 million (of which an increase in the share capital by SEK 2,908 thousand) before issue costs of SEK 5.4 million.

The cash flow from operating activities for the period totalled -6 948 KSEK (-6 456), whereof -1 221 KSEK (84) are related to changes in working capital. During the period 8 743 KSEK of interest-bearing debt was amortized.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totalled 2 959 KSEK (6 758). On the balance sheet date, the company has a total interest-bearing debt of KSEK 773 (1,251). The company's available cash and cash equivalents as of June 30 do not cover the liquidity needed to conduct the planned operations for the next 12 months. The board prioritize plans for the company to add capital in the near future in order to proceed in accordance with the communicated revised strategy.

EQUITY

The total equity at the end of the period totalled 24 132 KSEK (18 192) and equity per share was SEK 0,09 SEK (0,44).

ORGANIZATION AND STAFF

At the end of the quarter the company had 6 (6) employees. Out of the employees 4 (3) were women.

OTHER INFORMATION

COMPANY

Spermosens AB is a Swedish public limited liability company with corporate identity number 559179-0380. The company was founded in 2018 in connection with the filing of a patent application to use the JUNO protein as an indicator of male fertility.

BOARD OF DIRECTORS

At the 2024 Annual General Meeting, it was unanimously resolved to re-elect Søren Melsing Frederiksen, Ingela Liljeqvist Soltic, Kushagr Punyani and Christina Östberg Lloyd and to elect Ulrik Spork as new members of the Company's Board of Directors for the period until the end of the 2025 Annual General Meeting.

Ulrik Spork was, in accordance with the Nomination Committee's proposal in the notice, unanimously elected as Chairman of the Board.

ACCOUNTING PRINCIPLES

Spermosens applies the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 (K3) in the preparation of its financial statements. The company has switched from a cost-type-based income statement to a function-based income statement to provide a better description of the company's operations. The comparative figures have been recalculated. Accounting and valuation principles are unchanged compared with the previous year. For further information, please refer to the company's annual report for 2023.

Transactions with related parties

Company owned by board member Kushagr Punyani has invoiced a total of KSEK 0 (292) during the quarter, KSEK 301 (604) for the interim period, which includes consulting fees for the role of CSO. The company agreed with a few financiers and the company's CFO, Ulrik Nilsson, for a loan of a total of SEK 8.7 million, out of which SEK 8,5 was repaid during April 2024 through shares and/or cash in conjunction with rights-issue. The loan was taken out on market terms, where Ulrik Nilsson's share of the loan amounted to SEK 3 million, for which no arrangement fee was paid.

RISKS AND UNCERTAINTIES

The company's risks and uncertainty factors exist described in detail in the annual report for 2023. No events of significant importance have occurred since then that affect or change these descriptions of the company's

risks and their management.

THE GLOBAL GOALS – SDG 3 AND SDG 5ⁱ

Infertility often affects millions of people worldwide with devastating consequences. Addressing infertility is central to achieving Sustainable Development Goal (SDG) 3 – Ensure healthy lives and promote well-being for all at all ages – and SDG 5 – Achieve gender equality and empower all women and girls. Addressing infertility is also central to achieving the human rights to the enjoyment of the highest attainable standard of physical and mental health and to determining the number, timing and spacing of children.

ENVIRONMENTAL RISK

In the consequences of Russia's war of invasion in Ukraine and Middle Eastern conflicts, we see a risk of impact regarding component shortages and extended lead times. The impact of higher inflation cannot be ruled out.

ESTIMATION AND ASSESSMENTS

To be able to prepare the financial reports, the board and company management make assessments and assumptions that affect the company's results and position, as well as the information provided in general.

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations about future events that are expected to be reasonable under prevailing conditions. Actual results may differ from assessments made. The areas where estimates and assumptions could entail a significant risk of adjustments in reported values for earnings and financial position in future reporting periods are primarily assessments of market conditions and thus the value of the company's fixed assets.

AUDIT

This interim report has not been audited by the company's auditor.

The undersigned certify that the interim report provides a true and fair view of the company's financial position and financial results and describes the significant risks and uncertainty factors faced by the company.

Lund August 20, 2024

Ulrik Spork

Chairman of the Board

Ingela Liljeqvist Soltic

Board member

Søren Melsing Frederiksen

Board member

Christina Östberg-Lloyd

Board member

Kushagr Punyani

Board member

Tore Duvold

CEO

FINANCIAL REPORTS - IN SUMMARY

INCOME STATEMENT

Amounts in SEK thousand	Note	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Full-Year	Rolling 12 mth
Net sales		–	–	–	–	–	–
Total Income		–	–	–	–	–	–
Operating expenses							
Research and development	2	-1 048	-1 773	-2 423	-3 357	-5 266	-4 332
General and administration		-1 047	-1 557	-2 359	-3 193	-5 628	-4 794
Other revenues and expenses		40	-70	123	-98	21	242
Operating expenses		-2 055	-3 400	-4 659	-6 648	-10 873	-8 884
Operating profit/loss		-2 055	-3 400	-4 659	-6 648	-10 873	-8 884
Financial income and expenses							
Financial net		-312	-29	-924	-56	-1 329	-2 197
Profit/loss before tax		-2 367	-3 429	-5 583	-6 704	-12 202	-11 081
Tax		–	–	–	–	–	–
Profit/loss for the period		-2 367	-3 429	-5 583	-6 704	-12 202	-11 081
Results per Share (SEK)							
Earnings per share before and after dillution		-0,02	-0,08	-0,06	-0,19	-0,32	-0,17
Average number of shares before/after dillution		140 852 536	41 193 676	90 475 530	34 928 275	41 193 676	65 767 094

BALANCE SHEET

Amounts in SEK thousands	Note	2024	2023	2023
		30-Jun	30-Jun	31-Dec
Assets				
Immaterial assets	1	22 836	13 603	19 738
Material assets	2	563	678	652
Accounts receivables		–	–	–
Other current receivables		944	647	1 223
Cash and cash equivalents		2 959	6 758	4 492
TOTAL ASSETS		27 302	21 686	26 105
EQUITY AND LIABILITIES				
EQUITY		24 132	18 192	12 692
Long-term debt interest bearing		52	518	230
Short-term debt interest bearing		721	587	9 287
Accounts payable		1 302	1 516	1 339
Other payables		1 095	873	2 557
TOTAL EQUITY AND LIABILITIES		27 302	21 686	26 105

CHANGE IN EQUITY

Amounts in SEK thousands	2024	2023	2024	2023	2023	Rolling
	Q2	Q2	Q1-Q2	Q1-Q2	Full-Year	12 mth
Equity at start of period	8 820	21 577	12 692	5 829	5 829	18 192
Profit/loss for the period	-2 367	-3 429	-5 583	-6 704	-12 202	-11 081
Qualified stock options	-273	44	-234	82	137	-179
Transactions with shareholders	17 952		17 257	18 985	18 928	17 200
Equity end of period	24 132	18 192	24 132	18 192	12 692	24 132

CASH FLOW STATEMENT

Amounts in SEK thousands	2024	2023	2024	2023	2023	Rolling
	Q2	Q2	Q1-Q2	Q1-Q2	Full-Year	12 mth
Cash flow from operating activities						
Operating profit/loss	-2 055	-3 400	-4 659	-6 648	-10 873	-8 884
Depreciations	45	42	90	82	169	177
Adjustments for items not included in cash flow	116	44	-234	82	-658	-974
Interest payments, net	-702	-29	-924	-56	-591	-1 459
Cash flow from operating activities before changes in working capital	-2 596	-3 343	-5 727	-6 540	-11 953	-11 140
Cash flow from changes in working capital	-3 052	740	-1 221	84	1 016	-289
Cash flow from operating activities	-5 648	-2 603	-6 948	-6 456	-10 937	-11 429
Cash flow from investments in fixed assets and intangible assets	-1 366	-3 639	-3 098	-6 068	-12 265	-9 295
Cash flow from financing activities	9 356	-147	8 513	18 730	27 142	16 925
Total Cash flow	2 342	-6 389	-1 533	6 206	3 940	-3 799
Cash and Cash equivalents at the beginning of the period	617	13 147	4 492	552	552	6 758
Cash and cash equivalents at end of the period	2 959	6 758	2 959	6 758	4 492	2 959

NOTES

NOTE 1 – INTANGIBLE ASSETS

Amounts in SEK thousands	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Full-Year	Rolling 12 mth
Opening acquisition value	21 470	9 965	19 738	7 581	7 581	13 603
Acquisitions during the period	1 366	–	3 098	3 480	12 157	9 233
Closing acquisition value	22 836	13 603	22 836	13 603	19 738	22 836

NOTE 2-TANGIBLE ASSETS

Amounts in SEK thousands	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Full-Year	Rolling 12 mth
Opening acquisition value	885	823	885	777	777	–
Acquisitions during the period	–	–	–	46	108	777
Closing acquisition value	885	823	885	823	885	777
Opening accumulated amortization	-277	-103	-232	-63	-63	–
Depreciations of the period	-45	-42	-90	-82	-169	-63
Closing accumulated amortization	-322	-145	-322	-145	-232	-63
Book value	563	678	563	678	653	714

Share capital, the share and ownership relationships

The company's share capital amounts to SEK 28,360,712 distributed over 283,607,120 outstanding shares. The company has only one class of shares and all shares have the same right to dividends. Trading in the share takes place on the Spotlight

Stock Market under the trading name SPERM and ISIN code SE0015346424.

Incentive program

There are currently no active programs

Ownership statistics 2024-06-30

Shareholders who are not registered as owners, but whose shares are invested in insurance policies and custody accounts are not included in this list.

Aktieägare	Antal aktier	Procent
Avanza Pension	28 074 695	9,9%
Ulrik Nilsson	25 400 006	9,0%
Eric Andreas Bergström	12 544 557	4,4%
Tommy Ure	10 721 592	3,8%
Jonas Winberg	9 999 997	3,5%
Rune Löderup	9 467 101	3,3%
Nordnet Pensionsförsäkring	8 644 643	3,0%
Henrik Ruö Jensen	7 781 447	2,7%
Michael Kantor	7 034 881	2,5%
Jony Demir	5 602 128	2,0%
Övriga aktieägare	158 336 073	55,9%
Total	283 607 120	100,0%

Other convertibles, warrants and other share-related instruments

In accordance with the memorandum for listing at Spotlight Stock, the company entered into a contract with Gemstone Capital A/S ("Gemstone") which gave Gemstone the right to receive 156,500 warrants as partial compensation for financial services. The warrants give Gemstone the opportunity to acquire shares in the Company at any time during five (5) years from the first day of listing. The redemption price for subscribing to the share's amounts to the lowest of the share price at the listing issue and any future new issue in the Company. On the balance sheet date, Gemstone has 78,251 warrants.

Financial calendar

Interim report Q3, 2024

November 28, 2024

The company's financial reports are available at: www.spermosens.com

For further information, please contact:

Tore Duvold, VD

info@spermosens.com

This information is information that Spermosens AB is obliged to make public according to the EU's market abuse regulation and the law (2007:528) on the securities market. The information was submitted for publication on August 20, 2024 at 20:00.

ⁱ <https://www.who.int/publications/i/item/978920068315>