

SEDANAMEDICAL
the AnaConDa technology people

YEAR-END REPORT 2017

SEDANA MEDICAL AB (PUBL)



Q1 Q2 Q3 **Q4**

SEDANA MEDICAL, YEAR-END REPORT 2017

Financial summary October–December

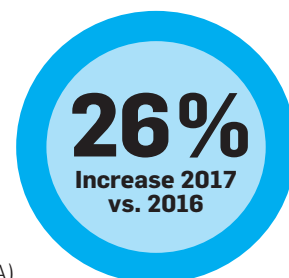
- Net sales during the fourth quarter amounted to 10,795 (8,872) KSEK, corresponding to an increase of 22 % compared with the same period in 2016.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to -838 (937) KSEK. This corresponds to an EBITDA margin of -7.8 % (10.6 %).
- Earnings before interest and taxes (EBIT) amounted to -1,912 (832) KSEK, which corresponds to an EBIT margin of -17.7 % (9.4 %).
- Cash flow from operations before changes in working capital amounted to -960 (1,109) KSEK.
- Liquid funds at the end of the period amounted to 85,322 (8,296) KSEK.

Significant events during October–December

- Senior Consultant and Associate Professor Peter Sackey was recruited as Chief Medical Officer (CMO).
- All remaining outstanding warrants in the incentive programme 2017/2021, which was initiated in conjunction with the IPO, were acquired by incoming Chief Medical Officer Peter Sackey.
- The company appointed Erik Penser Bank as a new Certified Adviser.
- Sedana Medical's distributor in Japan applied for registration of the medical device AnaConDa on November 23.
- Sedana Medical's nomination committee was appointed.
- In December, our sales organisation in France was strengthened by the addition of two Key Account Managers to meet demand and further develop the market.

Financial summary January–December

- Net sales during the year amounted to 40,428 (32,155) KSEK, which corresponds to an increase of 26 % compared with the same period in 2016.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to -736 (994) KSEK. This corresponds to an EBITDA margin of -1.8 % (3.1 %).
- Earnings before interest and taxes (EBIT) amounted to -3,488 (618) KSEK, which corresponds to an EBIT margin of -8.6 % (1.9 %).
- Cash flow from operations before changes in working capital amounted to -4,232 (186) KSEK.



Significant events after the end of the financial year

- Peter Sackey took office as a medical director on January 8, 2018.
- Sedana Medical AB (publ) opened its own sales operations in Norway and Denmark.



CEO COMMENTS

The final quarter of the year and 2017 is now complete. We are pleased with our efforts. We have been working to develop our sales and marketing efforts in Europe while continuing our registration strategy, especially in Europe, but also in the USA and Asia. All of this is done to strengthen our leading role in inhalation sedation.

Our vision of developing inhalation sedation with IsoConDa and AnaConDa as a global standard method for sedation of mechanically ventilated patients in intensive care remains firm. We live up to our previously expressed financial ambition of achieving an average annual increase in sales of more than 20 %, and an EBITDA figure that is not significantly negative in the time prior to the registration of IsoConDa in Europe. At the same time, we are building up a larger sales and marketing organisation. It is our ambition to reach annual sales in excess of 500 MSEK and have an EBITDA margin of around 40 % three years after the registration of IsoConDa in Europe.

The fourth quarter shows sale growth of 22 % and on a full-year basis we will reach a 26 % growth rate compared with 2016. This growth clearly show that we offer a therapy that truly generates added medical value. In line with our plans, the operational costs increase as we develop the organisation and increase our market presence. This generates an EBITDA for the fourth quarter of -838 KSEK and for the full-year 2017 of -736 KSEK.

SALES DEVELOPMENTS

Sales during the last quarter of the year continue to increase, and is in line with our targets. The German market goes from strength to strength. New clinics are added every month and sales to existing clinics are increasing continuously. Almost 500 clinics in Germany now use AnaConDa regularly at approximately 400 hospitals and interest is increasing. Recently, a symposium on the theme of inhalation sedation was held at an intensive care congress in Bremen, Germany. There was a great interest in our symposium and the number of visitors was more than ever. Even in France, demand from more interested clinics grows. During the quarter, we have strengthened our French sales organisation with another 2 key account managers.

REGULATORY AND MEDICAL DEVELOPMENTS

The most important task for the next two years is to register the inhalation sedation with our drug candidate IsoConDa (isoflurane) in Europe. We are working intensively with the clinical registration study currently in progress in Germany.

Performing clinical studies in intensive care is challenging and requires much energy from both sponsors and investigators. However, I believe we are able to cope with these challenges

in a good and satisfactory way. Recruitment of patients and clinics is ongoing and we expect to do an interim analysis in the late summer of 2018 in order to determine how many patients need to participate in the study. In parallel with this registration study, preparations are in place to have the registration application complete and ready for the day that the analysis of the study is finished.

Work on preparing for a US registration of both pharmaceuticals and medical devices is ongoing, and we are confident that the plan for how we are to register the therapy in the US will be completed in 2018.

In Asia, our Japanese distributor applied for registration of AnaConDa in November. Our strategy, as in Europe, is to start by registering AnaConDa to establish ourselves in Japan and then evaluate the possibilities for taking the next step. We are also looking into opportunities in China.

In conclusion, I am pleased with our efforts in the fourth quarter and the whole of 2017. We are well on course to achieving our high ambitions, both in terms of our goals for registration and growth. 2017 has demonstrated that Sedana Medical is well placed to pioneer the process of offering the first commercial solution for inhalation sedation within intensive care, a market with a sales potential of SEK 10-20 billion annually.

Christer Ahlberg, President and CEO



“We are well on course to achieving our high ambitions, both in terms of our goals for registration and growth.”



SEDANA MEDICAL **IN BRIEF**

SEDANA MEDICAL is a Swedish medical technology Group which 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. AnaConDa is used in intensive care clinics in several countries for use in conjunction with inhalation sedation by mechanically ventilated patients. Inhalation sedation has many medical benefits over intravenous sedation.

Sedana Medical operates in Germany, France, Spain and Scandinavia 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.

A major clinical registration study is currently under way with the aim of having the pharmaceutical IsoConDa® (isoflurane) approved for inhalation sedation within intensive care in Europe, together with AnaConDa.

Sedana Medical conducts research and development in Ireland. The parent company and head office is based in Danderyd, 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 (%)
Sten Gibeck	2 105 744	12,33%
Linc AB	1 821 901	10,67%
Magiola Consulting	1 427 867	8,36%
Michael Ryan	1 108 083	6,49%
HealthInvest Partners AB	1 024 817	6,00%
Ron Farrell	906 397	5,31%
Alto Invest SA	748 228	4,38%
Brohuvudet AB	512 800	3,00%
Zaragatero Ltd	503 404	2,95%
Tony Mc Carthy	439 823	2,58%
Ten largest shareholders	10 599 064	62,08%
Others	6 473 474	37,92%
Total *	17 072 538	100,00%

* After the end of the period the number of shares has increased with 208 000 due to exercise of warrants, program 2014/2019. The chairman of the board in Sedana Medical AB (publ) has as of the exercise of the warrants increased his holding with 79 241 shares.

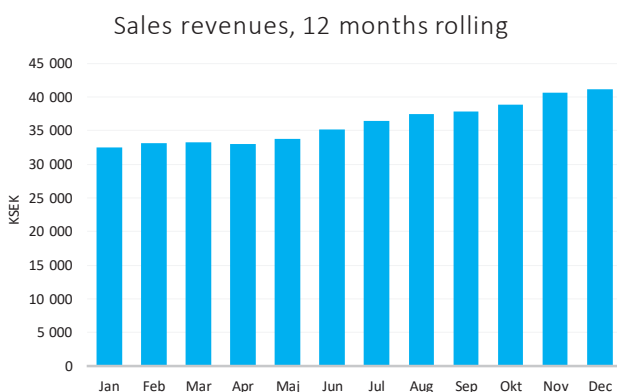


BUSINESS DEVELOPMENTS DURING THE PERIOD

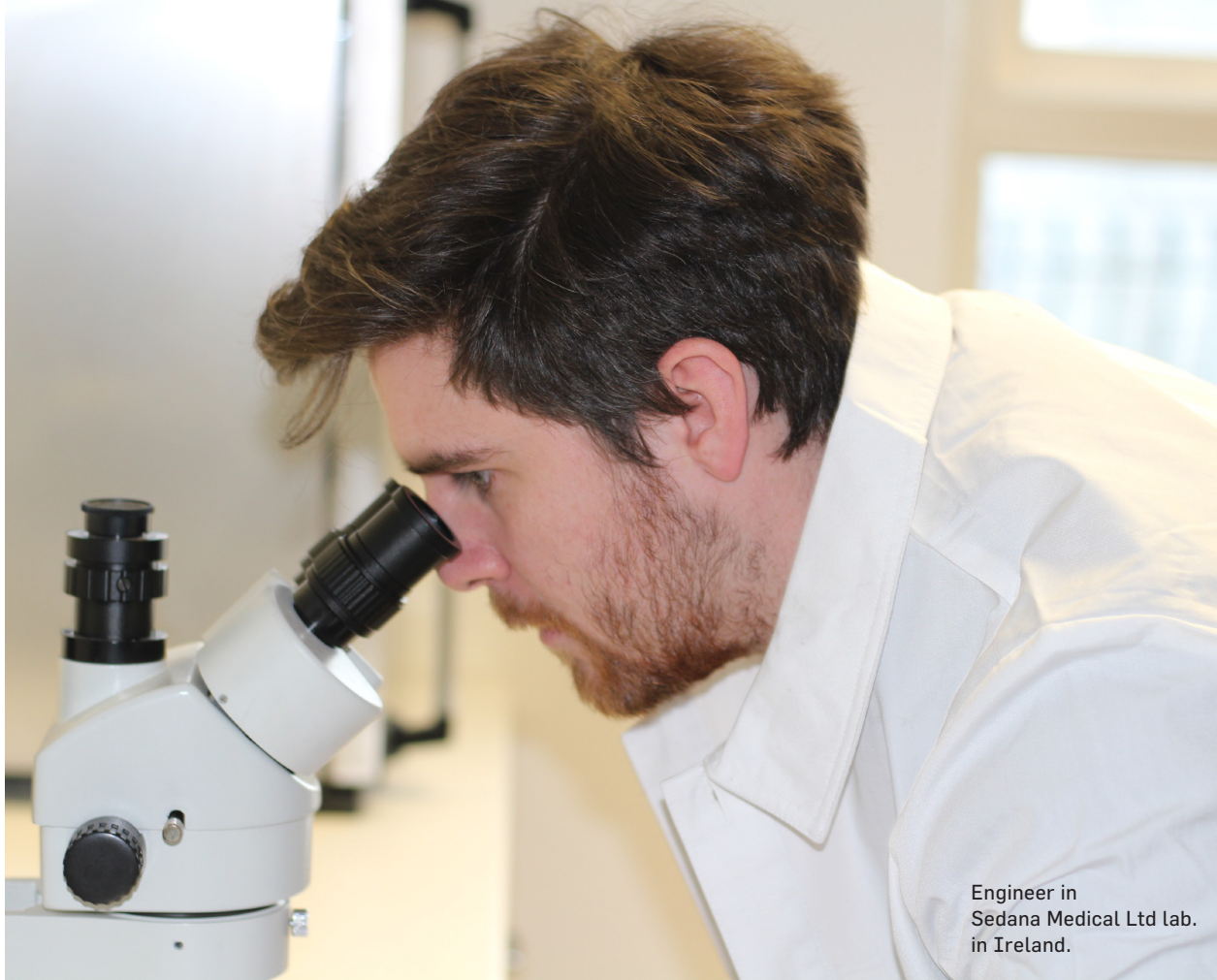
Sales and Marketing

Germany is our most important market and we strengthened our sales organisation by the end of 2017 by hiring additional personnel. We have also invested in a larger sales organisation in France since the turn of the year. We have a distinct sales and marketing strategy and we strive to actively increase our market presence and awareness of AnaConDa and inhalation sedation, in particular in conjunction with national and international scientific congresses on anaesthesiology and intensive care.

Sales during the fourth quarter increased by +22 % compared with the same period in 2016, and over the whole year we have seen a + 26 % increase in sales compared with the previous year.



77 Sales during the fourth quarter increased by +22 % compared with the same period in 2016, and over the whole year we have seen a + 26 % increase in sales compared with the previous year.



Engineer in Sedana Medical Ltd lab. in Ireland.

Quality standards

During the year, we prepared for the new medical technology quality standard ISO 13485:2016 to be implemented by all companies in the EU by 2019. At present, only about 15 % of all companies comply with this quality standard. In February 2018, the audit was conducted with very good results, meaning that we will be certified according to the new standard. As this new ISO standard is more similar to the standards set in the US, this is also positive for preparation for our registration application there.

Research and development

REGISTRATION OF ISOCONDA® (ISOFLURANE) IN EUROPE

In order to register the drug candidate IsoConDa in Europe, the company has initiated a clinical registration study in Germany, which is currently under way. Once submitted, a registration application process usually takes around 10 to 16 months to be approved by the Medicines Agency, depending on the nature of any questions the agency might have. The process of compiling a complete pharmaceutical dossier has therefore been started together with our partners within the area.

REGISTRATION STUDY FOR ISOCONDA

The clinical registration study, which is necessary for a complete dossier, is fully under way. Recruitment of patients is ongoing and we are working to increase the number of approved

clinics that are able to recruit patients. The process of having a clinic approved for inclusion in the study is complex and time-consuming, and includes approval from BfArM (the German Federal Institute for Drugs and Medical Devices) and ethical committees as well as the entering into of contracts with hospitals. Eighteen clinics have now been approved, and another two are close to approval. In addition, we have a further 8 clinics under evaluation or in the process of contract finalisation. An interim analysis is planned during the late summer of 2018 in order to determine the final number of patients to be included in the study. IsoConDa is expected to be registered in 15 European countries by 2020.

REGISTRATION IN THE USA

Work to establish a regulatory plan for the registration of inhalation sedation in the USA, including AnaConDa and IsoConDa, is ongoing. The European IsoConDa study will also form an important part of the registration application in the USA. In all likelihood, a further study will be required in order to secure registration in the USA. The company is striving for registration in the USA by 2022.

ASIA

On 23 November, the company's distributor in Japan applied to the Japanese Agency, Pharmaceuticals and Medical Devices (PDMA), for the registration of AnaConDa in Japan. The company expects the registration process to take about 1-3 years in Japan. The company is also looking into opportunities for registration in China.

Financial summary January-December 2017

Financial summary - Consolidated (SEK)

	Q4		Year	
	2017	2016	2017	2016
Net sales	10 795 764	8 871 745	40 427 741	32 154 634
Gross Profit	8 388 567	6 327 171	29 661 735	21 346 365
Gross Margin (%)	77,7%	71,3%	73,4%	66,4%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-837 745	936 857	-736 236	994 314
Earnings Before Interest and Taxes (EBIT)	-1 912 386	832 494	-3 487 833	617 764
Income after financial items	-826 905	212 991	-4 601 153	636 656
Net income	-3 465	903 615	-3 875 657	1 285 635
EBITDA %	-7,8%	10,6%	-1,8%	3,1%
EBIT %	-17,7%	9,4%	-8,6%	1,9%
Net income % of net sales	0,0%	10,2%	-9,6%	4,0%
Total assets	129 916 676	22 903 177	129 916 676	22 903 177
Equity ratio	89,6%	5,5%	89,6%	5,5%
Quick ratio	640,4%	80,2%	640,4%	80,2%
Average number of employees	20	16	16	16
Average number of shares before dilution	17 072 538	2 170	8 537 354	2 170
Average number of shares after dilution	18 422 687	2 430	9 212 559	2 430
Number of shares at the end of the period before dilution	17 072 538	2 170	17 072 538	2 170
Number of shares at the end of the period after dilution	18 422 687	2 430	18 422 687	2 430
Earnings per share before dilution ¹⁾	0,00	416,41	-0,45	592,46
Earnings per share after dilution ¹⁾	0,00	371,86	-0,42	529,07

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

REVENUES

Total revenues for the Group during the fourth quarter amounted to 11,463 (10,140) KSEK which corresponds to an increase of 1,324 KSEK, or 13 %. The corresponding figure for the whole year was 43,290 (35,667) KSEK. The increase is mainly due to an increase in net sales of 1,924 KSEK (22 %) for the fourth quarter and 8,273 KSEK (26 %) for the whole year. The Group's sales are exclusively in EUR, and corresponding figures cleared of exchange rate effects were 20 % for the fourth quarter and 24 % for the whole year of 2017.

The increase in net sales is almost entirely due to increased sales in Germany.

Revenues for the fourth quarter also contain other operating revenues of 668 (-312) KSEK. The corresponding figure for the full year was 1572 (1,932) KSEK. Revenues for Q1-2 include capitalised development expenses of 1,291 KSEK. The same item is also included in other operating expenses, and illustrates the capitalisation of development expenses in accordance with a gross reporting principle. As of Q3 2017, the Group has ceased to apply this gross reporting principle and now reports capitalised development expenses on a net basis under other operating expenses. Please see the note on accounting principles for more information.

The increase in other operating income in Q4 is mainly due to the acquisition of options by senior executives in the incentive program 2017/2021.

COST OF GOODS SOLD

Cost of goods sold amounted to 2,407 KSEK during the fourth quarter, corresponding to a decrease in 137 KSEK or 5 %. Cost of goods sold amounted to 10,766 (10,808) KSEK over the whole year. During 2016, costs relating to the depreciation in value of gas monitors was itemised under 'cost of goods sold'. Gas monitors have been reclassified from current assets to fixed assets in 2017, and the depreciation in value is thus now reported under the item 'depreciation'.

OTHER EXTERNAL EXPENSES

Other external expenses amounted to 4,924 (3,514) KSEK during the fourth quarter, which corresponds to an increase of 1,410 KSEK, or 40 %. The corresponding figure for the period January-December was 16,825 (10,606) KSEK. The other external expenses item includes (among other things) consultancy fees, marketing expenses, accounting expenses, travel expenses and patent costs. The increase is primarily attributable to the listing of the company's share during 2017 and the implementation of the Group's new business plan, and the associated expansion of the organisation.

PERSONNEL EXPENSES

Personnel expenses in the Group amounted to 4,798 (3,067) KSEK during the fourth quarter, which corresponds to an increase of 1,731 KSEK, or 56 %. During the fourth quarter, there were 20 employees in the Group on average, which was an increase of four employees compared with the same period in 2016. Personnel expenses during the whole of 2017

amounted to 16,195 (11,670) KSEK. The increase in personnel expenses is due to a difference in the personnel structure compared with the previous year. The Group recruited a new CEO during the first quarter of 2017 and has gradually increased the number of sales staff employed during the year.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to 1,075 (104) KSEK during the fourth quarter, which corresponds to an increase of 970 KSEK, or 930 %. The corresponding depreciation for the period January-December was 2,752 (377) KSEK. The increase is due to increased depreciation of intellectual property rights and a reclassification of assets. Depreciation of intangible assets increased as a result of the acquisition of remaining IP rights in relation to AnaConDa, which took place in Q2. A reclassification between current assets and fixed assets was carried out in Q3 in relation to the gas monitors owned by the Group. The entire year's effect of the reclassification of the gas monitors has been reported in Q3. Please see the section on accounting principles for more information.

OPERATING INCOME

The operating income for the Group amounted to -1,912 (832) KSEK during the fourth quarter, which corresponds to a decrease of 2,745 KSEK or 330 %. The operating income during the period January-December amounted to -3,488 (618) KSEK. The decrease is mainly due to increased operating expenses in connection with the Group's new strategy and increased depreciation and amortisation as a result of increased intellectual property rights and a larger acquisition of gas monitors compared with 2016.

FINANCIAL ITEMS

Net income from financial items amounted to 1,085 (-620) KSEK during the fourth quarter and -1,113 (19) KSEK over the whole year. The negative net financial income is primarily due to exchange rate changes and negative net interest. The main reason for the negative net interest is new interest-bearing borrowing during Q2 and increased interest to the owners. The increased interest to the owners occurred in connection with conversion of a shareholder loan into new shares at the time of the listing of the company's share on Nasdaq First North.

TAXES

The Group reported taxes of 823 (690) KSEK for the fourth quarter and 725 (649) KSEK for the period January-December. The tax charges are primarily due to changes in deferred tax.

NET INCOME

The Group reported a net income after taxes of -3 (904) KSEK for the fourth quarter and -3,876 (1,286) KSEK for the period January-December. The decline in profit during the fourth quarter and between the years is mainly due to increased operational costs, with the Group's new strategy, a higher cost for gas monitors and a higher negative net financial income.

EQUITY AND LIABILITIES

Equity as of 31 December 2017 amounted to 116,403 (1,262) KSEK, which corresponds to an increase of 115,120 KSEK. The increase is due to the new share issue that was carried out in connection with the listing of the company's share on Nasdaq First North, and the overallotment option that was exercised in Q3. Equity includes transaction costs associated with the listing of the company's share.

Long-term liabilities at the end of the period amounted to 0 (6,880) KSEK. In the fourth quarter, liabilities to credit institutions and other long-term liabilities were amortised amounting to 1,580 KSEK.

Current liabilities at the end of the period amounted to 14,973 (15,469) KSEK and consisted mainly of accounts payable of 7,873 (1,917) KSEK, as well as accrued expenses of 5,505 (2,808) KSEK.

CASH FLOW

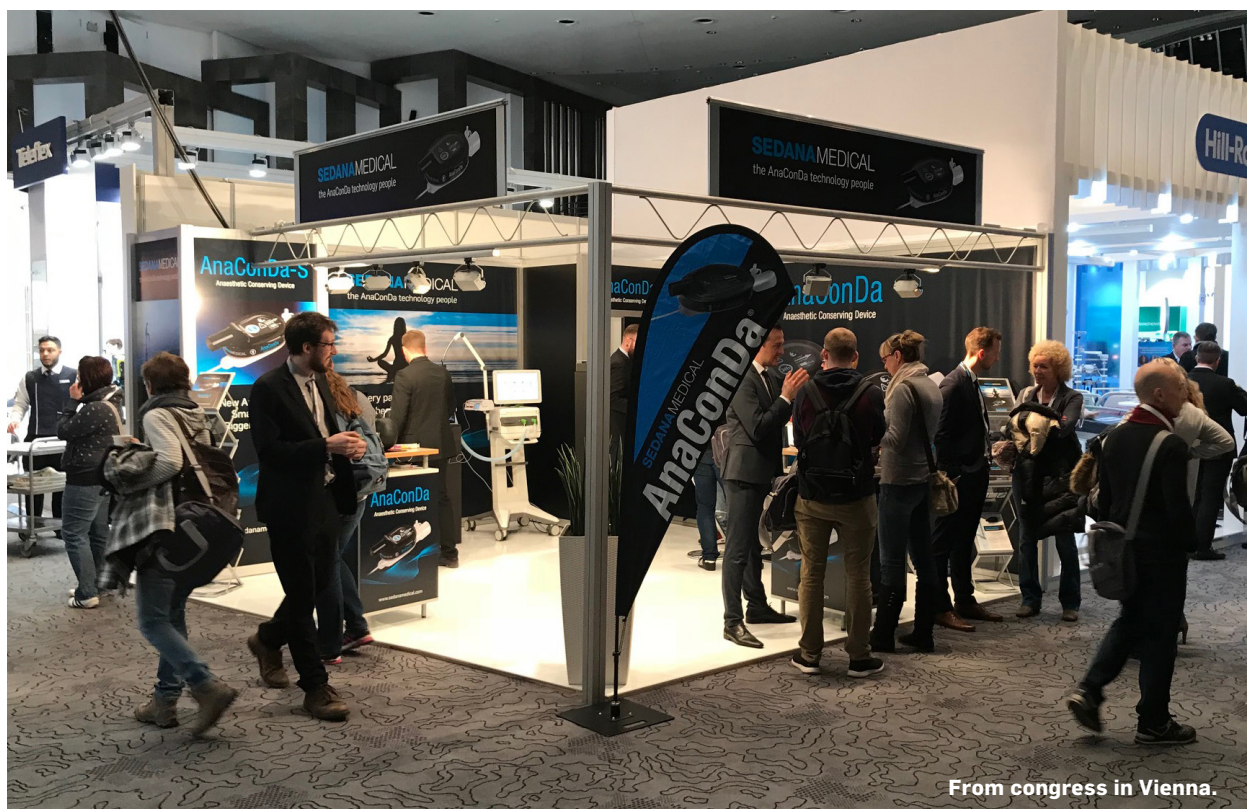
Liquid funds at the end of the period amounted to 85,322 (8,296) KSEK. Cash flow from operations before changes in working capital amounted to -960 (1,109) KSEK for the fourth quarter and -4,232 (186) KSEK for the whole year of 2017.

Cash flow from operations after changes in working capital amounted to 4,250 (-697) KSEK for the fourth quarter and 496 (-412) KSEK for the whole year of 2017. The positive change in working capital is due to an increase in operating liabilities.

Cash flow from investments amounted to -7,965 (-2,645) KSEK for the fourth quarter and 25,882 (4,928) KSEK for the whole year of 2017. The increase in investments consists mainly of intangible fixed assets, which mainly relate to balanced development costs, of which the clinical study comprises the major part. The change in investments over the year of 2017 is made up partly of the intellectual property rights for AnaConDa that were acquired from Teleflex during Q2.

Cash flow from financing activities totalled a net of -1,191 (9,811) KSEK for the fourth quarter and 102,340 (10,346) KSEK for the whole year of 2017. The new share issue in June in connection with the listing of the company's share and the exercise of the overallotment option in July were the main reasons for positive cash flow from financing activities over the whole year of 2017. During the fourth quarter, a bank loan of 1,580 KSEK was also repaid, which had a negative effect on the cash flow from financing activities.

The Group had a negative total cash flow for the fourth quarter of -4,906 (6,468) KSEK. The period January-December generated a positive total cash flow of 76,953 (5,006) KSEK.



From congress in Vienna.

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 as well as administrative and management functions. The parent company also has branch offices in Germany and Spain, where operations consist of sales and warehousing of products.

The parent company's total revenues amounted to 14,299 (8,015) KSEK for the fourth quarter and 44,541 (34,008) KSEK over the whole year. The operating income amounted to 59 (2,105) KSEK during the fourth quarter, which corresponds to a decrease of 2,047 KSEK. The corresponding figure for the whole year was -5,439 (1,277) KSEK. The net financial income amounted to 1,278 (-205) KSEK during the fourth quarter, and -536 (382) KSEK over the whole year. The improvement in net financial income during Q4 is attributable to positive exchange rate differences and the deterioration of net financial income for the whole of 2017 is attributable to higher interest-bearing liabilities compared to the same period in 2016. Net income amounted to 2,861 (1,900) KSEK for the fourth quarter and -4,627 (1,659) KSEK over the whole year.

Equity in the parent company Sedana Medical AB (publ) as of 31 December 2017 amounted to 123,946 (9,310) KSEK, which corresponds to an increase of 114,637 KSEK.

Liquid funds amounted to 83,283 (7,711) KSEK, an increase of 75,572 KSEK. This increase is due to the new share issue that was carried out in connection with the listing of the company's share on Nasdaq First North in June and the exercise of the overallotment option that took place in Q3.

Other information

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are conducted on market terms. During Q4, the subsidiary company Sedana Medical Ltd has purchased goods at a value of 1,165 KSEK from Lismed Ltd., a company related to the R&D Director and owner Ron Farrell. The corresponding figure for the whole year of 2017 is 3,138 KSEK.

The subsidiary company Sedana Medical Ltd has also purchased services at a value of 1,042 KSEK from Tecscan Ltd during Q4, a company related to the board member Mike Ryan. The corresponding figure for the whole year of 2017 is 1,708 KSEK.

Sedana Medical AB (publ) has purchased services at a value of 156 KSEK from Magiola Consulting AB during Q4, a company related to the board member Ola Magnusson. The corresponding figure for the whole year of 2017 is 363 KSEK.

Sedana Medical AB (publ) has also purchased services at a value of 161 KSEK from Eklund Consulting AB in 2017, a company related to the Chairman of the Board Thomas Eklund.

Consolidated income statement

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Revenues					
Net sales		10 795 764	8 871 745	40 427 741	32 154 634
Capitalized development expenses		0	1 579 714	1 290 937	1 579 714
Other operating income		667 710	-311 813	1 571 713	1 932 323
		11 463 474	10 139 646	43 290 391	35 666 671
Operating cost and expenses					
Cost of goods sold		-2 407 197	-2 544 574	-10 766 006	-10 808 269
External expenses		-4 923 981	-3 513 766	-16 825 431	-10 606 109
Personnel expenses		-4 798 347	-3 067 334	-16 194 641	-11 670 428
Depreciation and amortisation		-1 074 641	-104 363	-2 751 597	-376 550
Other operating expenses		-171 694	-77 115	-240 549	-1 587 551
Operating income		-1 912 386	832 494	-3 487 833	617 764
Income from financial items					
Result from securities and long term receivables		0		0	0
Financial income		1 340 478	347 365	2 749 890	2 039 290
Financial expenses		-254 997	-966 868	-3 863 210	-2 020 398
Income after financial items		-826 905	212 991	-4 601 153	636 656
Income before taxes		-826 905	212 991	-4 601 153	636 656
Taxes		823 440	690 624	725 496	648 979
Net Income		-3 465	903 615	-3 875 657	1 285 635



Consolidated balance sheet

(SEK)	Not	31 December	
		2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses		20 721 889	4 917 536
Concessions, patents, licenses and similar		5 743 685	0
		26 465 574	4 917 536
Tangible assets			
Building and land		94 587	0
Machinery and equipment		2 824 845	127 109
Fixtures and tools		1 432 644	911 036
		4 352 076	1 038 145
Total fixed assets		30 817 650	5 955 681
Current assets			
Inventory			
Finished goods		3 205 411	4 264 038
Advances to suppliers			272 484
		3 205 411	4 536 522
Receivables			
Trade receivables		3 481 210	2 867 025
Tax receivables		406 410	197 576
Other current receivables		2 672 633	619 364
Prepaid expenses and accrued income		4 011 715	430 577
		10 571 968	4 114 542
Cash and cash equivalents		85 321 647	8 296 432
Total current assets		99 099 026	16 947 496
TOTAL ASSETS		129 916 676	22 903 177

(SEK)	Not	31 December	
		2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital		1 707 254	217 000
Other equity including net income for the period		114 696 034	1 044 796
Equity attributable to shareholders in parent company		116 403 288	1 261 796
Total equity		116 403 288	1 261 796
Provisions			
Deferred taxes		-1 459 648	-721 216
Other provisions			13872
		-1 459 648	-707 344
Long-term liabilities			
Liabilities to credit institutions		0	779 779
Convertible loans		0	4 100 000
Other long term liabilities		0	2 000 000
		0	6 879 779
Current liabilities			
Liabilities to credit institutions		3 644	38 201
Accounts payables		7 873 127	1 917 044
Tax liabilities		0	2 487
Other current liabilities		1 591 191	10 702 828
Accrued expenses and prepaid income		5 505 074	2 808 386
		14 973 036	15 468 946
TOTAL EQUITY AND LIABILITIES		129 916 676	22 903 177

Consolidated statement of changes in equity

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Opening balance according to balance sheet		116 382 004	285 003	1 261 796	447 957
Changes in the carrying amounts recognised directly in equity					
Translation differences		-364 253	73 178	-340 911	-471 796
Transactions with the group's owners					
New issue of shares		0	0	114 999 983	0
Conversion of loans				16 668 867	
Issue expenses		389 002		-12 310 790	
Net income		-3 465	903 615	-3 875 657	1 285 635
Total Equity		116 403 288	1 261 796	116 403 288	1 261 796

Consolidated statement of cash flow

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Operations					
Operating income		-1 912 386	832 494	-3 487 833	617 764
<i>Adjustment of non cash flow items</i>					
Depreciations and amortisations		1 074 641	91 727	2 751 597	369 974
Currency exchange rates differences		-88 025	491 661	-875 125	-386 698
Provisions		0	13 777	-13 872	13 726
Other non cash flow items		195 417	0	195 417	0
		-730 353	1 429 659	-1 429 816	614 766
Received interest		653	2	654	39
Paid interest		-25 042	-58 910	-2 591 545	-161 003
Paid taxes		-205 282	-262 026	-211 321	-267 734
Cash flow from operations before change in working capital		-960 024	1 108 725	-4 232 028	186 068
<i>Cash flow from change in working capital</i>					
Increase (-)/Decrease (+) of inventory		-396 872	-778 553	1 331 111	-640 961
Increase (-)/Decrease (+) of operating receivables		-883 587	54 977	-6 248 592	539 619
Increase (+)/Decrease (-) of operating liabilities		6 490 364	-1 082 715	9 645 159	-497 485
Cash flow from operations		4 249 881	-697 566	495 650	-412 759
Investment activities					
Investment in intangible fixed assets		-6 878 092	-2 819 416	-22 105 618	-4 066 068
Investments in tangible fixed assets		-1 086 783	174 258	-3 776 401	-861 862
Investments of financial assets		0	0	0	0
Cash flow from investment activities		-7 964 876	-2 645 158	-25 882 019	-4 927 930
Financing activities					
New issue of shares		0	0	117 430 268	0
Issue expenses		389 002	0	-12 310 790	0
Received loans		0	10 306 577	0	11 138 582
Amortisation of loans		-1 579 959	-495 945	-2 779 779	-792 204
Cash flow from financing activities		-1 190 957	9 810 632	102 339 699	10 346 378
Cash flow for the period		-4 905 952	6 467 908	76 953 329	5 005 689
Liquid funds at the beginning of the period		90 155 963	1 771 678	8 296 432	3 172 249
Effects of exchange rate changes on cash		0	-19 224	0	-14 019
Translation difference in liquid funds		71 636	76 070	71 886	132 513
Liquid funds at the end of the period		85 321 647	8 296 432	85 321 647	8 296 432

Parent company income statement

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Revenues					
Net sales		14 261 991	8 145 998	43 129 325	31 494 926
Capitalized development expenses		0	653 550	1 290 937	653 550
Other operating income		36 694	-784 646	121 232	1 859 490
		14 298 685	8 014 902	44 541 494	34 007 966
Operating cost and expenses					
Cost of goods sold		-6 823 111	-2 382 604	-26 460 090	-18 155 696
External expenses		-3 773 855	-2 203 354	-11 595 358	-6 934 989
Personnel expenses		-3 159 949	-1 628 743	-10 523 197	-5 984 224
Depreciation and amortisation		-320 924	-17 945	-1 175 665	-68 347
Other operating expenses		-162 233	322 885	-226 119	-1 587 551
Operating income		58 613	2 105 141	-5 438 935	1 277 159
Income from financial items					
Result from securities and long term receivables		192 009	0	578 191	0
Financial income		1 347 700	710 366	2 749 048	2 402 289
Financial expenses		-261 962	-915 015	-3 863 210	-2 020 394
Income after financial items		1 336 360	1 900 492	-5 974 906	1 659 054
Group contribution		1 348 246	0	1 348 246	0
Income before taxes		2 684 606	1 900 492	-4 626 660	1 659 054
Taxes		175 925	-279	0	0
Net Income		2 860 531	1 900 213	-4 626 660	1 659 054



Parent company balance sheet

(SEK)	Not	31 December	
		2017	2016
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalized development expenses		6 402 769	1 468 716
<i>Tangible assets</i>			
Machinery and equipment		2 824 845	127 109
Fixtures and tools		64 196	21 429
		2 889 041	148 538
<i>Financial fixed assets</i>			
Shares in group companies		50 009	9
Long term receivables in group companies		30 854 306	15 976 572
		30 904 315	15 976 581
Total fixed assets		40 196 125	17 593 835
Current assets			
<i>Inventory</i>			
Finished goods		6 108 574	7 542 293
<i>Receivables</i>			
Trade receivables		3 160 937	2 568 624
Receivables in group companies		7 990 913	2 121 778
Tax receivables		332 537	0
Other current receivables		1 314 862	411 236
Prepaid expenses and accrued income		1 496 634	379 873
		14 295 883	5 481 511
<i>Cash and cash equivalents</i>			
		83 282 895	7 711 119
Total current assets		103 687 352	20 734 923
TOTAL ASSETS		143 883 477	38 328 758

(SEK)	Not	31 December	
		2017	2016
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		1 707 254	217 000
Fund for capitalized development expenses		6 402 769	1 468 716
<i>Non restricted equity</i>			
Share premium fund		129 450 806	11 583 000
Retained earnings		-8 987 681	-5 617 827
Profit or loss previous year		0	0
Profit or loss for the period		-4 626 660	1 659 054
Total Equity		123 946 488	9 309 943
<i>Long-term liabilities</i>			
Liabilities to credit institutions		0	779 779
Convertible loans		0	4 100 000
Other long term liabilities		0	2 000 000
		0	6 879 779
<i>Current liabilities</i>			
Liabilities to credit institutions		0	0
Accounts payables		5 045 386	1 182 107
Liabilities to group companies		10 762 117	9 343 176
Other current liabilities		976 786	10 448 368
Accrued expenses and prepaid income		3 152 700	1 165 385
		19 936 989	22 139 036
TOTAL EQUITY AND LIABILITIES		143 883 477	38 328 758

Parent company statement of changes in equity

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Opening balance according to balance sheet		120 821 933	7 380 899	9 309 943	7 773 331
Adjustments		0			
Adjusted opening balance		120 821 933	7 380 899	9 309 943	7 773 331
Changes in the carrying amounts recognised directly in equity					
Translation differences		-124 978	28 831	-94 855	-122 442
Transactions with the group's owners					
New issue of shares		0	0	114 999 983	0
Conversion of loans		0	0	16 668 867	0
Issue expenses		389 002	0	-12 310 790	0
Reallocation between items in equity					
Bonus issue		0	0	650 000	0
Share capital		0	0	-650 000	0
Allocations to funds for capitalized development expenses		3 262 584	1 468 716	6 402 769	1 468 716
Retained earnings		-3 262 584	-1 468 716	-6 402 769	-1 468 716
		0	0	0	0
Net income		2 860 531	1 900 213	-4 626 660	1 659 054
Total Equity		123 946 488	9 309 943	123 946 488	9 309 943

Parent company statement of cash flow

(SEK)	Not	Q4		Year	
		2017	2016	2017	2016
Operations					
Operating income		58 613	2 105 141	-5 438 935	1 277 159
<i>Adjustment of non cash flow items</i>					
Depreciations and amortisations		320 924	15 930	1 175 665	68 362
Currency exchange rates differences		-1 364	377 614	-12 112	318 462
Provisions		0	329 054	0	329 003
Other non cash flow items		1 492 735	0	1 492 735	0
		1 870 908	2 827 739	-2 782 647	1 992 986
Received interest		192 662	2	578 845	39
Paid interest		-25 042	27 638	-2 591 545	-161 003
Paid taxes		-328 983	3 406	-332 537	0
Cash flow from operations before change in working capital		1 709 545	2 858 785	-5 127 884	1 832 022
<i>Cash flow from change in working capital</i>					
Increase (-)/Decrease (+) of inventory		364 300	-3 880 434	1 433 719	-4 517 022
Increase (-)/Decrease (+) of operating receivables		-6 919 045	12 198 012	-8 481 835	10 088 695
Increase (+)/Decrease (-) of operating liabilities		4 625 480	2 173 296	7 182 075	4 954 706
Cash flow from operations		-219 719	13 349 659	-4 993 925	12 358 401
Investment activities					
Investment in intangible fixed assets		-3 262 584	-653 550	-4 934 053	-653 550
Investments in tangible fixed assets		-954 170	-51 493	-2 688 881	-287 966
Investments of financial assets		-84 797	-16 275 477	-14 204 812	-16 443 506
Cash flow from investment activities		-4 301 551	-16 980 520	-21 827 746	-17 385 022
Finansieringsverksamheten					
New issue of shares		0	0	117 430 268	0
Issue expenses		389 002	0	-12 310 790	0
Received loans		0	10 320 292	0	11 138 582
Amortisation of loans		-1 579 959	-275 331	-2 779 779	-548 903
Cash flow from financing activities		-1 190 957	10 044 961	102 339 699	10 589 679
Cash flow for the period		-5 712 228	6 414 100	75 518 027	5 563 058
Liquid funds at the beginning of the period		88 936 812	1 295 077	7 711 119	2 075 492
Effects of exchange rate changes on cash		0	-19 224	0	-14 019
Translation difference in liquid funds		58 311	21 166	53 749	86 588
Liquid funds at the end of the period		83 282 895	7 711 119	83 282 895	7 711 119

Share information

	Q4		Year	
	2017	2016	2017	2016
Net income, SEK	-3 465	903 615	-3 875 657	1 285 635
Cash flow, SEK	-4 905 952	6 467 908	76 953 329	5 005 689
Number of shares at the beginning of the period ¹⁾	17 072 538	2 170	2 170	2170
Number of shares at the end of the period	17 072 538	2 170	17 072 538	2170
Average number of shares	17 072 538	2 170	8 537 354	2 170
Outstanding warrants at the beginning of the period ²⁾	1 350 149	260	260	260
Outstanding warrants at the end of the period	1 350 149	260	1 350 149	260
Genomsnittligt antal teckningsoptioner	1 350 149	260	675 205	260
Share capital at the end of the period, SEK	1 707 254	217 000	1 707 254	217 000
Equity at the end of the period, SEK	116 403 288	1 261 796	116 403 288	1 261 796
<i>Earnings per share, SEK</i>				
- Earnings per share before dilution	0,00	416,41	-0,45	592,46
- Earnings per share after dilution	0,00	371,86	-0,42	529,07
Equity per share, SEK	6,82	581,47	6,82	581,47
Cash flow per share, SEK	-0,29	2 980,60	9,01	2 306,77

¹⁾ Equals 2170 number of shares pre-IPO

²⁾ Equals 260 warrants pre-IPO

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 Q3 when it comes to the gross reporting of capitalised development expenses. As of Q3 2017, Sedana Medical reports development costs on a net basis under personnel expenses and other operating expenses.

A reclassification between current assets and fixed assets took place in Q3 in relation to gas monitors which Sedana Medical AB owns via the German branch office. These gas monitors are owned for the purpose of lending the monitors to clinics and hospitals. In the past, the gas monitors have been deemed to be current assets, but they have now been reclassified to fixed assets.

NOTE 2 DEFINITION OF RATIOS

EBITDA margin:

Operating income before depreciation and amortisation

Net sales

Operating margin (EBIT margin):

Operating income

Net sales

Net profit in % of net sales

Net profit

Net sales

Balance sheet total:

Total assets

Equity ratio:

Total equity + 78 % of untaxed reserves assets

Total assets

Quick ratio:

Current assets excluding inventory

Current liabilities

Average number of full-time employees during the period:

Average number of full-time employees during the period.

NOTE 3 CONDITIONAL SHAREHOLDER CONTRIBUTION

The conditional shareholder contribution of SEK 11,925,000 in Sedana Medical AB (publ) was remitted in conjunction with the listing of the company's share on Nasdaq First North.

ANNUAL REPORT

Sedana Medical's annual report will be available through the company's website as of April 25, 2018.

DIVIDENDS

The Board proposes no distribution of dividends for the 2017 financial year.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on May 22, 2018 from 4-6 p.m., at the premises of Erik Penser Bank, Apelbergsgatan 27, Stockholm, Sverige.

AUDITOR'S REVIEW

The Group's auditor has reviewed the accounts in this interim report.

CERTIFIED ADVISER

Erik Penser Bank is the Certified Adviser for Sedana Medical AB (Publ).

FOR FURTHER INFORMATION PLEASE CONTACT

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Maria Engström, CFO

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UPCOMING DATES

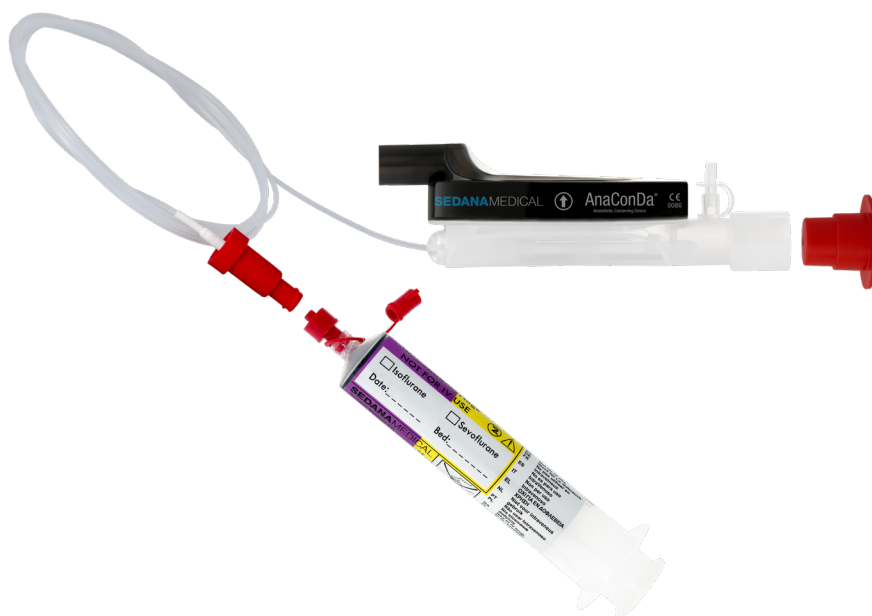
Year-end report 2017:
25 April 2018

Interim report Q1 2018:
22 May 2018

Interim report Q2 2018:
30 August 2018

Interim report Q3 2018:
22 November 2018

Year-end report 2018:
21 March 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.

Danderyd 27 March 2018

Thomas Eklund
Chairman of the Board

Sten Gibeck
Board member

Bengt Julander
Board member

Ola Magnusson
Board member

Michael Ryan
Board member

Christer Ahlberg
President and CEO

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