

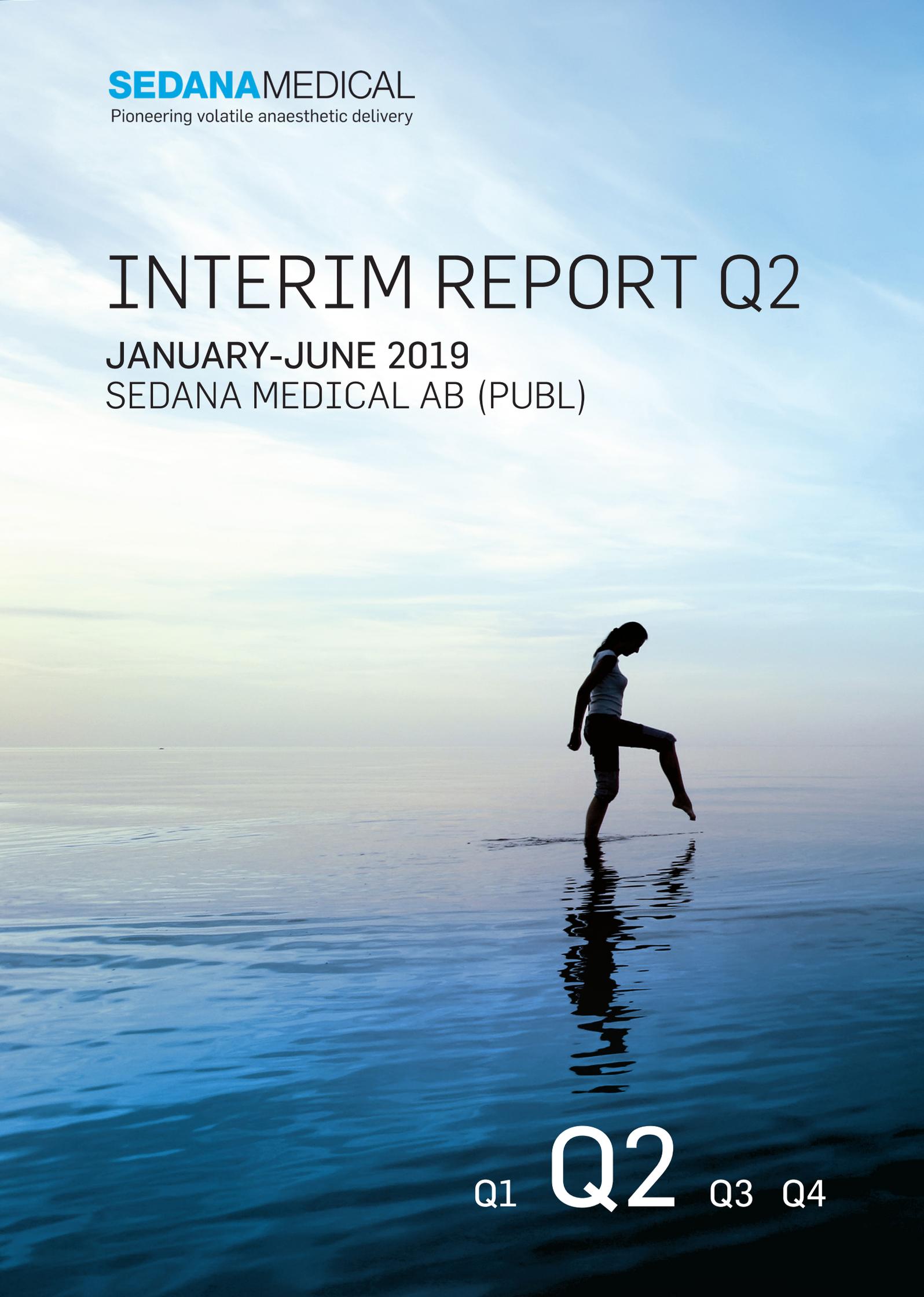
SEDANAMEDICAL

Pioneering volatile anaesthetic delivery

INTERIM REPORT Q2

JANUARY-JUNE 2019

SEDANA MEDICAL AB (PUBL)



Q1 **Q2** Q3 Q4

SEDANA MEDICAL, INTERIM REPORT Q2, JANUARY – JUNE 2019

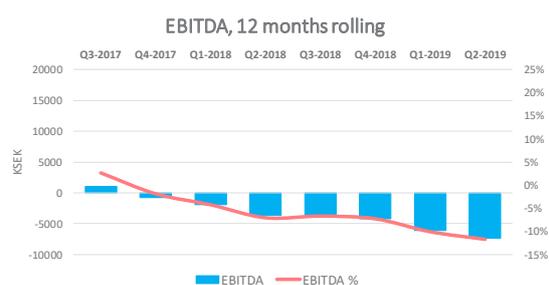
Financial Summary April–June

- Net sales during the second quarter amounted to KSEK 17,359 (14,485) corresponding to an increase of 20% compared with the same period in 2018.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to KSEK -2,330 (-1,006) KSEK. This corresponds to an EBITDA margin of -13% (-7%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -3,377 (-2,007), which corresponds to an EBIT margin of -19% (-14%).
- Cash flow from operations before changes in working capital amounted to KSEK -2,094 (-389).
- Cash flow from investment activities amounted to KSEK -13,415 (-8,812).
- Cash flow for the period amounted KSEK -12,576 (102,325).
- Liquid funds at the end of the period amounted to KSEK 137,317 (181,591).



Financial Summary January–June

- Net sales during the second quarter amounted to KSEK 35,173 (29,972) corresponding to an increase of 17% compared with the same period in 2018.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to KSEK -4,972 (-1,794) KSEK. This corresponds to an EBITDA margin of -14% (-6,0%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -7,037 (-3,737), which corresponds to an EBIT margin of -20% (-13%).
- Cash flow from operations before changes in working capital amounted to KSEK -3,928 (-1,210).
- Cash flow from investment activities amounted to KSEK -24,096 (-13,194).
- Cash flow for the period amounted KSEK -22,136 (96,046).



Significant events during the period

- During the pre-IND meeting the US Food and Drug Administration (FDA) was positive about the combination registration of IsoConDa and AnaConDa in the US. Sedana Medical now has a clear view of measures that must be taken in order to reach marketing authorization approval of both IsoConDa and AnaConDa in the US. The meeting also confirmed Sedana Medical's estimate of the time and cost of a US approval that is expected to occur in 2024.
- First patient in Japan was treated with AnaConDa and IsoConDa registration work in Japan was initiated.
- Sedana Medical AB (publ) entered into a 10-year exclusive distribution agreement with the Chinese distributor Kyuan Xinhai Medical, a subsidiary of partly state-owned Shanghai Pharma, the second largest life science company in China. Kyuan will immediately commence the fast-track registration of AnaConDa in China and estimates approval will be obtained in less than two years. The Chinese market potential for sedation in intensive care is estimated to be five to six million ventilation days annually.
- At the Annual General Meeting on May 28, 2019, it was resolved to introduce a new stock option program for employees in the Sedana Medical Group.

Significant events after the period

- Sedana Medical AB (publ) entered into a distribution agreement with the Indian distributor Hansraj Nayyar Medical. Sales will commence in the fall and a registration process will start in parallel. Hansraj Nayyar has committed to a first framework order of 25,000 euros. The Indian market potential for sedation in intensive care is estimated to be around two million ventilation days annually.





CEO COMMENTS

THE SECOND QUARTER was characterized by continued commercial growth and following up our successes from the first quarter, which, from a clinical perspective, was our strongest ever. This applies partly to the positive interim analysis for the IsoConDa study and the approval of our planned pediatric study and partly to our planned US registration. During the quarter we also made great progress in Asia. In terms of sales, the second quarter was a good quarter. We reached the company's second highest sales ever with growth of 20% in the quarter and our best half year ever.

As far as the IsoConDa study is concerned, the work is going according to plan. To ensure that we reach our goal of including the last patient in the study around the turn of the year 2019/2020, we have added three new sites in Slovenia where our therapy is already well used. The clinics will be initiated in August. We expect to submit an application for a market approval for IsoConDa (isoflurane) in the summer of 2020 in 16 European countries in a first registration round. If all goes well, we can have a European market approval during the second half of 2021. During the quarter, we also worked hard to prepare the pediatric study that will begin in 2020. Our plan is for the study to include sites in 4 European countries.

Within the company, we are now increasing the pace and developing our sales and marketing department to prepare for the launch of IsoConDa. In the largest European countries, we develop our own sales organizations, while in the markets we do not work with direct sales we create a well-developed distributor organization.

At our pre-IND meeting in March, the FDA was positive about the registration of IsoConDa and AnaConDa as a combination product in the United States. We got a clear view and understanding on the way forward in the US and this quarter we have moved on with our work. We have already recruited a director of clinical development for the US who will be based in Stockholm.

” In terms of sales, the second quarter was a good quarter. We reached the company's second highest sales ever with growth of 20% in the quarter and our best half year ever.

We also intend to set up a company in the US to be able to carry out the work on the management of studies, registration and market access. In close cooperation with relevant consultants and US key opinion leaders, we have begun the quarter to prepare the studies that the FDA requires. The plan is to reach US approval in 2024 and around 2022 we will decide whether to launch ourselves or together with a local partner.

During the spring, we updated our estimate of the total market potential for inhalation sedation in intensive care to SEK 20-30 billion annually. Europe and the US are two important markets for us. However, the patients sedated due to intensive care mechanical ventilation are globally evenly distributed between the US, Europe and Asia, and we are therefore very pleased with the progress we made in Asia during the quarter.

In Japan, the first patient was treated at the University Hospital in Shiga during the quarter, and in addition, AnaConDa treatment is evaluated by the ethics committees at a further five university hospitals. AnaConDa has been market approved in Japan since November 2018 but IsoConDa is not yet approved for sedation and therefore the treatment must initially be approved by ethical committees at each hospital. Work on investigating how to register IsoConDa in Japan began during the quarter.

In China, we entered into a 10-year exclusive distribution agreement with Chinese distributor Kyuan Xinhai Medical, a

subsidiary of China's second largest life-science company, the partially state-owned Shanghai Pharma, during the quarter. Kyuan is launching a so-called "fast-track", for registration work by AnaConDa in China and expects approval to be obtained within less than two years.

During the quarter, we also presented this year's Sedana Medical Research Foundation fellows. Due to the large medical possibilities with volatile anesthetics, the interest in research in inhalation sedation is generally very large and we received several good applications. This year's winners are three particularly interesting research projects in Italy, France and Switzerland, each of which will in its own way take the therapy forward both scientifically and geographically. We are continuously working close to the academy to find more interesting projects in order to highlight the benefits of therapy compared to intravenous treatment.

In summary, we summarize a good quarter that takes us closer to our goals; to register IsoConDa in Europe 2021, market approval in the US 2024 and to establish us in the major markets in Asia. The goals are a first step towards our vision of making inhalation sedation with AnaConDa and IsoConDa a standard treatment for mechanically ventilated patients in intensive care worldwide. I look forward to continuing with you all.

Christer Ahlberg, President and CEO



SEDANA MEDICAL IN BRIEF

SEDANA MEDICAL is a Swedish medical technology Group on its way of also becoming a pharma company. Sedana Medical develops, manufactures and sells the medical device AnaConDa and its associated accessories. AnaConDa is based on patented technology involving the vaporisation and reflection of anaesthetic gases. The device is sold to intensive care clinics in several countries for use in conjunction with inhalation sedation of patients, which has many medical benefits compared to intravenous sedation.

A major clinical registration study is currently under way with the aim of having the pharmaceutical candidate IsoConDa® (isoflurane) approved for inhalation sedation within intensive care in Europe, together with AnaConDa. The company has initiated a registration work for AnaConDa and IsoConDa in the United States. In Japan and South Korea, AnaConDa is approved.

Sedana Medical operates from several countries in Europe via subsidiaries and branch offices of the parent company, Sedana Medical AB (publ). Germany is comfortably the Group's largest market, with more than 85% of total sales.

The company conducts research and development in Ireland and has its head office in Stockholm, Sweden. In June 2017, the company's share was listed on the Nasdaq First North stock exchange.

LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

Shareholders in the company at the end of the period:

	Number of shares	Share (%)
Linc AB	2 116 901	10,78%
Sten Gibeck	1 605 744	8,33%
Handelsbanken funds	1 514 903	7,71%
Anders Walldov direct and indirect (Brohuvudet AB)	1 400 000	7,13%
Ola Magnusson direct and indirect (Magiola AB)	1 340 867	6,83%
Anades Ltd.	1 068 083	5,44%
Ron Farrell	731 062	3,72%
Berenberg funds	712 731	3,63%
Alfred Berg funds	476 648	2,43%
Nordnet Pension Insurance	470 022	2,39%
Swedbank Robur funds	450 000	2,29%
Eklund Konsulting AB	416 616	2,12%
Tony McCarthy	339 823	1,73%
Philip Earle	304 751	1,55%
Alto Invest SA	271 375	1,38%
Fifteen largest shareholders	13 219 526	67,32%
Others *	6 417 065	32,68%
Total	19 636 591	100,00%

* CEO's ownership is 230 000 shares.

BUSINESS DEVELOPMENTS DURING THE PERIOD

Registration Development

REGISTRATION OF THE PHARMACEUTICAL ISOCONDA® (ISOFLURAN) IN EUROPE

The work concerning registration of the drug candidate IsoConDa in Europe is ongoing. Together AnaConDa and IsoConDa will give us access to the full potential of the inhalation sedation market. To succeed, the company has initiated a clinical registration study in Germany and Slovenia which is currently under way and which will form the basis of the marketing authorization.

The company plans to submit the application for market approval of IsoConDa in 16 European countries in a first round in the summer of 2020 and expects a registration approval of IsoConDa in Europe in the second half of 2021.

REGISTRATION STUDY ISOCONDA

The clinical registration study required for a complete dossier is ongoing in Germany. During the summer of 2019, three sites in Slovenia were added to be included in the study. These three clinics have long experience of Anaconda. The study is also necessary to allow us to market inhaled sedation without restrictions in Europe.

The interim analysis for our registration-based Phase III study (which aims to get IsoConDa approved for inhaled sedation in intensive care in Europe) showed smaller variations in effect than expected. The study only needs a total of 300 patients instead of initially estimated 550 patients.

Until the end of June 2019, the company has recruited 234 patients in the study. The company expects to include the last patient in the study around the turn of the year 2019/2020.

In February, Sedana Medical was approved for the study plan on children (PIP, Paediatric Investigation Plan) from the European Medicines Agency's pediatric committee, PDCO. The approval is important because it is one of the prerequisites for a European market approval for IsoConDa. Since the filed registration documentation will now include children and in that sense be complete, the market approval will give Sedana Medical ten years of market exclusivity in Europe for the use of isoflurane in sedation in intensive care. The study will be initiated in 2020 in four European countries.

REGISTRATION WORK OF ANACONDA AND ISOCONDA IN US

The market potential for inhalation sedation in intensive care in the United States is SEK 6-15 billion annually. Work on the registration of inhalation sedation including both AnaConDa and IsoConDa is ongoing.

During the quarter, the company was able to announce the result of the pre-IND meeting conducted at the FDA in March. Overall, the FDA was positive in respect to the registration of IsoConDa and AnaConDa as a combination product in the United States. The meeting confirmed the company's estimate of the time and cost of a registration that is expected to occur in 2024.

Since the drug substance isoflurane has been around for decades, the FDA has accepted that Sedana Medical is taking a path to registration, 505 (b) (2), which somewhat simplifies the use of previously collected data. Since registration requirements have been tightened over the years since isoflurane was first registered, Sedana Medical needs to complete current documentation and add more data to be approved by the FDA; including toxicological animal studies and a human factors validation. Sedana Medical will also need to do two clinical, randomized and double-blinded studies to confirm and ensure efficacy and safety. The number of patients needed for both studies together is the same as Sedana Medical initially had as a requirement in the European study, i.e. 300-550 patients. These patients will also be included in a safety database of 500 isoflurane patients.

REGISTRATION OF ANACONDA AND ISOCONDA IN JAPAN

In November 2018, the company received approval of AnaConDa in Japan. The approval means that AnaConDa may be marketed, sold and used for the administration of volatile anesthetics for mechanically ventilated patients in Japan. In order to have access to the full potential of the Japanese market of over 1 million ventilated days a year in the field of intensive care, reimbursement of the price of therapy and registration of the drug candidate IsoConDa must be ensured. We are now investigating the various IsoConDa registration options available to us in Japan and expect to launch AnaConDa during 2019 using our local distributor.

” Until the end of June 2019, the company has recruited 234 patients in the study. The company expects to include the last patient in the study around the turn of the year 2019/2020.



Building of the market

During the spring, the estimated total market potential for inhalation sedation in intensive care was updated to SEK 20-30 billion annually by the Company. Europe and the US are two important markets. However, patients sedated due to mechanical ventilation in intensive care are equally distributed globally between the United States, Europe and Asia.

The work to increase awareness and use of AnaConDa technology and to establish in several countries in Europe is continuing. The plan is to be represented in several European markets with established networks and reference clinics when the approval of IsoConDa comes to quickly be able to penetrate the market.

Thanks to clarification in the registration process in the US and time planning for Europe as well as the success in Asia, we can now work on the fast track according to the established plan for both Europe, USA and Asia.

We intend to set up a company in the USA to be able to carry out the work on studies, registration and market access on our own. Around 2022 we will decide whether we intend to launch the products ourselves or together with a local partner.

During the year, we started a research foundation, the Sedana Medical Research Foundation, which constitutes a unique opportunity for the scientific community to increase knowledge about sedation of critically ill patients.

Sedana Medical Research Foundation fellows for 2019 were appointed during the quarter. This year's winners among many applications are three particularly interesting research projects in Italy, France and Switzerland, each of which will in its own way take the therapy forward both scientifically and geographically.

We are continuously working close with the academy to find more interesting projects in order to highlight the benefits of the therapy compared to intravenous treatment.

We also work closely to key opinion leaders (Key Opinion Leaders) and the academy in order to better understand regional differences and gain a deeper understanding of the clinical processes in each country.

From a market point of view, we regularly participate in national and international scientific intensive care conferences and congresses where we often arrange well-attended scientific symposia in the area of inhalation sedation.

The first half of 2019 sales were the highest ever in the company's history. Our second largest market France is now also growing significantly, almost 40% growth in the first half of the year. The total sales increase for the past twelve months was 24%, well in line with our goal of growing 20% per year until the registration of IsoConDa in Europe.

In addition to our growth ambition of 20% per year, we will also deliver an EBITDA result that is not significantly negative, in parallel with the build-up of a larger sales and marketing organization. Three years after the registration of IsoConDa in Europe, our ambition is that annual sales should exceed SEK 500 million and the EBITDA margin be around 40%.

Financial Summary, January – June 2019

Financial summary - Consolidated (SEK)

	Q2		Q1-Q2		Year
	2019	2018	2019	2018	2018
Net sales	17 359 195	14 485 021	35 172 816	29 971 679	57 896 208
Gross Profit	13 365 141	11 304 744	25 768 050	22 093 956	42 896 532
Gross Margin (%)	77,0%	78,0%	73,3%	73,7%	74,1%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2 330 497	-1 006 210	-4 971 594	-1 794 482	-4 232 301
Earnings Before Interest and Taxes (EBIT)	-3 376 540	-2 007 266	-7 036 557	-3 737 177	-8 238 213
Income after financial items	-2 487 070	-1 629 631	-5 012 098	-1 618 746	-6 519 628
Net income	-1 723 111	-846 758	-4 693 719	-933 784	-6 869 062
EBITDA %	-13,4%	-6,9%	-14,1%	-6,0%	-7,3%
EBIT %	-19,5%	-13,9%	-20,0%	-12,5%	-14,2%
Net income % of net sales	-9,9%	-5,8%	-13,3%	-3,1%	-11,9%
Total assets	231 846 912	238 958 610	231 846 912	238 958 610	231 549 760
Equity	214 055 342	223 566 101	214 055 342	223 566 101	217 811 282
Equity ratio	92,3%	93,6%	92,3%	93,6%	94,1%
Quick ratio	821,8%	1229,0%	821,8%	1229,0%	1219,6%
Average number of employees	40	25	37	25	26
Average number of shares before dilution	19 456 591	18 144 565	19 396 591	18 040 565	18 114 565
Average number of shares after dilution	20 335 740	19 286 714	20 513 740	19 286 714	19 286 714
Number of shares at the end of the period before dilution	19 636 591	19 008 591	19 636 591	19 008 591	19 156 591
Number of shares at the end of the period after dilution	20 520 740	20 150 740	20 520 740	20 150 740	20 150 740
Earnings per share before dilution ¹⁾	-0,09	-0,05	-0,24	-0,05	-0,38
Earnings per share after dilution ¹⁾	-0,08	-0,04	-0,23	-0,05	-0,36

¹⁾ Based on average number of shares for the period.

REVENUES

During the second quarter, the Group's revenues amounted to KSEK 17,913 (14,846), corresponding to an increase of KSEK 3,068 or 21 percent. The increase is mainly attributable to an increase in net sales of KSEK 2,874 or 20%. The Group's sales are almost exclusively in EUR and the corresponding sales increase, adjusted for currency fluctuations, was 19%. In addition, revenues for the fourth quarter contain other operating income of KSEK 554 (361) and consist mainly of positive exchange rate differences.

COST OF GOODS SOLD

The cost of goods sold during the second quarter amounted to KSEK 3,994 (3,180), which corresponds to an increase of KSEK 814 or 26%. The increase in cost of goods sold is mainly due to increased sales but also somewhat higher cost for purchasing and logistics. The product mix compared to the same period last year has also negatively impacted the cost of goods sold.

OTHER EXTERNAL EXPENSES

Other external expenses during the quarter amounted to KSEK 6,715 (5,456), which corresponds to an increase of KSEK 1,259 or 23%. Other external expenses include consulting fees, sales and marketing expenses, expenses for accounting services and auditing, travel expenses, patent costs and certain material costs for research. The increase in the item Other external expenses during the second quarter is mainly due to an increase in expenses for sales and market. Generally, there is also an increase in other types of external expenses as the company is growing and preparing for the launch of IsoConDa.

PERSONNEL EXPENSES

Personnel expenses in the Group amounted to KSEK 9,199 (6,811) during the second quarter, corresponding to an increase of KSEK 2,388 or 35%. During the second quarter, the Group had in average 40 employees, which was an increase of 15 employees compared to the same period in 2018. The main reason for the increase in personnel costs is the build-up of the marketing and sales organization prior to the registration and subsequent launch of IsoConDa.

DEPRECIATION AND AMORTISATION

Depreciation amounted to KSEK 1,046 (1,001) during the first quarter, which corresponds to an increase of KSEK 45 or 4%. Depreciation relates to property, plant and equipment and depreciation of in house developed asset AnaConDa-S.

OPERATING INCOME

The Group's operating profit for the second quarter amounted to KSEK -3,377 (-2,007), which corresponds to a decreased result of KSEK 1,369 or 68%. The decreased result is mainly due to an increase in expenses for building up the sales and marketing organization within the Group and preparations for the IsoConDa launch.

FINANCIAL ITEMS

Net financial items amounted to KSEK 889 (378) during the second quarter. Net financial items are partly explained by paid liquidity for the subscription of options in the warrants program 2019/2022. At the Annual General Meeting on May 28, 2019, it was resolved to introduce a new warrant program, 2019/2022, for employees of the Sedana Medical Group, see also note 3. A total of SEK 1,330,000 was paid in June 2019 from employees for subscription of warrants in this program.

TAXES

The Group reported a tax expense of KSEK 764 (783) during the second quarter. The tax expense for the quarter is explained in its entirety by changes in deferred tax.

NET INCOME

The Group reported a net income of KSEK -1,723 (-847) for the quarter, a decrease of KSEK 876 or 103%. The decline in earnings compared with the previous year is mainly explained by a lower operating profit.

EQUITY AND LIABILITIES

Equity in the Group at June 30, 2019 amounted to KSEK 214,055 (223,556), corresponding to a decrease of KSEK 9,511. The decrease is due to negative results as a result of the build up of the organization prior to the IsoConDa launch. Current liabilities in the Group amounted to KSEK 17,792 (15,393) at the end of the period and mainly comprised accrued expenses of KSEK 6,111 (10,001) and accounts payable of KSEK 5,816 (3,640).

LIQUID FUNDS AND CASH FLOW

Cash and cash equivalents at the end of the period amounted to KSEK 137,317 (181,591).

Cash flow from operating activities before changes in working capital was KSEK -2,094 (-389) the second quarter.

Cash flow from operating activities, including the change in working capital, amounted to KSEK -1,379 (3,187). The working capital's negative change compared with the same period last year is mainly due to an increase in inventories.

Cash flow from investments amounted to KSEK -13,415 (-8,812) and consists mainly of intangible fixed assets, the major part of which relates to capitalized development costs where the costs for the clinical study, SED001 and the registration work of IsoConDa EU, constitute the main part.

Cash flow from financing activities was KSEK 2,217 (107,950) during the quarter. KSEK 900 of the outcome during the quarter relates to new issues due to the conversion of warrants in program 2014/2019. The remainder relates to payments from employees who have subscribed for warrants in the new program 2019/2022. The outcome for the corresponding period last year relates to a targeted new share issue that was executed in June 2018.

Total cash flow for the quarter amounted to KSEK -12,576 (102,325).

PARENT COMPANY

Sedana Medical AB (publ), corporate identity number 556670-2519, is the parent company in the Group. Its operations consist of clinical development, sales and administrative and management functions. The parent company has branch offices in Germany and Spain, where operations consist of sales and warehousing of products.

The Parent Company's total revenue amounted to KSEK 20,758 (16,916) for the second quarter. Operating profit amounted to KSEK -4,311 (-1,861), which corresponds to a decrease of KSEK 2,450. Net financial items during the quarter amounted to KSEK -185 (600). Net income for the period amounted to KSEK -4,479 (-1,254).

Equity in the Parent Company, Sedana Medical AB (publ), as of June 30, 2019 amounted to KSEK 222,159 (229,870), corresponding to a decrease of KSEK 7,711. The share capital amounted to KSEK 1,964 (1,901), an increase of KSEK 63. The increase is entirely attributable to the conversion of warrants to shares in warrant programs 2014/2019.

Cash and cash equivalents amounted to KSEK 131,899 (178,626), a decrease of KSEK 46,727, which is mainly due to investments in intangible assets but also partly to the build-up and preparation of the organization prior to the IsoConDa launch.

Other information

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties take place on market terms. During the second quarter, the subsidiary Sedana Medical Ltd. purchased goods worth KSEK 1,342 from Lismed Ltd., a related company to the R&D director and owner Ron Farrell.

Consolidated Income Statement

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Revenues						
Net sales		17 359 195	14 485 021	35 172 816	29 971 679	57 896 208
Other operating income		554 187	360 687	1 359 531	716 178	1 474 482
		<u>17 913 382</u>	<u>14 845 708</u>	<u>36 532 347</u>	<u>30 687 857</u>	<u>59 370 690</u>
Operating cost and expenses						
Cost of goods sold		-3 994 054	-3 180 277	-9 404 766	-7 877 723	-14 999 676
External expenses		-6 714 962	-5 456 453	-13 496 722	-11 250 553	-21 651 097
Personnel expenses		-9 198 571	-6 810 851	-17 820 167	-12 866 457	-25 760 221
Depreciation and amortisation		-1 046 043	-1 001 056	-2 064 963	-1 942 695	-4 005 912
Other operating expenses		-336 292	-404 337	-782 286	-487 606	-1 191 997
Operating income		-3 376 540	-2 007 266	-7 036 557	-3 737 177	-8 238 213
Income from financial items						
Financial income		672 427	1 320 699	2 048 433	3 428 390	5 450 451
Financial expenses		217 043	-943 064	-23 974	-1 309 959	-3 731 866
Income after financial items		-2 487 070	-1 629 631	-5 012 098	-1 618 746	-6 519 628
Income before taxes						
		-2 487 070	-1 629 631	-5 012 098	-1 618 746	-6 519 628
Taxes		763 959	782 873	318 379	684 962	-349 434
Net Income		-1 723 111	-846 758	-4 693 719	-933 784	-6 869 062



Consolidated balance sheet

(SEK)	Note	30 June		31 December	
		2019	2018	2018	2018
ASSETS					
Fixed assets					
Intangible assets					
Capitalized development expenses		67 808 695	32 704 669	46 161 490	
Concessions, patents, licenses and similar		4 896 500	5 604 904	5 243 054	
		<u>72 705 195</u>	<u>38 309 573</u>	<u>51 404 544</u>	
Tangible assets					
Building and land		33 839	118 321	54 819	
Machinery and equipment		4 479 738	4 602 155	4 128 515	
Fixtures and tools		639 571	488 353	525 092	
		<u>5 153 148</u>	<u>5 208 829</u>	<u>4 708 426</u>	
Financial assets					
Deferred taxes		0			
		1 957 444	1 381 822	1 590 930	
		<u>0</u>			
Total fixed assets		79 815 787	44 900 224	57 703 900	
Current assets					
Inventory					
Finished goods		0	0	6 294 672	
Advances to suppliers		5 801 444	4 885 801	6 294 672	
		21 876	0	0	
		<u>5 823 320</u>	<u>4 885 801</u>	<u>6 294 672</u>	
Receivables					
Trade receivables		5 692 802	3 909 587	4 984 691	
Tax receivables		40 124	1 070 103	349 052	
Other current receivables		1 780 854	1 347 425	1 294 296	
Prepaid expenses and accrued income		1 377 521	1 254 964	1 572 472	
		<u>8 891 301</u>	<u>7 582 079</u>	<u>8 200 511</u>	
Cash and cash equivalents					
		137 316 504	181 590 506	159 350 677	
Total current assets		152 031 125	194 058 386	173 845 860	
TOTAL ASSETS		231 846 912	238 958 610	231 549 760	

(SEK)	Note	30 June		31 December	
		2019	2018	2018	2018
EQUITY AND LIABILITIES					
Equity					
Share capital		1 963 659	1 900 860	1 915 659	
Other equity including net income for the period		212 091 683	221 665 241	215 895 623	
Equity attributable to shareholders in parent company		214 055 342	223 566 101	217 811 282	
Total equity		214 055 342	223 566 101	217 811 282	
Current liabilities					
Accounts payables		5 816 154	3 639 858	4 429 892	
Tax liabilities		555 958	0	486 769	
Other current liabilities		5 308 007	1 752 133	1 864 189	
Accrued expenses and prepaid income		6 111 451	10 000 518	6 957 628	
		<u>17 791 570</u>	<u>15 392 509</u>	<u>13 738 478</u>	
TOTAL EQUITY AND LIABILITIES		231 846 912	238 958 610	231 549 760	

Consolidated statement of changes in equity

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Opening balance according to balance sheet		215 034 379	116 603 916	217 811 282	116 403 288	116 403 288
Changes in the carrying amounts recognised directly in equity						
Translation differences		-143 245	-141 108	-234 540	-327 454	-496 967
Transactions with the group's owners						
New issue of shares	3	900 000	112 323 445	1 200 000	112 843 445	113 213 445
Issue expenses	4	-12 681	-4 373 394	-27 681	-4 419 394	-4 439 422
Net income		-1 723 111	-846 758	-4 693 719	-933 784	-6 869 062
Total Equity		214 055 342	223 566 101	214 055 342	223 566 101	217 811 282

Consolidated statement of cash flow

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Operations						
Operating income		-3 376 540	-2 007 266	-7 036 557	-3 737 177	-8 238 213
<i>Adjustment of non cash flow items</i>						
Depreciations, amortisations and gains and losses on sale of fixed assets		0	0			
		1 533 501	1 755 474	3 053 421	2 697 113	5 661 282
Currency exchange rates differences		-229 353	-139 551	-266 440	-170 176	-385 362
Provisions		0	0	0	0	0
Other non cash flow items		0	0	0	0	97 018
		-2 072 392	-391 343	-4 249 577	-1 210 240	-2 865 275
Received interest		0	0	0	0	2 708
Paid interest		-881	1 932	-3 179	-101	-4 080
Paid taxes		-20 400	0	325 098	0	105 517
Cash flow from operations before change in working capital		-2 093 673	-389 411	-3 927 658	-1 210 341	-2 761 130
<i>Cash flow from change in working capital</i>						
		0	0			
Increase (-)/Decrease (+) of inventory		-1 698 268	460 750	386 202	-1 537 678	-3 078 972
Increase (-)/Decrease (+) of operating receivables		-187 968	1 122 130	-998 998	3 687 032	2 320 243
Increase (+)/Decrease (-) of operating liabilities		2 601 168	1 993 419	3 998 421	-123 692	-2 259 071
Cash flow from operations		-1 378 740	3 186 887	-542 033	815 321	-5 778 930
Investment activities						
		0	0			
Investment in intangible fixed assets		-11 891 209	-7 146 749	-21 717 736	-11 004 643	-25 101 463
Investments in tangible fixed assets		-1 523 559	-1 665 436	-2 378 335	-2 189 011	-4 025 073
Investments of financial assets		0	0	0	0	0
Cash flow from investment activities		-13 414 768	-8 812 185	-24 096 071	-13 193 654	-29 126 536
Financing activities						
		0	0			
New issue of shares	3	900 000	112 323 444	1 200 000	112 843 445	113 213 445
Issue expenses	4	-12 681	-4 373 394	-27 681	-4 419 394	-4 439 422
Received premium for warrant subscription	3	1 330 177		1 330 177		
Cash flow from financing activities		2 217 496	107 950 050	2 502 496	108 424 051	108 774 023
Cash flow for the period		-12 576 012	102 324 752	-22 135 607	96 045 717	73 868 557
Liquid funds at the beginning of the period		149 848 901	79 212 668	159 350 677	85 321 647	85 321 647
Effects of exchange rate changes on cash		43 616	53 085	101 434	223 142	160 474
Liquid funds at the end of the period		137 316 504	181 590 506	137 316 504	181 590 506	159 350 677

Parent company income statement

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Revenues						
Net sales		20 211 939	14 112 411	40 096 873	29 391 924	65 155 222
Other operating income		546 252	2 803 723	1 195 336	3 159 214	1 323 924
		20 758 191	16 916 134	41 292 209	32 551 138	66 479 146
Operating cost and expenses						
Cost of goods sold		-11 450 112	-9 093 163	-22 797 799	-18 868 831	-34 729 212
External expenses		-5 722 102	-3 725 026	-12 156 720	-8 535 977	-16 828 870
Personnel expenses		-7 138 154	-5 166 026	-13 525 677	-8 762 064	-18 676 093
Depreciation and amortisation		-425 708	-395 224	-812 402	-757 610	-1 543 114
Other operating expenses		-332 769	-397 515	-740 302	-479 967	-1 133 298
Operating income		-4 310 654	-1 860 820	-8 740 691	-4 853 311	-6 431 441
Income from financial items						
Financial income		-660 768	1 543 972	715 238	3 856 799	6 445 723
Financial income, group internal		236 755	0	459 784	0	0
Financial expenses		238 927	-944 309	-950	-1 309 858	-3 721 356
Income after financial items		-4 495 740	-1 261 157	-7 566 619	-2 306 370	-3 707 074
Group contribution		0	0	0	0	0
Income before taxes		-4 495 740	-1 261 157	-7 566 619	-2 306 370	-3 707 074
Taxes		16 859	7 523	-48 135	0	-48 083
Net Income		-4 478 881	-1 253 634	-7 614 754	-2 306 370	-3 755 157



Parent company balance sheet

(SEK)	Note	30 June		31 December
		2019	2018	2018
ASSETS				
Fixed assets				
Intangible assets				
Capitalized development expenses		61 830 625	12 469 671	42 297 443
Tangible assets				
Building and land		0	29 375	0
Machinery and equipment		2 826 266	3 269 531	2 413 629
Fixtures and tools		220 932	56 838	278 803
		3 047 198	3 355 744	2 692 432
Financial fixed assets				
Shares in group companies		82 547	50 009	50 009
Long term receivables in group companies		26 449 626	39 883 863	24 019 262
		26 532 173	39 933 872	24 069 271
Total fixed assets		91 409 996	55 759 287	69 059 146
Current assets				
Inventory				
Finished goods		11 259 874	10 942 910	9 227 249
Receivables				
Trade receivables		4 923 407	3 237 246	4 380 462
Receivables in group companies		20 067 849	8 829 213	12 648 231
Tax receivables		40 124	370 698	349 052
Other current receivables		1 744 165	3 706 143	1 239 426
Prepaid expenses and accrued income		1 343 203	1 250 880	1 350 629
		28 118 748	17 394 180	19 967 800
Cash and cash equivalents				
		131 898 775	178 626 074	158 805 490
Total current assets		171 277 397	206 963 164	188 000 539
TOTAL ASSETS		262 687 393	262 722 451	257 059 685

(SEK)	Note	30 June		31 December
		2019	2018	2018
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		1 963 659	1 900 859	1 915 659
Fund for capitalized development expenses		61 830 626	18 872 439	42 297 443
Non restricted equity				
Share premium fund		238 840 398	237 296 814	237 690 860
Retained earnings		-72 861 055	-25 894 038	-49 438 748
Profit or loss previous year		0	0	0
Profit or loss for the period		-7 614 754	-2 306 370	-3 755 157
Total Equity		222 158 874	229 869 704	228 710 057
Current liabilities				
Accounts payables		2 216 896	2 211 025	2 281 214
Liabilities to group companies		29 109 761	21 428 628	20 130 621
Tax liabilities		97 831	0	0
Other current liabilities		4 568 427	1 015 879	1 340 845
Accrued expenses and prepaid income		4 535 604	8 197 215	4 596 948
		40 528 519	32 852 747	28 349 628
TOTAL EQUITY AND LIABILITIES		262 687 393	262 722 451	257 059 685

Parent company statement of changes in equity

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Opening balance according to balance sheet		225 802 129	123 233 648	228 710 057	123 946 488	123 946 488
Changes in the carrying amounts recognised directly in equity						
Translation differences		-51 693	-60 361	-108 748	-194 465	-255 297
Transactions with the group's owners						
New issue of shares		900 000	112 323 445	1 200 000	112 843 445	113 213 445
Issue expenses	3	-12 681	-4 373 394	-27 681	-4 419 394	-4 439 422
Reallocation between items in equity						
Allocations to funds for capitalized development expenses		10 104 387	7 194 019	19 533 182	18 872 439	42 297 443
Retained earnings		-10 104 387	-7 194 019	-19 533 182	-18 872 439	-42 297 443
		0	0	0	0	0
Net income		-4 478 881	-1 253 634	-7 614 754	-2 306 370	-3 755 157
Total Equity		222 158 874	229 869 704	222 158 874	229 869 704	228 710 057

Parent company statement of cash flow

(SEK)	Note	Q2		Q1-Q2		Year
		2019	2018	2019	2018	2018
Operations						
Operating income		-4 310 654	-1 860 820	-8 740 691	-4 853 311	-6 431 441
<i>Adjustment of non cash flow items</i>						
Depreciations, amortisations and gains and losses on sale of fixed assets		913 166	1 149 642	1 800 860	1 512 028	3 198 484
Currency exchange rates differences		-474 178	-120 527	-330 769	-286 165	164 582
Other non cash flow items		0	0	0	0	97 018
		-3 871 666	-831 705	-7 270 601	-3 627 448	-2 971 357
Received interest		236 755	226 509	459 784	431 340	995 272
Paid interest		319	687	-950	0	-3 977
Paid taxes		-20 400	0	316 472	0	0
Cash flow from operations before change in working capital		-3 654 992	-604 509	-6 495 295	-3 196 108	-1 980 062
<i>Cash flow from change in working capital</i>						
Increase (-)/Decrease (+) of inventory		-2 106 847	-3 883 497	-1 999 530	-4 948 236	-3 113 712
Increase (-)/Decrease (+) of operating receivables		-3 940 337	-1 650 008	-8 380 518	-2 843 062	-5 641 113
Increase (+)/Decrease (-) of operating liabilities		4 173 691	9 770 801	12 220 567	12 391 134	8 328 001
Cash flow from operations		-1 873 493	3 632 787	-4 654 777	1 403 728	-2 406 886
Investment activities						
Investment in intangible fixed assets		-10 104 388	-3 402 449	-19 533 183	-6 066 902	-35 754 690
Investments in tangible fixed assets		-1 353 038	-1 352 976	-2 063 289	-1 666 138	-3 007 850
Investments of financial assets		-889 403	-5 994 695	-1 900 441	-6 913 956	7 784 889
Cash flow from investment activities		-12 346 829	-10 750 120	-23 496 914	-14 646 996	-30 977 651
Finansieringsverksamheten						
New issue of shares	3	900 000	112 323 444	1 200 000	112 843 444	113 213 445
Issue expenses	4	-12 681	-4 373 394	-27 681	-4 419 394	-4 439 422
Cash flow from financing activities		887 319	107 950 050	1 172 319	108 424 050	108 774 023
Cash flow for the period		-16 987 995	100 832 717	-26 979 372	95 180 782	75 389 485
Liquid funds at the beginning of the period		148 864 663	77 792 889	158 805 490	83 282 895	83 282 895
Effects of exchange rate changes on cash		22 108	468	72 657	162 397	133 110
Liquid funds at the end of the period		131 898 775	178 626 074	131 898 775	178 626 074	158 805 490

Share information

	Q2		Q1-Q2		Year
	2019	2018	2019	2018	2018
Net income, SEK	-1 723 111	-846 758	-4 693 719	-933 784	-6 869 062
Cash flow, SEK	-12 576 012	102 324 752	-22 135 607	96 045 717	73 868 557
Number of shares at the beginning of the period	19 276 591	17 280 538	19 156 591	17 072 538	17 072 538
Number of shares at the end of the period	19 636 591	19 008 591	19 636 591	19 008 591	19 156 591
Average number of shares	19 456 591	18 144 565	19 396 591	18 040 565	18 114 565
Outstanding warrants at the beginning of the period	874 149	1 142 149	1 350 149	1 350 149	1 350 149
Outstanding warrants at the end of the period	884 149	1 142 149	884 149	1 142 149	994 149
Average number of warrants	879 149	1 142 149	1 117 149	1 246 149	1 172 149
Share capital at the end of the period, SEK	1 963 659	1 900 860	1 963 659	1 900 860	1 915 659
Equity at the end of the period, SEK	214 055 342	223 566 101	214 055 342	223 566 101	217 811 282
<i>Earnings per share, SEK</i>					
- Earnings per share before dilution	-0,09	-0,05	-0,24	-0,05	-0,38
- Earnings per share after dilution	-0,08	-0,04	-0,23	-0,05	-0,36
Equity per share, SEK	10,90	11,76	10,90	11,76	11,37
Cash flow per share, SEK	-0,65	5,64	-1,14	5,32	4,08

Sedana Medical share – facts

Handelsplats	Nasdaq First North Stockholm
Antal aktier *	19 636 591
Börsvärde MSEK *	2 404
Ticker	SEDANA
ISIN	SE0009947534

* Per 2019-06-30

Notes to the financial information

NOTE 1 ACCOUNTING PRINCIPLES

Sedana Medical AB (publ) and the Group applies the Swedish Accounting Standard Board's (BFN's) general guidelines BFNAR 2012:1 Annual report and consolidated accounts (K3). Significant accounting and valuation principles are set out on pages 13-17 of the Group annual report 2016.

A departure from the K3 regulation has occurred in the third quarter when it comes to the gross reporting of capitalized development expenses. As of Q3 2017, Sedana Medical reports development costs on a net basis under personnel expenses and other operating expenses.

NOTE 2 DEFINITION OF RATIOS

EBITDA margin:

Operating income before depreciation and amortisation/
net sales

EBIT margin:

Operating income/net sales

Net profit in % of net sales:

Net profit/net sales

Balance sheet total:

Total assets

Average number of employees:

Average number of employees during the period

Equity ratio:

(Total equity + 78% of untaxed reserves)/Total assets

Quick ratio:

Current assets excluding inventory/Current liabilities

NOTE 3 WARRANT PROGRAMS

New Warrants Program 2019/2022

The Annual General Meeting on May 28, 2019 in Sedana Medical AB (publ) decided to implement a new warrants program for employees of the Sedana Medical Group. The company thus has 370,000 outstanding warrants series 2019/2022. The warrants entitle to subscribe for shares in Sedana Medical AB (publ) during the period July-November 2022. For the warrants, customary conversion terms apply if the company makes changes in the share capital and / or the number of shares through, for example, new share issue, fund issue, aggregation or division of shares. Each subscription option entitles the holder to subscribe for one share. In total, outstanding warrants warrant subscription of 370,000 shares, at a subscription price of SEK 142.23 per share. As of the balance sheet date, 64,024 warrants series 2019/2022 were subscribed by employees and senior executives of the company. 305,976 warrants are not subscribed for and can be subscribed until September 30, 2019, thereafter, un subscribed and granted warrants expire. Upon full exercise of all remaining warrants in series 2019/2022, the company's share capital will increase by SEK 37,000 through the issue of 370,000 shares in the company, corresponding to a dilution of 1.9 percent based on the number of shares in the company on the balance sheet date. The amount paid in during June, by employees subscribing for the 64,024 warrants, was SEK 1,330,177.

Warrant program 2014/2019

A total of KSEK 900 was paid in the first half of the year regarding the conversion of warrants to shares in warrants program 2014/2019. KSEK 600 concerned the second quarter. This corresponds to a total of 460,000 new shares in Sedana Medical AB (publ) and increased the share capital by KSEK 48.

NOTE 4 TRANSACTION EXPENSES

Total transaction costs for the new share issue as a result of conversions of warrants to shares in warrant program 2014/2019 amounted to SEK 27,681 during the year, of which SEK 12,681 relate to the second quarter.

AUDITOR'S REVIEW

The Group's auditor has not reviewed the accounts in this interim report.

CERTIFIED ADVISER

Erik Penser Bank, +46 8 463 83 00, certifiedadviser@penser.se, is the certified adviser for Sedana Medical AB (Publ).

FOR FURTHER INFORMATION PLEASE CONTACT

Christer Ahlberg, President and CEO

+46 (0)8-124 05 200

Maria Engström, CFO

+46 (0)8-124 05 200

DATES FOR UPCOMING INFORMATION

13 Nov 2019 Interim report Q3 2019

5 Mar 2020 Year End report 2019

22 April 2020 Annual report 2019



Certification from the Board of Directors and the CEO

The Board of Directors certifies that this interim report provides a true and fair view of the Group's operations, financial position and results. For a description of Sedana Medical's risks, please refer to the Group's prospectus that was prepared for the listing on Nasdaq First North as well as the annual report for 2018.

Danderyd 22 August 2019

Thomas Eklund
Chairman of the Board

Sten Gibeck
Board member

Bengt Julander
Board member

Ola Magnusson
Board member

Michael Ryan
Board member

Eva Walde
Board member

Christer Ahlberg
President and
CEO

Sedana Medical AB (publ), 556670–2519, Vendevägen 87,
SE-182 32 Danderyd, Sverige.

Telefon +46 (0)8-124 05 200, info@sedanamedical.com,
www.sedanamedical.com

SEDANAMEDICAL
Pioneering volatile anaesthetic delivery