SEDANAMEDICAL
Pioneering volatile anaesthetic delivery

FOURTH QUARTER AND YEAR-END REPORT

JANUARY – DECEMBER 2020
SEDANA MEDICAL AB (PUBL)

Q1 Q2 Q3 **Q4**

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FOURTH QUARTER AND YEAR-END REPORT JANUARY – DECEMBER 2020

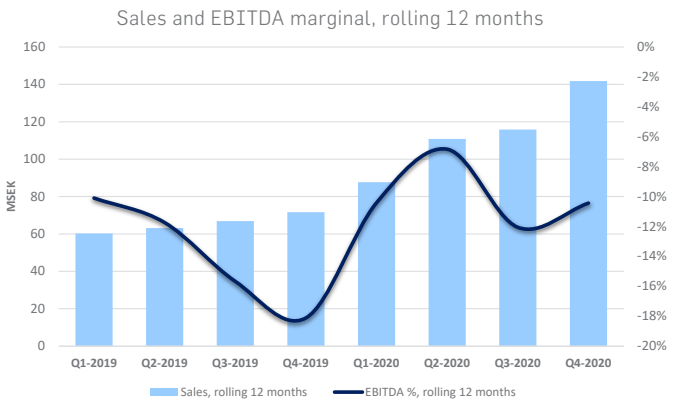
This year-end report has been prepared in accordance with IFRS, and comparative periods have been restated.

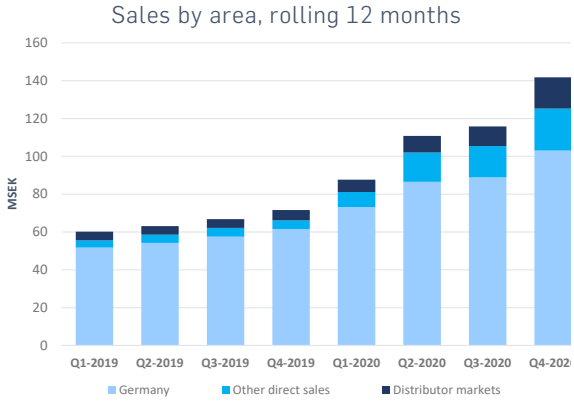
Financial Summary October-December

- Net sales amounted to MSE 46 (20), equivalent to an increase of 129% on the same period of 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to SEK -5 (-4), equivalent to an EBITDA margin of -10% (-20%).
- Earnings before interest and taxes (EBIT) amounted to MSEK -7 (-5), equivalent to an EBIT margin of -15% (-25%).
- Net income for the period was MSEK -11 (-7), and basic and diluted earnings per share were SEK -0.48 (-0.30).
- Cash flow from operations activities before changes in working capital totalled MSEK -2(-3).
- Cash flow from investing activities amounted to MSEK -31(-17).
- Cash flow for the period was MSEK -29 (343).
- Cash and cash equivalents at the end of the period totalled MSEK 376 (465).

Financial Summary January-December

- Net sales amounted to MSEK 142 (72), equivalent to an increase of 98% on same period of 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to MSEK -14 (-13), equivalent to an EBITDA margin of -10% (-18%).
- Earnings before interest and taxes (EBIT) amounted to MSEK -21 (-17), equivalent to an EBIT margin of -15% (-24%).
- Net income for the period was MSEK -27(-16), and basic and diluted earnings per share were SEK -1.19 (-0.78).
- Cash flow from operating activities before changes in working capital totalled MSEK -8 (-10).
- Cash flow from investing activities amounted to MSEK -85 (-54).
- Cash flow for the period was MSEK -87 (305).





Significant events during the period

Quarter 1

- AnaConDa and accessories were donated to two hospitals in China (Wuhan and Zhejiang) at the time of the outbreak of the COVID-19 pandemic.

Quarter 2

- At the beginning of April, the company announced a significantly higher rate of growth for the first quarter of 2020 than expected. Revenue for the first quarter of 2020 was SEK 34 million, equivalent to growth of around 90 percent compared with the same period of the previous year.

- Sedana Medical announced at the beginning of May that the company would provide financial support to a multinational study of inhaled sedation in COVID-19-related ARDS. The study (ISCA) is being carried out in intensive care units in several European countries.

- In May, the first patient was included in SESAR, a study comparing inhaled sedation and intravenous sedation for patients with acute respiratory failure, ARDS. The study is being run in France, and Sedana Medical is contributing financial support and study materials.

- At the Annual General Meeting of Sedana Medical, all the proposals from the Board and the Nomination Committee were approved. For the period until the next Annual General Meeting, the current Board members were re-elected and Christoffer Rosenblad was newly elected. The Annual General Meeting resolved to elect Öhrlings PricewaterhouseCoopers AB as auditors for the period until the end of the next Annual General Meeting, with the authorised public accountant Leonard Daun as auditor in charge.

- All warrants in the company's incentive programme 2017/2021 were exercised by the warrant holders, leading to an increase in the number of shares and votes in the company of 310,149.

- Sedana Medical announced in June that the company had signed agreements with distributors in Bulgaria, Cyprus, the Czech Republic, Greece and Slovakia. By expanding into Eastern Europe, the company aims to bolster its position ahead of the forthcoming market launch of its therapy.

Quarter 3

- Market approval was obtained in Saudi Arabia for the medical device AnaConDa, and distribution agreements were concluded with distributors in Saudi Arabia, the United Arab Emirates and Oman. Sales are expected to begin shortly in Saudi Arabia and within a few months in the other countries.

- On 10 July, Sedana Medical announced positive top-line results for the company's pivotal phase 3 study for Sedaconda (isoflurane). The study attained its primary endpoint; to show that Sedaconda, administered via AnaConDa, is an effective sedation method for mechanically ventilated intensive care patients, which is non-inferior to propofol.

- Distribution agreements for sales in Australia and New Zealand were signed with the distributor Device Technologies. As AnaConDa already has market approval in both markets, sales can start immediately.

Quarter 4

- Susanne Andersson was appointed as the new CFO, to take up duties during the first quarter of 2021. She succeeds Maria Engström, who chose to leave the position of CFO on her own initiative.

- The National Institute for Health and Care Excellence (NICE) in the United Kingdom issued a Medtech Innovation Briefing (MIB) on the use of AnaConDa as an alternative to intravenous sedation in intensive care.

- The Chairman of the Board contacted the three largest shareholders or shareholder groups in terms of voting power to invite each of them to appoint a representative to make up a nominations committee along with the Chairman of the Board.

- Sedana Medical was granted a further patent for the medical device AnaConDa. The technology that the patent protects enables a reduction of the so-called dead space with the help of inserts.

- An application for market approval was submitted for the drug candidate Sedaconda (isoflurane), previously known as IsoConDa, for inhaled sedation in intensive care. Applications were submitted to the German regulatory authority BfArM (Federal Institute for Drugs and Medical Devices) and a number of other European regulatory authorities under what is known as a DCP procedure.

- The results for some of the secondary endpoints in the company's study as a basis for registration, Sedaconda (SED-001, previously known as the IsoConDa study), were presented at the congress ESICM LIVES 2020, 6–9 December 2020.

Significant events after the period

- In January, an application was submitted for market approval for the drug candidate Sedaconda (isoflurane), previously known as IsoConDa, for inhaled sedation within intensive care in Switzerland.

- As a consequence of the resolution by the Annual General Meeting held on 19 May 2020 to implement a new 2020/2024 warrant programme with a maximum of 360,000 warrants for new employees, 37,113 have been transferred to employees. Surplus warrants will be cancelled. If all the warrants are exercised, dilution of around 0.2 percent will occur, based on the number of shares in the company at 31 December 2020.

- In February, an application was submitted for market approval for the drug candidate Sedaconda (isoflurane) for inhalation sedation within intensive care in the UK.

- In February, it was announced that the first patient was included in the company's pediatric study IsoCOMFORT (SED002). The study is expected to be completed during the second half of 2022 and is aimed at leading to an approved pediatric indication for inhaled sedation

- The Board of Directors has decided to propose to the Annual General Meeting that the company implement a 4:1 split of shares, which means that the number of shares will be four times the present amount and become 92,186,960 shares.

- On February 24, the company announced that Christer Ahlberg has informed the board of directors of Sedana Medical that he is resigning as CEO to become CEO of Cinclus Pharma AB. Christer Ahlberg will remain as CEO until the summer of 2021 and the board has started a process to find a replacement.

Financial targets

The company's target, until registration of Sedaconda (isoflurane) has been obtained, is to increase sales by an average of more than 20 percent per year while building up a larger medical affairs, sales and marketing organisation. The target is to achieve sales in excess of SEK 500 million in Europe and an EBITDA margin of 40 percent three years after registration of Sedaconda. Registration of Sedaconda is expected to take place during the second half of 2021.

Impact of COVID-19

Sedana Medical saw a strong positive trend in sales during the fourth quarter, partly as a consequence of the COVID-19 pandemic, as our therapy potentially leads to fewer side effects and better oxygen uptake in the lungs. There continues to be great uncertainty over the future development of the COVID-19 pandemic in general around the world. Its impacts range from hospitals' and clinics' inclination and ability to use new sedation therapies during a time of crisis to a possible shortage of, or reduced access to, intravenous sedatives in a possible third wave of the COVID-19 pandemic and mutated viruses and future availability of vaccine.

CEO COMMENTS

2020 was, to say the least, an exceptional year, as a result of the COVID-19 pandemic, which posed great challenges. As far as Sedana Medical is concerned, I am proud that we succeeded in helping medical care in many places around the world in 2020. In addition, our therapy really had an opportunity to show how much it can offer, both to individual patients and to medical care as a whole.

The fourth quarter was notable for intensive work, firstly with activities ahead of the launch of Sedaconda in Europe during the second half of 2021 and secondly with preparations ahead of our future phase III studies in the United States.

The COVID-19 pandemic has a great impact on our entire business operation, as ICU sedation is precisely the therapy that severely ill COVID-19 patients often need. As our therapy potentially leads to fewer side effects and better oxygen uptake in the lungs, demand for AnaConDa and its accessories was strong during the year. An additional factor contributing to strong demand is that the therapy contributes to increased patient capacity in ICU, which has been important during the pandemic.

Sales showed strong increase in the quarter by as much as 129 percent (137% excluding currency effects), to SEK 46 million, and sales for the full year doubled to SEK 142 million. We interpret this as indicating that the initial sales pressure due to the pandemic has increased again as a result of a second wave with a rise in the number of COVID-19 patients in intensive care units, but also that the ICUs, including new ones, are continuing to use our therapy for patients other than those being treated for COVID-19. We are also seeing an increase in demand in new regions such as Central and South America as a consequence of their severe COVID-19 situation.

The results for some of the secondary endpoints in the phase III study forming the basis for clinical registration Sedaconda (SED-001) were presented at the ESICM congress in December. The secondary endpoints show that Sedaconda (isoflurane) enables faster and controlled recovery, reduced need for opiates and a higher proportion of spontaneous breathing compared with propofol. A high proportion of spontaneous breathing is important as it improves the prospects of lung function being maintained during and other ventilator therapy.

The Sedaconda study was designed as a non-inferiority study, which means that its primary purpose is to show that our therapy is not inferior to propofol in maintaining an adequate sedation level. Based specifically on the study design, the good results for the study's secondary endpoints were not something we had anticipated. We have seen in previous studies that inhaled sedation has a faster and predictable recovery

"It has been an intense period with activities prior to the launch of Sedaconda in Europe and with preparations for our upcoming Phase III studies in the US.

time, but it is highly positive to have this confirmed in a large, randomised study. Being able to reduce the use of opiates for these patients and make spontaneous breathing possible using the therapy is of great clinical significance. The full results of the study will be presented in a scientific journal in 2021.

The top-line results reported in July 2020 show that Sedaconda, delivered via AnaConDa, is an effective and safe method of sedation for mechanically ventilated intensive care patients comparable to propofol. The results will form the basis for the application for market approval for the drug candidate Sedaconda for inhaled sedation in intensive care units that we submitted in November to the German regulatory authority BfArM and a number of other European regulatory authorities under what is known as a DCP procedure.

The application marks the starting point for the review process for Sedaconda in 15 EU Member States, including Norway. If all goes well, we anticipate authorisation during the second half of 2021. An application for a second group of EU Member States can then be submitted. It normally takes around six months to obtain authorisation for a second group of countries.

When we obtain marketing authorisation for Sedaconda, we will be able to exclusively launch the inhaled sedation therapy in Europe. The therapy consists of our pharmaceutical product Sedaconda , which will then be authorised to only be administrated via our medical device AnaConDa. We chose Sedaconda as the name to highlight the link to Sedana Medical and the pharmaceutical product's unique use in sedation. At the same time, we communicate that the pharmaceutical product is to be delivered via AnaConDa by retaining CONDA in the name.

The European authorisation will provide very good support in future registration processes in other markets where we are working to make inhaled sedation a standard method within intensive care. After the end of the quarter, we submitted applications to Switzerland and the United Kingdom, which following Brexit works solely with national applications. Our work on the European study has taught us a lot that we benefit from in the design and execution of the American studies, for example.

Now that we are approaching commercialisation in Europe, our work has been focused on launching activities in Europe, while our work in the United States has also intensified, albeit on preparations ahead of the phase III studies. We are working towards being able to submit an IND (Investigational New Drug) application during the summer of 2021 to obtain authorisation to begin the studies. IND authorisation is conditional on the commenced toxicity studies being completed. It is therefore gratifying to be able to note that these studies have progressed at a good pace and according to plan. Depending on how the pandemic develops, we anticipate being able to obtain IND authorisation during the summer in order to be able to include the first patient in each study during the second half of 2021.

A further patent for AnaConDa was granted during the quarter. The technique protected by the patent enables what is known as dead space to be reduced, using inserts and is key to the continued development of inhaled sedation. A decrease in dead space for mechanically ventilated patients is always desirable for intensive care, as it makes lung-protective ventilation possible in comparison with higher dead space. As well as seeing great clinical benefits, we are greatly strengthening our patent protection with this patent. Any competitors or ordinary, passive HME filters will not be able to reduce their dead spacing using inserts without infringing our new patent. The patent has been granted in Europe, and we have also filed a patent application in the United States and other countries.

I would like to take the opportunity to thank all the employees for their great contribution during an intensive and challenging 2020. The fourth quarter has really laid the foundation for a very exciting 2021, with the launch in Europe and the first patients being included in our clinical trials in the United States.

I look forward to coming back to you during the year.

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 group. Sedana Medical develops, manufactures, and sells the medical device AnaConDa and its associated accessories. AnaConDa is based on patented technology involving the vaporization and reflection of anesthetic gases. The product is approved for the administration of volatile anesthetics in several countries around the world and is in use today in intensive care units.

A major clinical registration study with the drug candidate Sedaconda (isoflurane) has been conducted and completed. The results of the study form the basis for the application for marketing authorisation in Europe submitted in November 2020. The company anticipates marketing authorisation for Sedaconda, delivered via AnaConDa, in the second half of 2021. We have also initiated activities to obtain market approval in the United States in 2024 and also in markets outside the EU.

Sedana Medical runs its own sales operation from several countries in Europe through subsidiaries and branch offices of Sedana Medical AB (publ), which is the Parent Company in the Group. Germany is by far the Group's largest market, with around 75% of total sales.

The company conducts research and development in Ireland. The head office of Sedana Medical is based in Stockholm, Sweden. The company's shares are listed on Nasdaq First North Growth Market Sweden since June 2017.

LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

Shareholders in the company at the end of the period:

	Number of shares	Share (%)
Handelsbanken Funds	2 173 763	9,61%
Swedbank Robur Funds	2 110 895	8,83%
Linc AB	1 899 701	8,24%
Anders Walldov direct and indirect (Brohuvudet AB)	1 690 000	7,16%
Sten Gibeck	1 219 944	5,29%
Ola Magnusson direct and indirect (Magiola AB)	1 153 432	5,02%
Öhman Funds	743 416	3,23%
Berenberg Funds	697 004	3,02%
Nordnet Pensionsförsäkring	501 422	2,23%
Tredje AP-fund	475 000	2,07%
Avanza Pension	471 331	2,02%
Tedsalus AB (Thomas Eklund)	416 616	1,96%
Highclere International Investors LLP	364 798	1,81%
Christer Ahlberg	259 000	1,58%
Philip Earle	257 500	1,32%
Fifteen largest shareholders	14 433 822	62,63%
*Others **	8 612 918	*37,37%*
Total	23 046 740	100,00%

BUSINESS DEVELOPMENT DURING THE PERIOD

Development of registration

REGISTRATION OF THE PHARMACEUTICAL PRODUCT SEDACONDA (ISOFLURANE) IN EUROPE

The work on registration of the drug candidate Sedaconda in Europe is ongoing. Together with AnaConDa, it will give us access to the full potential of the inhaled sedation market. To succeed in this, the company has completed a pivotal phase 3 clinical registration study in Germany and Slovenia. In July 2020, the company announced that the study had achieved its primary endpoint: to show that Sedaconda, delivered via AnaConDa, is an effective sedation therapy for mechanically ventilated intensive care patients and non-inferior to intravenous propofol.

The results of the study will form the basis for the application of market approval for the drug candidate Sedaconda for inhaled sedation in intensive care, that was submitted to the German regulatory authority BfArM and a number of other European regulatory authorities under what is known as a DCP procedure in November 2020.

The application marks the starting point for the review process for Sedaconda in 15 EU Member States, including Norway. If all goes well, the company anticipates authorisation during the second half of 2021. An application for a second group of EU Member States can then be submitted. It normally takes around six months to obtain authorisation for a second group of countries.

REGISTRATION STUDY SED-001

The company's pivotal phase 3 study is necessary for a complete dossier and to register the pharmaceutical product as well as the entire therapy. The study was completed during 2020 and now forms the basis for a European application.

The SED-001 study is designed as a non-inferiority study, which means that its primary purpose and objective is to show that inhaled sedation with isoflurane is not inferior to propofol in maintaining an adequate sedation level.

SED-001 is an open-label, randomised study that includes 300 patients treated with either inhaled sedation with isoflurane delivered via AnaConDa or intravenous propofol. The top-line results from the study, published in early July, showed that the primary endpoints have been met. These endpoints are in themselves sufficient as the basis for an application for marketing authorisation for Sedaconda in Europe.

The results for some of the secondary endpoints in the phase 3 study (SED-001) forming the basis for clinical registration Sedaconda were presented at the ESICM congress in December. The secondary endpoints show that Sedaconda (isoflurane) enables faster and more controlled recovery, reduced need for opiates and a higher proportion of spontaneous breathing compared with propofol. A high proportion of spontaneous breathing is important as it improves the prospects of lung function being maintained during and after ventilator therapy. The full results of the study will be presented in a scientific journal in 2021.

PEDIATRIC STUDY SED-002

In 2019, Sedana Medical was approved for a Pediatric Investigation Plan (PIP) by the European Medicines Agency's Paediatric Committee (PDCO). This approval is important, as conducting studies in children is one of the conditions to be met to obtain 10 years of market exclusivity in Europe for Sedaconda delivered via AnaConDa. The study will be initiated during winter 2020/2021 in four European countries: Sweden, Germany, France and Spain. The study does not need to be completed to obtain market exclusivity. This approval also means that AnaConDa can be used in patients with severely impaired lung function.

WORK ON REGISTRATION OF SEDACONDA AND ANACONDA IN THE UNITED STATES

The market potential for inhaled sedation in intensive care in the United States is around SEK 10 billion annually. Work on the registration of inhaled sedation including both Sedaconda and AnaConDa is fully under way. During 2019, the company was able to announce the outcome of the 'pre-IND meeting' held at the FDA in March of the same year. The FDA was broadly positive towards the registration of Sedaconda and AnaConDa as a combination product in the United States. The meeting confirmed the company's estimate of the time and cost involved in a registration, which is expected to be possible in 2024.

Since the pharmaceutical substance isoflurane has been in existence for decades, the FDA has agreed to Sedana Medical following a pathway to registration, 505 (b) (2), which, somewhat simplified, permits the use of previously collected data. As the registration requirements have been tightened over the years since isoflurane was first registered, Sedana Medical needs to supplement current documentation and add more data to be approved by the FDA, including toxicity studies and a human factors[1] validation.

1. Human factors-validation means that Sedana Medical tests, develops and validates the users' learning and practical application of Sedana Medical's therapy inhaled sedation.

Sedana Medical will also need to conduct two randomised double-blind clinical trials 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, that is to say 300–550 patients. These patients will also be included in a safety database of 500 isoflurane patients. Work on human factors validation is ongoing with the Beth Israel Deaconess Medical Center (BIDMC) at Harvard Medical School in the United States. The toxicity studies are in full progress together with a specialist CRO and are progressing according to plan. The company is working towards obtaining IND approval during the summer of 2021 and including the first patients in the studies during the second half of 2021. The process of selecting a CRO has been completed, and the company is currently putting all its efforts into preparing a study protocol and recruiting clinical units to take part in the studies. The company aims to include approximately 30–40 American centres nationwide for the two forthcoming clinical trials.

WORK ON REGISTRATION OF SEDACONDA AND ANACONDA IN JAPAN

In November 2018, Sedana Medical obtained approval for AnaConDa in Japan. The approval means that AnaConDa may be marketed, sold and used for the administration of volatile anaesthetics for mechanically ventilated patients in Japan. In order to have access to the full potential of the Japanese market of over 1 million mechanically ventilated therapy days annually in intensive care, reimbursement of the price of therapy and registration of the candidate drug Sedaconda must also be ensured. We are now examining the various registration options for Sedaconda available to us in Japan. Depending on how the COVID-19 pandemic develops, we anticipate having an official meeting with the Japanese Pharmaceuticals and Medical Devices Agency during the summer of 2021, to clarify the Japanese requirements for the approval of Sedaconda.

Market structure

The total The total market potential for inhaled sedation in intensive care in the United States estimated by the Company is around SEK 20–30 billion annually. Europe and the United States are the two most important markets for Sedana Medical. However, patients sedated due to mechanical ventilation in intensive care are evenly distributed globally between the United States, Europe and Asia.

Efforts aimed at increasing awareness and use of AnaConDa technology and establishing a presence in several countries in Europe are continuing. The plan is to be represented in several European markets with established networks and reference clinics when the company receives approval of Sedaconda, in order to be able to penetrate the market quickly. As a result of clarification in the registration process in the United States and the scheduling for Europe, as well as the success in Asia, we are now able to carry on working at a fast pace according to an established plan for Europe, the United States and Asia.

We intend to establish a company in the United States so that we can carry out the work on studies, registration and market access on our own. Around 2022 we will decide whether we intend to launch by ourselves or together with a local partner.

We have started a research foundation, the Sedana Medical Research Grant, which represents a unique opportunity for the scientific community to increase knowledge on the sedation of critically ill patients.

We are continuously working close to the academy to find interesting projects in order to highlight the benefits of the therapy compared to intravenous therapy. One example is that the company is sponsoring the world's largest multicentre study with AnaConDa in France. The primary purpose of the study is to demonstrate that inhaled sedation with AnaConDa has lung-protective characteristics, shortens ventilator time, and leads to greater survival in intensive-care patients with severe respiratory disease compared to intravenous treatment.

We are also making active efforts to establish closer ties with key opinion leaders and the academy 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 attend national and international scientific intensive-care conferences and congresses, where we often arrange well-attended scientific symposia in the field of inhaled sedation.

Christian Malin, Country Manager and Joanne Lessells, Medical Science Liason, who both work for Sedana Medical in the UK, are supporting an ICU when preparing to use the AnaConDa for the first time.

Financial review, 2020

Financial summary - Consolidated (KSEK)	Q4		Year	
	2020	2019	2020	2019
Net sales	45 997	20 057	141 770	71 646
Gross Profit	29 932	12 963	88 903	48 539
Gross Margin (%)	65%	65%	63%	68%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-4 817	-3 965	-14 294	-12 932
EBITDA margin %	-10%	-20%	-10%	-18%
Earnings Before Interest and Taxes (EBIT)	-6 934	-5 024	-21 359	-17 120
EBIT %	-15%	-25%	-15%	-24%
Income after financial items	-9 769	-7 662	-24 104	-16 971
Net income	-11 061	-6 730	-27 139	-16 380
Net income % of net sales	-24%	-34%	-19%	-23%
Total assets	600 097	595 766	600 097	595 766
Equity	551 094	569 358	551 094	569 358
Equity ratio	92%	96%	92%	96%
Quick ratio	929%	1872%	929%	1872%
Average number of employees	64	39	55	39
Average number of shares before dilution	23 046 740	22 736 591	22 891 666	20 946 591
Average number of shares after dilution	23 146 445	23 730 740	23 141 135	21 940 740
Number of shares at the end of the period before dilution	23 046 740	22 736 591	23 046 740	22 736 591
Number of shares at the end of the period after dilution	23 146 445	23 730 740	23 146 445	23 135 825
Earnings per share before/after dilution [1)]	-0,48	-0,30	-1,19	-0,78

Net sales per market

(KSEK)	Q4			Year		
	2020	2019	%	2020	2019	%
Germany	31 558	17 360	82%	103 063	61 599	67%
Other direct sales	6 648	1 048	534%	22 209	4 533	390%
Distributor markets	7 791	1 649	372%	16 498	5 513	199%
	45 997	**20 057**	**129%**	**141 770**	**71 646**	**98%**

NET SALES

During the fourth quarter, Group net sales totalled KSEK 45,997 (20,057), equivalent to an increase of 129 percent and, excluding currency effects, of 137 percent. The majority of Group sales are in Europe, particularly Germany, in the currency EUR. Other countries with direct sales and distribution markets grew substantially during the year, albeit from a lower volume in absolute terms. The reason for the large increase in sales during the fourth quarter was the second wave of the COVID-19 pandemic.

Group net sales for the period January – December totalled KSEK 141,770 (71,646), an increase of KSEK 70,124 or 98 percent. The equivalent increase excluding currency effects was 100 percent. The increase is due to the large increase in sales that has taken place in connection with the COVID-19 pandemic.

GROSS INCOME AND COST OF GOODS SOLD

Other Cost of goods sold during the fourth quarter totalled KSEK 16,065 (7,094), equivalent to an increase of KSEK 126 percent. The increase is due to sales growth, product mix and higher transport costs continuing into the fourth quarter due to the COVID-19 situation. Gross margin during the fourth quarter was 65 (65) percent.

For the period January – December, cost of goods sold was KSEK 52,867 (24,879), equivalent to an increase of 112 percent. The increase is due to sales growth, product mix and the fact that the company has had higher transport costs due to the COVID-19 situation.

SELLING EXPENSES
Selling expenses during the quarter totalled KSEK 24,277 (7,908), equivalent to an increase of 207 percent. The increase is due to a strengthening and build-up of the commercial organisation, as well as the medical affairs organisation, to prepare for the launch of Sedaconda.

For the period January – December, selling expenses were KSEK 65,123 (37,326), equivalent to an increase of 74 percent. The reason for the increase compared with the previous year is the continued build-up of the commercial organisation and medical affairs ahead of the launch of Sedaconda.

ADMINISTRATIVE EXPENSES
Group administrative expenses totalled KSEK 10,861 (4,141) during the fourth quarter, equivalent to an increase of 162 percent. The increase is a result of the general growth in the company and expansion of office premises and associated equipment, as well as purchased services. For the period January – December, administrative expenses were KSEK 37,296 (18,989), equivalent to an increase of 96 percent.

RESEARCH AND DEVELOPMENT EXPENSES
Research and development expenses during the fourth quarter were KSEK 2,257 (4,776) KSEK, a decrease of 53 percent.

For the period January – December, research and development expenses were KSEK 7,859 (7,347), an increase of 7 percent.

Sedana Medical capitalises all development expenses in the balance sheet under intangible assets and has few expenses recognised as research.

OTHER OPERATING INCOME/EXPENSES
Other operating income principally consists of positive unrealised exchange rate differences on operating items. These totalled KSEK 1,809 (-122) during the fourth quarter. In the previous year, this item was negatively affected by a reclassification of government grants received in Ireland.

Other operating income for the period January – December totalled KSEK 2,805 (2,092).

Other operating expenses mainly consist of negative unrealised exchange rate differences on operating items. These totalled KSEK 1,280 (-1,040) during the fourth quarter.

Other operating expenses for the full year totalled SEK 2,789 (2,317).

OPERATING INCOME
Group operating income for the fourth quarter totalled KSEK -6,934 (-5,024). This is equivalent to a decline in income of 38 percent. The decline is explained by build-up of the organisation and preparations for the launch of Sedaconda.

For the period January – December, operating income was KSEK -21,359 (-17,120), a decline in income of 25 percent.

NET FINANCIAL INCOME/EXPENSE
Net financial income/expense totalled KSEK -2,835 (-2,638) during the fourth quarter. Net financial income/expense is principally explained by unrealised exchange losses.

Net financial income/expense for the period January – December was KSEK -2 745 (149) and is also explained by unrealised exchange losses.

INCOME TAX
The Group reported a tax expense of KSEK -1,292 (932) during the fourth quarter. The tax expense for the quarter consists mainly of changes in deferred tax.

For the period January – December, the Group reported a tax expense of KSEK 3,035 (591).

NET INCOME FOR THE YEAR
The Group reported net income after tax of KSEK -11,061 (-6,730) for the fourth quarter, a decline of 64 percent. The decline in income is primarily due to the decline in operating profit.

For the whole period January – December, net income after tax was KSEK -27,139 (-16,380), a decline of 66 percent.

EQUITY AND LIABILITIES
Group equity at 31 December 2020 totalled KSEK 551,094, compared with KSEK 569,358 at the start of the year, a decrease equivalent to KSEK 18,264. During 2020, all warrants in the 2017/2021 warrant programme were converted into shares. A new warrant programme, 2020/2023, was resolved upon at the Annual General Meeting in May and was launched the same month. After deduction of expenses, the company received new capital totalling KSEK 8,251 during the period as a result of these activities. Issuing expenses totalled KSEK 125 and have been recognised in equity.

Current liabilities in the Group at the end of the period totalled KSEK 43,679, compared with KSEK 25,580 at the start of the year. These consisted mainly of accounts payable of KSEK 16,371 (11,004) and accrued expenses of KSEK 13,955 (8,267).

CASH AND CASH EQUIVALENTS AND CASH FLOW
The Group reported a tax expense of KSEK -1,292 (932) durinCash and cash equivalent at the end of the period totalled KSEK 376,171 (464 560), a decrease of KSEK 88,389 compared with the start of the year.

Cash flow from operating activities before change in working capital was KSEK -2,098 (-2,809) for the fourth quarter, and the equivalent amount for the period January – December was KSEK -8,279 (-9,592).

Cash flow from operating activities, including the change in working capital, totalled KSEK 2 754 (-4,292) for the fourth quarter. The equivalent change for the period January – December was KSEK -7,846 (-7,174). The change in comparison with the fourth quarter of the previous year is principally due to an increase in operating liabilities. The change in January – December compared to the previous year is also due to increasing operating liabilities, which is a consequence of the growth in the Group.

Cash flow from investing activities totalled KSEK -30,634 (-17 303) for the fourth quarter and principally consists of investments in intangible fixed assets, of which most relate to development expenses for the clinical trial, SED-001, and the registration work of Sedaconda in EU, toxicity studies, registration work for AnaConDa and Sedaconda in the United States and expenses relating to the Sedaconda paediatric study in the EU. For the period January – December, the equivalent figure was KSEK -84,619 (-54,132). The change compared with the previous year is mainly due to toxicity studies started, preparation for registration and clinical trials in the United States and preparation for the paediatric study in EU.

Cash flow from financing activities for the fourth quarter totalled KSEK -732 (364,193) and relates to repayment of lease liabilities under IFRS16. The previous period relates to the raise of capital made by the Group with the new share issue in October 2019 of MSEK 375 before issuing expenses.

Cash flow from financing activities for the full year totalled KSEK 5,787 (366,518). The outcome relates to the new share issue which took place in May 2020, when all the warrants in the 2017/2021 programme were converted to shares (KSEK 7,737 including expenses). Cash flow for the period further relates to premiums paid in for warrants in a new 2020/2023 programme (KSEK 515) and repayment of lease liabilities.

Total cash flow for the quarter was KSEK -28,612 (342,598) and KSEK -86,678 (305,212) for the period January – December.

PARENT COMPANY

Sedana Medical AB (publ), corporate identity number 556670–2519, is the Parent Company of the Group. Its operations consist of clinical development, sales and administrative and management functions.

The Parent Company includes a branch office in Spain where operations consist of sales of products. The Parent Company has a number of subsidiaries that together make up the Group. All the subsidiaries in the Group are wholly owned.

The Parent Company's net sales totalled KSEK 48,778 (869) for the fourth quarter, whereof intra-group sales was KSEK 4,253 (181). The increase is due to the Parent Company having taken over the greater part of sales in the Group with effect from the third quarter 2020. Operating income for the quarter totalled KSEK -11,026 (-1,911). Net financial income/expense for the fourth quarter was KSEK -2,454 (-566) and related mainly to unrealised exchange losses on internal loans.

Net sales for the period January – December totalled KSEK 121,238 (46,213), whereof intra-group sales was KSEK 59,055 (1,284). Operating income for the same period was KSEK -27,577 (-16,051). The Parent Company showed net financial income/expense for the period of KSEK -1,181 (1,263).

Shareholders' equity in the Parent Company, Sedana Medical AB (publ), totalled KSEK 561,600 at 31 December 2020, compared with KSEK 581,915 at the start of the year, equivalent to a decrease of KSEK 20,315. Share capital totalled KSEK 2,305 compared with KSEK 2,274 at the start of the year, an increase of KSEK 31.

During the second quarter, all warrants in the 2017/2021 warrant programme were converted to shares. A new warrant programme, 2020/2023, was resolved upon at the Annual General Meeting in May and was launched the same month. After deduction of expenses, the company received new capital totalling KSEK 8,251 during the period as a result of these activities.

Cash and cash equivalents totalled KSEK 365,113, compared with KSEK 455,206 at the start of the year, equivalent to a decrease of KSEK 90,093.

Other information

PERSONNEL

During the fourth quarter, the Group had an average of 64 employees, representing an increase of 25 on the same period in 2019. The main reason for the increase in employee expenses is a build-up of functions such as sales, marketing, medical affairs and regulatory and quality functions prior to the registration and subsequent launch of Sedaconda.
The average number of employees during the period January – December was 55 (39), an increase of 16 compared with the same period in 2019. The reason for the increase is the build-up of functions in the commercial area, medical affairs and regulatory and quality functions ahead of the launch of Sedaconda.

TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties take place on market terms. During the fourth quarter, Sedana Medical bought goods to a value of KSEK 1,674 (2,308) and services to a value of KSEK 0 (101) from Lismed Ltd. This company is related to Ron Farrell, who during the first quarter was R&D director of the Group and a member of the Board of the Group's Irish subsidiary. At the end of the first quarter, Ron Farrell was only a member of the Board of the Group's Irish subsidiary.

During the year, purchases from Lismed Ltd. totalled KSEK 10,259 (4,985) for goods, and KSEK 101 (101) for services. During the year, purchases from Tecscan Ltd, a company related to the former Board member Michael Ryan, totalled KSEK 0 (202). At the end of the year, there was an outstanding liability to Lismed Ltd of KSEK 732.

RISK

Sedana Medical's operations, profit and financial position are affected by a number of risk factors. These are principally related to demand for medical devices, fluctuating exchange rates and access to funding. More information about Sedana Medical's risks and management of these risks can be found in the 2019 annual report on pages 47–50. For information concerning our view of COVID-19 and its possible impacts on Sedana Medical, see page 4 and the CEO's Comments on pages 5–6.

Summary consolidated income statement

(KSEK)	Q4 2020	Q4 2019	Year 2020	Year 2019
Net sales	45 997	20 057	141 770	71 646
Cost of goods sold	-16 065	-7 094	-52 867	-24 879
Gross profit	**29 932**	**12 963**	**88 903**	**46 767**
Selling expenses	-24 277	-7 908	-65 123	-37 326
Administration fees	-10 861	-4 141	-37 296	-18 989
Research and development costs	-2 257	-4 776	-7 859	-7 347
Other operating income	1 809	-122	2 805	2 092
Other operating expenses	-1 280	-1 040	-2 789	-2 317
Operating income	**-6 934**	**-5 024**	**-21 359**	**-17 120**
Income from financial items				
Financial income	30	-421	529	2 456
Financial expenses	-2 865	-2 217	-3 274	-2 307
Financial net	**-2 835**	**-2 638**	**-2 745**	**149**
Income before taxes	**-9 769**	**-7 662**	**-24 104**	**-16 971**
Income tax	-1 292	932	-3 035	591
Net income for the period	**-11 061**	**-6 730**	**-27 139**	**-16 380**
Earnings per share, calculated on earnings attributable to the parent company's ordinary shareholders:				
Before dilution	-0,48	-0,30	-1,19	-0,78
After dilution	-0,48	-0,30	-1,19	-0,78
EBITDA	-4 817	-3 965	-14 294	-12 932
Amortisations on intangible assets	-431	-446	-1 756	-1 772
Amortisations on tangible assets	-1 686	-613	-5 309	-2 417
Operating income (EBIT)	**-6 934**	**-5 024**	**-21 359**	**-17 120**

Summary consolidated statement of other comprehensive income

(KSEK)	Q4 2020	Q4 2 019	Year 2020	Year 2019
Net income for the period	**-11 061**	**-6 730**	**-27 139**	**-16 380**
Other comprehensive income				
Items that can later be reclassified to the income statement:				
Translation differences from operations abroad	769	71	624	-117
Other comprehensive income, net after tax	**769**	**71**	**624**	**-117**
Total result	**-10 292**	**-6 659**	**-26 515**	**-16 497**
Total comprehensive income as a whole attributable to the parent company's shareholders	**-10 292**	**-6 659**	**-26 515**	**-16 497**

Summary consolidated balance sheet

(KSEK)	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
ASSETS			
Intangible assets			
Capitalized development expenditure	166 378	95 487	46 161
Concessions, patents, licenses, etc.	2 998	4 160	5 243
Tangible fixed assets			
Machinery and other technical facilities	5 711	4 385	4 129
Equipment, tools and installations	1 213	489	580
Rights of use	8 792	2 773	2 439
Financial fixed assets			
Deferred tax assets	45	2 211	1 591
Other long term assets	41	0	0
Total fixed assets	**185 178**	**109 505**	**60 143**
Inventory	9 087	7 378	6 295
Tax receivables	453	6	349
Accounts receivable	19 484	6 467	4 985
Prepayments and accrued income	5 609	4 347	1 406
Other receivables	4 115	3 503	1 294
Cash and cash equivalents	376 171	464 560	159 351
Total current assets	**414 919**	**486 261**	**173 680**
TOTAL ASSETS	**600 097**	**595 766**	**233 823**

(KSEK)	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	2 305	2 274	1 916
Other contributed capital	613 923	605 702	238 016
Translation difference	506	-117	0
Retained earnings including profit for the year	-65 640	-38 501	-22 121
Equity attributable to the parent company's shareholders	**551 094**	**569 358**	**217 811**
Long term liabilities			
Long-term leasing liabilities	5 324	828	1 102
Total long-term liabilities	**5 324**	**828**	**1 102**
Current liabilities			
Short-term leasing liabilities	2 967	1 709	1 171
Accounts payable	16 371	11 004	4 430
Tax debt	2 718	1 254	487
Other debts	7 668	3 346	1 864
Accrued expenses and deferred income	13 955	8 267	6 958
Total current liabilities	**43 679**	**25 580**	**14 910**
Total liabilities	49 003	26 408	16 012
TOTAL EQUITY AND LIABILITIES	**600 097**	**595 766**	**233 823**

Summary consolidated statement of changes in equity

	Equity attributable to parent company shareholders				
(KSEK)	Share capital	Other equity	Translation difference	Retained earnings including result for the year	Total
Opening balance January 1, 2019	1 916	238 016	0	-22 121	217 811
Profit for the year	0	0	0	-16 380	-16 380
Other comprehensive income for the year	0	0	-117	0	-117
Comprehensive income for the year	**0**	**0**	**-117**	**-16 380**	**-16 497**
Transactions with the Group's owners					
New issue of shares	358	376 384	0	0	376 742
Issue expenses	0	-10 115	0	0	-10 115
Received premium for warrant subscription	0	1 746	0	0	1 746
Expenses for warrant program	0	-329	0	0	-329
Total transactions with the Group's owners	**358**	**367 686**	**0**	**0**	**368 044**
Closing balance December 31, 2019	**2 274**	**605 702**	**-117**	**-38 501**	**569 358**

(KSEK)	Share capital	Other equity	Translation difference	Retained earnings including result for the year	Total
Opening balance January 1, 2020	2 274	605 702	-117	-38 501	569 358
					0
Profit for the year	0	0	0	-27 139	-27 139
Other comprehensive income for the year	0	0	623	0	623
Comprehensive income for the year	**0**	**0**	**623**	**-27 139**	**-26 516**
Transactions with the Group's owners					
New issue of shares	31	7 831	0	0	7 862
Issue expenses	0	-68	0	0	-68
Received premium for warrant subscription	0	515	0	0	515
Expenses for warrant program	0	-58	0	0	-58
Total transactions with the Group's owners	**31**	**8 220**	**0**	**0**	**8 251**
Closing balance December 31, 2020	**2 305**	**613 923**	**506**	**-65 640**	**551 094**

Summary consolidated cash flow statement

	Q4		Year	
(KSEK)	2020	2019	2020	2019
Operating activities				
Operating result	-7 871	-5 024	-21 360	-17 120
Adjustment of non-cash items				
Depreciations and amortisation	6 301	1 752	14 476	7 068
Exchange rate differences	-534	521	-362	282
	-2 104	**-2 751**	**-7 246**	**-9 770**
Interest received	-1	3	25	3
Interest paid	-60	-21	-189	-82
Taxes paid	67	-40	-869	257
Cash flow from operating activities before change in working capital	**-2 098**	**-2 809**	**-8 279**	**-9 592**
Cash flow from change in working capital				
Increase(-)/Decrease (+) of inventories	3 471	-1 571	-1 158	-1 077
Increase(-)/Decrease (+) of operating receivables	-8 695	-2 080	-15 292	-6 663
Increase(-)/Decrease (+) of operating liabilities	10 076	2 168	16 883	10 157
Cash flow from operating activities	**2 754**	**-4 292**	**-7 846**	**-7 174**
Investing activites				
Investment in intangible fixed assets	-25 223	-16 289	-72 175	-49 839
Investments in property, plant and equipment	-5 411	-1 014	-12 444	-4 293
Cash flow from investing activities	**-30 634**	**-17 303**	**-84 619**	**-54 132**
Financing activities				
New issue of shares	0	375 032	7 862	376 742
Issue expenses	0	-10 087	-68	-10 115
Amortisation lease liabilities	-732	-422	-2 464	-1 525
Received premium for warrant subscription	0	0	515	1 746
Expenses for warrant programme	0	-330	-58	-330
Cash flow from financing activities	**-732**	**364 193**	**5 787**	**366 518**
Cash flow for the period	**-28 612**	**342 598**	**-86 678**	**305 212**
Cash and cash equivalents at the beginning of the period	**406 346**	**122 152**	**464 560**	**159 351**
Exchange rate differences in cash and cash equivalents	-1 563	-190	-1 711	-3
Cash and cash equivalents at the end of the period	**376 171**	**464 560**	**376 171**	**464 560**

Summary Parent Company income statement

(KSEK)	Q4 2020	Q4 2019	Year 2020	Year 2019
Net sales	48 778	869	121 238	46 213
Cost of goods sold	-23 221	-553	-38 707	-30 622
Gross profit	**25 557**	**316**	**82 531**	**15 591**
Selling expenses	-23 464	-6 809	-72 666	-30 193
Administrative expenses	-14 299	-5 597	-38 668	-19 277
Research and development costs	-1 268	-392	-3 953	-931
Other operating income	3 707	11 395	7 790	20 817
Other operating expenses	-1 259	-824	-2 611	-2 058
Operating income	**-11 026**	**-1 911**	**-27 577**	**-16 051**
Income from financial items				
Financial income	334	1 579	1 778	3 409
Financial expenses	-2 788	-2 145	-2 959	-2 146
Net financial income/expense	**-2 454**	**-566**	**-1 181**	**1 263**
Income after financial items	**-13 480**	**-2 477**	**-28 758**	**-14 788**
Group contribution	-9	-12	-9	-12
Income before taxes	**-13 489**	**-2 489**	**-28 767**	**-14 800**
Income tax	0	0	0	0
Net income for the year	**-13 489**	**-2 489**	**-28 767**	**-14 800**

Summary Parent Company statement of other comprehensive income

(KSEK)	Q4 2020	Q4 2 019	Year 2020	Year 2019
Net income for the year	-13 489	-4 068	-28 767	-14 800
Other comprehensive income				
Items that can later be reclassified to the income statement:				
Translation differences from operations abroad	259	168	200	-39
Other comprehensive income during the year net after tax	**259**	**168**	**200**	**-39**
Comprehensive income for the year	**0**	**0**	**0**	**-14 839**

Summary Parent Company balance sheet

(KSEK)	31 Dec 2020	31 Dec 2019	1 Jan 2019
ASSETS			
Intangible assets			
Capitalised development expenditures	156 261	88 047	42 297
Property, plant and equipment			
Plant and machinery	4 334	840	2 414
Equipment, tools, fixtures and fittings	638	221	279
Financial assets			
Shares in group companies	395	395	50
Non-current receivables from group companies	38 539	40 418	24 019
Total fixed assets	**200 167**	**129 921**	**69 059**
Inventories	9 245	984	9 227
Tax receivables	4	4	349
Trade receivables	17 925	359	4 381
Receivables in group companies	2 239	21 828	12 648
Prepaid expenses and accrued income	5 575	4 090	1 351
Other current receivables	3 202	3 084	1 239
Cash and cash equivalents	365 113	455 206	158 806
Total current assets	**403 303**	**485 555**	**188 001**
TOTAL ASSETS	**603 470**	**615 476**	**257 060**

(KSEK)	31 Dec 2020	31 Dec 2019	1 Jan 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	2 305	2 274	1 916
Fund for capitalised development expenses	154 405	88 047	42 297
Non restricted equity			
share premium fund	613 923	605 702	237 691
Retained earnings	-180 266	-99 308	-49 439
Profit or loss for the year	-28 767	-14 800	-3 755
Equity attributable to the parent company's shareholders	**561 600**	**581 915**	**228 710**
Current liabilites			
Accounts payable	15 469	6 845	2 281
Liabilities to Group companies	10 095	19 596	20 131
Tax liabilities	1 387	826	0
Other liabilities	4 707	2 001	1 341
Accrued expenses and deferred income	10 212	4 293	4 597
Total current liabilities	**41 870**	**33 561**	**28 350**
Total liabilities			
TOTAL EQUITY AND LIABILITIES	**603 470**	**615 476**	**257 060**

Summary Parent Company statement of changes in equity

	Equity attributable to parent company shareholders				
	Restricted equity		Non restricted equity		Total
(KSEK)	Share capital	Development expenditure fund	Other contributed capital	Retained earnings including profit for the year	Total
Opening balance 1 January 2019	1 916	42 297	238 017	-53 520	228 710
Net income for the year	0	0	0	-14 800	-14 800
Other comprehensive income	0	0	0	-39	-39
Comprehensive income for the year	**0**	**0**	**0**	**-14 838**	**-14 838**
Transactions with the Groups owners					
New issues of shares	358	0	376 384	0	376 742
Issue expenses	0	0	-10 115	0	-10 115
Received premium for warrant subscription	0	0	1 746	0	1 746
Expenses for warrant programme	0	0	-330	0	-330
Conversion differences in branches	0	0	0	0	0
Total transactions with the Group's owners	**358**	**0**	**367 685**	**0**	**368 043**
Reallocation between items in equity					
Allocations to funds for capitalized development expenses	0	45 750	0	-45 750	-
	0	**45 750**	**0**	**-45 750**	**0**
Closing balance 31 December 2019	2 274	88 047	605 702	-114 108	581 915

(KSEK)	Share capital	Development expenditure fund	Other contributed capital	Retained earnings including profit for the year	Total
Opening balance 1 January 2020	2 274	88 047	605 702	-114 108	581 915
Net income for the year	0	0	0	-28 767	-28 767
Other comprehensive income	0	0	0	200	200
Comprehensive income for the year	**0**	**0**	**0**	**-28 567**	**-28 567**
Transactions with the Groups owners					
New issues of shares	31	0	7 831	0	7 862
Issue expenses	0	0	-68	0	-68
Received premium for warrant subscription	0	0	515	0	515
Expenses for warrant program	0	0	-58	0	-58
Conversion differences in branches	0	0	0	0	0
Total transactions with the Group´s owners	**31**	**0**	**8 220**	**0**	**8 251**
Reallocation between items in equity					
Allocations to funds for capitalized development expenses	0	66 358	0	-66 358	0
	0	**66 358**	**0**	**-66 358**	**0**
Closing balance 31 December 2020	2 305	154 405	613 923	-209 033	561 600

Summary Parent Company cash flow statement

	Q4		Year	
(KSEK)	2020	2019	2020	2019
Operating activities				
Operating income	-11 027	-1 911	-27 577	-16 050
Adjustment of non-cash items				
Depreciations and amortisation	888	130	1 442	2 253
Exchange rates differences	183	635	629	547
	-9 956	**-1 146**	**-25 506**	-13 251
Interest received	319	264	1 336	964
Interest paid	-6	-3	-8	-4
Taxes paid	0	0	0	343
Cash flow from operating activities before change in working capital	**-9 643**	**-885**	**-24 178**	**-11 948**
Cash flow from change in working capital				
Increase (-)/Decrease (+) of inventories	9 158	-46	-8 262	8 218
Increase (-)/Decrease (+) of operating receivables	67 552	-6 353	396	-8 459
Increase (+)/Decrease (-) of operating liabilities	-68 630	7 701	8 380	5 168
Cash flow from operating activities	**-1 563**	**417**	**-23 664**	**-7 022**
Investing activities				
Investment in intangible fixed assets	-23 567	-14 629	-68 213	-45 750
Investments in property, plant and equipment	-3 129	-1 441	-4 893	-1 832
Investments of financial assets	-1 706	-10 787	-283	-15 529
Cash flow from investing activities	**-28 402**	**-26 857**	**-73 389**	**-63 111**
Financing activities				
New issue of shares	0	375 032	7 862	376 742
Issue expenses	-1	-10 087	-68	-10 115
Received premium for warrant subscription	0	0	515	0
Expenses for warrant programme	0	0	-58	0
Cash flow from financing activities	**0**	**364 945**	**8 251**	**366 627**
Cash flow for the period	**-29 965**	**338 505**	**-88 802**	**296 494**
Cash and cash equivalents at the beginning of the period	**396 238**	**114 986**	**455 206**	**158 806**
Exchange rate differences in cash and cash equivalents	-1 160	-19	-1 291	-94
Cash and cash equivalents at the end of the period	**365 113**	**453 472**	**365 113**	**455 206**

Share information

	Q4		Year	
	2020	2019	2020	2019
Net income, KSEK	-11 061	-6 730	-27 139	-16 380
Cash flow, KSEK	-28 612	342 598	-86 678	305 212
Number of shares at the beginning of the period	23 046 740	22 736 591	22 736 591	19 156 591
Number of shares at the end of the period	23 046 740	22 736 591	23 046 740	22 736 591
Average number of shares	23 046 740	22 736 591	22 891 666	20 946 591
Outstanding warrants at the beginning of the period	99 705	994 149	399 234	994 149
Outstanding warrants at the end of the period	99 705	399 234	99 705	399 234
Average number of warrants	99 705	994 149	249 470	994 149
Share capital at the end of the period, KSEK	2 274	2 274	2 274	2 274
Equity at the end of the period, KSEK	2 305	569 358	2 305	569 358
Earnings per share, SEK	0	-0,30	-1	-0,78
Equity per share, SEK	0,10	25,06	0,10	25,06
Cash flow per share, SEK	-1,24	15,07	-3,79	14,57

Facts about Sedana Medical shares

Handelsplats	Nasdaq First North Growth Market Sweden
Antal aktier *	23 046 740
Börsvärde MSEK *	7 905
Ticker	SEDANA
ISIN	SE0009947534

* Per 2020-12-31

Notes to the financial information

ACCOUNTING POLICIES

Sedana Medical AB (publ) and the Group apply IFRS with a transition date of 1 January 2019. The first external reporting in accordance with IFRS is the Year-End Report and Annual Report for 2020.

NOTE 1 GENERAL INFORMATION

Sedana Medical (publ), with corporate identity number 556670-2519, is a limited company registered in Sweden with registered office in Danderyd. The address of the headquarters is Vendevägen 89, SE-182 32 Danderyd, Sweden. The object of the company's operations is to develop, manufacture and sell medical devices. Sedana Medical AB is the parent company of the Sedana Medical Group. Unless otherwise indicated, all amounts are stated in thousands of Swedish kronor (KSEK). All amounts, unless otherwise indicated, are rounded to the nearest thousand. Figures in brackets relate to the comparative year.

For the Group's financial assets and liabilities, their carrying amount is considered to be a reasonable estimate of the fair value as they essentially refer to current receivables and liabilities with which the discounting effect is insignificant.

NOTE 2 SIGNIFICANT ACCOUNTING AND VALUATION POLICIES

The key accounting policies applied during the preparation of these consolidated financial statements are presented below. These policies have been applied consistently for all the periods presented, unless otherwise stated. The consolidated financial statements of Sedana Medical (publ) have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

This interim report is the first report of Sedana Medical (publ) to be prepared in accordance with IFRS. The consolidated financial statements have been prepared in accordance with the cost method. Historical financial information has been restated from 1 January 2019, which is the date of transition to accounting in accordance with IFRS. Explanations for the transition from previously applied accounting policies to IFRS and what effects the restatement has had on statements of comprehensive income and equity are presented in Note 5.

Preparing reports in accordance with IFRS necessitates making a number of important estimates for accounting purposes. The management is also required to make certain assessments in applying the Group's accounting policies. The areas containing a high degree of assessment, which are complex or where assumptions and estimates are of material significance to the consolidated financial statements are stated in Note 3.

New and revised standards not yet adopted by the Group
A number of new standards and interpretations enter into force for financial years commencing after 1 January 2020 and later and have not been applied in this preparation of these financial statements. No published standards which have not yet entered into force are assessed as having any impact on the Group.

Group accounting policies

Subsidiaries
Subsidiaries are companies over which Sedana Medical AB (publ) has a controlling influence. Controlling influence exists if Sedana Medical AB (public) has influence over the object of investment, is exposed to or has the right to variable return from its commitment and can use its influence over the investment to affect return. In determining whether a controlling influence exists, account is taken of potential shares carrying voting rights and whether de facto control exists. Subsidiaries are included in the consolidated financial statements as of the date when the controlling influence is transferred to the Group. They are deconsolidated from the date on which the controlling influence ceases.

Transactions eliminated on consolidation
Intra-Group receivables and payables, income or expenses and unrealised gains or losses arising from intra-Group transactions among Group companies are eliminated in their entirety in preparing the consolidated financial statements. Accounting policies for subsidiaries have been changed where appropriate to guarantee consistent application of the Group's policies.

Segment reporting
The most senior executive decision-maker in Sedana Medical (publ) is the Chief Executive Officer (CEO), as is it primarily the CEO who is responsible allocating resources and evaluating results. The assessment of the Group's segments is based on the financial information reported to the CEO. This information, as the basis for allocating resources and assessing the Group's results, concerns the Group as a whole. As the CEO follows up the operations as a unit (a concept), the whole of the operations is comprised of a single segment.

Translation of foreign currency

Functional currency and presentation currency
The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Group. The financial statements for the Group are therefore presented in SEK.

Transactions and balance-sheet items in foreign currencies
Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency of the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currency are translated to the functional currency at the rate prevailing on the balance sheet date. Exchange-rate differences arising on translation are recognised in net profit for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Translation of foreign operations
Assets and liabilities in foreign operations are translated from the functional currency of the foreign operation to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses in a foreign operation are translated to Swedish kronor at an annual average exchange rate representing an approximation of the exchange rates prevailing at the time of the transaction concerned. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of equity, known as Reserves.

Revenue

Sale of goods
The Group's revenue consists of medical devices and is principally made up of the sale of AnaConDa and accessories. The Group also sells gas monitors. The Group's performance obligation in its contracts is to provide the items specified in the contract. Whether any transport services represent a separate performance obligation depends on the terms of delivery, i.e. whether control of the product has passed to the customer before transport takes place. Revenue is recognised when control of the asset has been transferred to the customer. A receivable is recognised when control of the goods has been transferred to the customer as the remuneration at this time is certain and it is only the passing of time that is required before payment is

made. No material financing component is deemed to exist at the time of sale, as the credit period is normally 30 days net. The transaction price principally consists of fixed price per sold quantity. There are also cash discounts and, to a limited extent, volume discounts based on accumulated sales over a 12-month period. Sales revenue is recognised based on the price in the contract, less calculated discounts. Volume discounts are calculated and recognised based on experience, using either expected value after an estimation of the most likely amount, and are recognised only to the extent that it is highly likely that no material reversal will arise.

Government grants
Government grants are recognised at fair value when there is reasonable assurance that the amounts will be received and the Group will comply with the conditions attached to the amounts. Grants which have been received before the conditions to recognise them as revenue have been fulfilled are recognised as a liability. Government grants are recognised systematically in financial statements as a reduced cost over the same periods as the costs the grants are intended to offset.

Financial income and expenses
The Group's financial income and expenses include interest income and interest expense.
Interest income or interest expense is recognised according to the effective interest method. The effective interest rate is the interest rate which exactly discounts the estimated future incoming and outgoing payments during the expected term of the financial instrument to the recognised gross value of the financial asset or the amortised cost of the financial liability.

Employee benefits

Short-term employee benefits
Short-term employee benefits which are expected to be settled within 12 months after the accounting year-end are recognised as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The expense is recognised in the statement of comprehensive income when the related services are received. A provision is recognised for the expected cost involved in profit-sharing and bonus payments where the Group has a legally binding or informal obligation to make such payments as a result of the performance of services obtained from employees, and the obligation can be measured reliably.

Defined-contribution pension plans
The Group has only defined-contribution pension plans. Defined-contribution pension plans are pension plans where the company's obligation is limited to the contributions the company has undertaken to pay. In such a case, the size of the employee's pension depends on the contributions the company has paid into the plan or to an insurance company, and the capital return yielded by the contributions. In consequence, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee. The company's obligations relating to contributions to defined-contribution plans are recognised as an expense in profit or loss for the year at the rate at which they are vested by employees providing services to the company during a period.

Share-related remuneration – Incentive plans in the form of warrants
In some jurisdictions, Sedana Medical offers warrant programmes to employees (and consultants). Participants pay a premium per warrant calculated using the Black-Scholes method by an independent institution. As the employees have paid market value for the warrants, there is no payment to expense.

Taxes
Income tax comprises current and deferred tax. Income tax is recognised in net profit for the year, except when underlying transactions have been recognised under other comprehensive income or under equity, in which case the associated tax effect is recognised under other comprehensive income or under equity. Current tax is tax that is to be paid or received during the current year, based on the tax rates that were adopted or were adopted in practice on the balance sheet date. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences between carrying amounts and the value of assets and liabilities for tax purposes. Temporary differences are not taken into account for the difference arising on initial recognition of assets and liabilities which are not business combinations which, at the time of the transaction, do not affect either net profit or loss or profit or loss for tax purposes. In addition, temporary differences attributable to shares in subsidiaries which are not expected to be reversed in the foreseeable future are not recognised. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules adopted or adopted in practice on the balance sheet date.

Deferred tax receivables in respect of deductible temporary differences and loss carry-forwards are reported only insofar as it is likely that it will be possible for these to be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised. Any additional income tax arising in payment of dividend is recognised at the same time as the dividend is recognised as a liability. Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities and when the deferred tax assets and the tax liabilities relate to taxes charged by one and the same tax authority and pertain to either the same taxpayer or a different taxpayer, where there is an intention to settle the balances through net payments.

Classification, etc.
Non-current assets essentially consist of amounts expected to be recovered or paid after more than twelve months, counting from the balance-sheet date, while current assets essentially consist of amounts expected to be recovered within twelve months counting from the balance-sheet date. Non-current liabilities essentially comprise amounts which Sedana Medical (publ) at the end of the reporting period has an unconditional right to decide to pay more than twelve months after the end of the reporting period. If Sedana Medical (publ) does not have such a right at the end of the reporting period, the amount of liability is recognised as a current liability.

Intangible assets

Research and development
All expenditure arising during the research phase is expensed as it arises. Expenditure on development (attributable principally to clinical projects, patents, medical device units), where research results or other knowledge are applied to bring about new or improved products or processes, are recognised as an intangible asset in the statement of financial position, when all the criteria below are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- the intention is to complete the intangible asset and use or sell it;
- the company is able to use or sell the intangible asset;
- it is likely that the intangible asset will generate future financial benefits;
- necessary and adequate technical, financial and other resources are available to complete the development and to use or sell the asset;
- the expenditure attributable to the intangible asset can be calculated in a reliable manner.

The carrying amount includes all directly attributable costs, for example for materials and services, employee benefits and amortisation of patents and licenses. Other expenditure on development which does not fulfil the criteria above is recognised in profit or loss for the year as an expense when it arises.

Other intangible assets
Other intangible assets which have been acquired by the Group comprise concessions, patents and licences and are recognised at cost less accumulated amortisation and any impairment losses.

Amortisation methods
Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets. The useful life lives are reviewed at least annually. Intangible assets with definite useful lives are amortised from the time when they become available for use.
The estimated useful lives of the assets are:

- Concessions, patents, licences and similar	5–10 years
- Capitalised development expenses/Clinical projects, medical units	5–10 years

Property, plant and equipment
Property, plant and equipment is recognised in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenditure directly attributable to the asset in order to bring it into the position and condition necessary for it to be utilised in accordance with the purpose of the acquisition. The carrying amount of an item of property, plant and equipment is derecognised in the statement of financial position on its sale or disposal, and when no future financial benefit can be expected from the use or sale/disposal of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the sale price and the asset's carrying value, less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Additional expenditure
Additional expenditure is added to cost only if it is likely that the future financial benefits associated with the asset will accrue to the company and the cost can be calculated reliably. All other additional expenses are reported as a cost in the period in which they arise.

Depreciation methods
Depreciation takes place on a straight-line basis over the estimated useful life of the asset.
Estimated useful lives:

- Plant and machinery	3–5 years
- Equipment, tools, fixtures and fittings	3–5 years

The depreciation methods applied, residual values and useful lives are reviewed at the end of each year.

Financial instruments
The Group's financial assets and liabilities consist of the items cash and cash equivalents, accounts receivable and accounts payable.

Recognition and initial measurement
Accounts receivable are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured on initial recognition at fair value plus transaction expenses directly attributable to the acquisition or issue. An account receivable without a significant financing component is measured at the transaction price.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: accrued acquisition value; fair value through other comprehensive income; or fair value through profit or loss. The Group recognises all financial assets at accrued acquisition value.

Financial assets measured at accrued acquisition value
A financial asset is valued at accrued acquisition value if it fulfils both of the following conditions and has not been identified as measured at fair value through profit or loss:

- it is held under a business model, the objective of which is to hold financial assets for the purpose of obtaining contractual cash flows;
- the agreed terms for the financial asset give rise at particular times to cash flows which are only payments of principal and interest on the outstanding principal.

The subsequent measurement of financial assets measured at accrued acquisition value takes place at accrued acquisition value using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit or loss. Gains or losses arising on derecognition are recognised in profit or loss.

Accounts receivable
Accounts receivable are amounts attributable to customers regarding goods sold or services carried out in the ordinary course of business. Accounts receivable are classified as current assets. Accounts receivable are initially recognised at fair value. The Group holds accounts receivable for the purpose of collecting contractual cash flows.

Financial liabilities
Financial liabilities are classified as measured at accrued acquisition value or fair value through profit or loss. The Group recognises all financial liabilities after initial recognition at accrued acquisition value with application of the effective interest method. Interest expenses and exchange gains and losses are recognised in profit or loss. Gains and losses on derecognition are also recognised in profit or loss.

Accounts payable
Accounts payable are financial instruments and pertain to obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are treated as non-current liabilities.

Derecognition in the statement of financial position

Financial assets
The Group derecognises a financial asset in the statement of financial position when the contractual rights to the cash flows from the financial asset cease, or if it transfers the right to receive the contractual cash flows through a transaction in which all risks and benefits of ownership have been materially transferred, or in which the Group does not transfer or materially retains all the risks and benefits of ownership and it does not retain control of the financial asset.

Financial liabilities
The Group derecognises a financial liability in the statement of financial position when the commitments stated in the contract are fulfilled, are cancelled or cease. The Group also derecognises a financial liability when the contractual terms are modified and the cash flows from the modified liability are materially different. In that case a new financial liability is recognised at fair value based on the modified terms. When a financial asset is derecognised, the difference between the carrying amount which has been derecognised and the payment which has been made (including transferred non-monetary assets and assumed liabilities) is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents for the most part consist of cash at financial institutions. Cash and cash equivalents are recognised at their nominal amount, which corresponds to fair value.

Leases
When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right during a particular period to determine the use of an identified asset in exchange for payment.

Contracts may contain both lease and non-lease components. The Group distributes the payment under the contract to each component based on the stand-alone price.

Leases where the Group is lessee
The Group leases properties, vehicles and plant and equipment. The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which consists of the initial value of the lease liability plus lease payments made on or before the commencement date. The right-of-use asset is amortised on a straight-line basis from the commencement date to the earlier of the end of the period of use of the asset and the end of the lease period, which for the Group is normally the end of the lease period.

The lease liability – which is divided into current and non-current portions – is measured initially at the present value of remaining lease payments during the estimated lease period. The lease period consists of the non-terminable period plus further periods in the contract if it is assessed as reasonably certain at the commencement date that these will be utilised. The lease payments are normally discounted by the Group's marginal borrowing rate, which beyond the Group's credit risk reflects the lease period, currency and quality of an underlying asset as intended security of the contract concerned.

The lease liability comprises the present value of the following payments during the estimated lease period:
• fixed payments, including in-substance fixed payments
• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The value of the liability is increased by the interest expense for the period concerned and is reduced by the lease payments. The interest expense is calculated as the value of the liability times the discount rate. The lease liability for the Group's premises with rent which is index-linked is calculated on the rent applicable at the end of the reporting period concerned. At this time the liability is adjusted, with corresponding adjustment of the carrying amount of the right-of-use asset. In a corresponding manner, the value of the liability and the asset is adjusted at the time when re-assessment is made of the lease term. This takes place at the time when the last termination date within the previously estimated lease term for rental contracts has passed, or when significant events occur or the circumstances have significantly changed in a way which is within the control of the Group and affects the current assessment of the lease term. No right-of-use asset or lease liability is recognised for leases which have a lease term of 12 months or less or with an underlying asset of low value, below SEK 50,000. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by application of the first-in first-out method (FIFO) and includes expenditure which has arisen in the acquisition of the inventories and transport of these to their current location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and to make the sale.

Impairments

Impairment of property, plant and equipment and intangible assets
Intangible assets which are not ready for use are not amortised but are tested annually for any impairment loss. Assets subject to amortisation are reviewed for decrease in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is made in the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling costs and its value in use. In estimating impairment loss, assets are grouped at the lowest levels at which there are materially independent cash flows (cash-generating units). For assets which have previously been impaired, a test of whether reversal should be carried out is performed on each balance sheet date.

Impairment of financial assets
The Group estimates future expected credit losses linked to assets recognised at accrued acquisition value. The Group recognises a credit reserve for such expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach for credit reservation, that is to say the reserve will correspond to the expected loss over the whole life of the account receivable. In order to measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and days past due. The Group makes use of forward-looking variables for expected credit losses.

Equity

Share capital
Ordinary shares are classified as equity. Transaction expenses which can be directly attributed to issue of new ordinary shares are recognised, net after tax, in equity as a deduction from the issue proceeds.

Dividends
Dividends are recognised as a liability following approval by the Annual General Meeting.

Earnings per share
The calculation of basic earnings per share is based on the Group's profit or loss for the year attributable to the parent company's owners and on the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, the profit and the average number of shares are adjusted to take account of the effects of diluting potential ordinary shares, which during reported periods originate from warrants issued to employees. The dilution from the warrants is based on a calculation of how many shares hypothetically could have been purchased during the period at the redemption price. The shares which would not have been able to be purchased lead to dilution. Potential ordinary shares are treated as dilutive only during periods when it leads to a lower profit or greater loss per share.

Contingent liabilities
A contingent liability is disclosed when there is a possible commitment that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the Group's control, or when there is a commitment that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

Cash flow statement
The cash flow statement is prepared in accordance with IAS 7, Statement of Cash Flows, using the indirect method. The recognised cash flow includes only transactions involving inflows and outflows of cash. Cash and bank balances are classified as cash and cash equivalents.

Parent company accounting policies

Basis of preparation of the reports

Sedana Medical AB (publ), corporate identity number 556670–2519, is the parent company of the Group. As the Group publishes its consolidated financial statements and the chosen accounting policy for this is IFRS, the parent company is changing its accounting policy from applying K3 to RFR 2 'Financial Reporting for Legal Entities' as of 1 January 2019, which is the date of transition to IFRS. For detailed information regarding the transition of the parent company to RFR 2, see Note 30. RFR 2 requires the parent company to apply in its annual financial statements International Financial Reporting Standards (IFRS) as adopted by the EU, as far as this is possible under the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and with regard to the relationship between accounting and taxation. The recommendation sets out certain exceptions and supplements which are required with regard to IFRS.

The parent company applies the same policies as are presented in the consolidated financial statements, with the exception of the following. The policies have been consistently applied for all years presented, unless otherwise stated. Preparing reports in accordance with RFR 2 necessitates making a number of key accounting estimates. It is also required that the management make certain assessments in applying the parent company's accounting policies. The areas containing a high degree of assessment, which are complex or where assumptions and estimates are of material significance to the annual financial statements, are stated in Note 3 to the consolidated financial statements.

The parent company is exposed through its operations to a number of different financial risks: market risk (currency risk and interest-rate risk), credit risk and liquidity risk. The parent company's overall risk management is to endeavour to minimise potential unfavourable effects on the Group's financial results. For more information about financial risks, refer to the consolidated financial statements (Financial risk and risk management).

Layout

The income statement and balance sheet follow the layout in the Annual Accounts Act. This means differences compared with the Annual Accounts Act, principally regarding financial income and expenses, statement of comprehensive income, provisions and statement of changes in equity.

Group contributions

The alternative rule is applied in recognising Group contributions, which means that both Group contributions received and paid are recognised as appropriations. The tax effect is recognised in profit and loss.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognised at cost less any impairments. Cost includes acquisition-related costs and any additional purchase considerations. Dividends received are recognised as financial income. If an amount is distributed exceeding the subsidiary's comprehensive income for the period or meaning that the book value of the net assets of the holding in the consolidated financial statements is less than the book value of the participations, it is an indication of an impairment loss.

When there is an indication that shares and participations in subsidiaries have decreased in value, a calculation of recoverable amount is made. If this is lower than the carrying amount, an impairment is made. Impairments are recognised in the items Profit/loss from participations in Group companies.

Financial instruments

Financial assets are classified in a different way in the parent company's balance sheet than in the consolidated balance sheet. The principles set out in IFRS 9 regarding when financial instruments are to be recognised in and derecognised from a statement of financial position are applied. Financial instruments are measured based on cost. The principles of impairment testing and expected credit loss provision in IFRS 9 are applied in calculating the net realisable value of receivables recognised as current assets. For a receivable which is recognised at accrued acquisition value at Group level, this means that the loss reserve recognised in the Group is also taken up in a legal entity. The principles of impairment testing and expected credit loss provision in IFRS 9 are applied as far as possible in assessing and calculating impairment loss for financial assets recognised as non-current assets. The simplified method is applied only to intra-Group accounts receivable. The complete model is applied to other intra-Group receivables. Interest income and interest expense are recognised according to the effective interest method. Dividend income is recognised when the company's right to receive payment of the dividend has been established, it is probable that the financial benefits associated with the dividend will accrue to the company and the dividend can be reliably measured.

Equity
When own development works are capitalised, a corresponding amount is transferred from non-restricted equity to a fund for development expenses which constitutes restricted equity. When capitalised amounts are amortised or impaired or disposed of, a corresponding amount is transferred from the fund for development expenses to non-restricted equity.

Deferred income tax
Amounts allocated as untaxed reserves constitute taxable temporary differences. However, because of the association between recognition and taxation, the deferred tax liability on untaxed reserves in a legal entity is recognised as a part of untaxed reserves. The appropriations in the income statement are also recognised including deferred tax.

Leases
All leases, whether finance or operational, are recognised as operational leases (rental contracts).

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessments and estimates in the financial statements
The preparation of financial statements in accordance with IFRS requires the senior management to make assessments and estimates and to make assumptions that influence the application of the accounting policies and carrying amounts for assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. The estimates and assumptions are reviewed regularly. Changes to these estimates are reported in the period when the change is made if the change has only affected this period, or in the period when the change is made and future periods if the change affects both the current period and future periods. Assessments made by the senior management in application of IFRS which have a significant impact on the financial statements and estimates made which may result in material adjustments in the financial statements of the subsequent year are described in more detail below:

Capitalisation of development expenses
Capitalised development expenses are tested for impairment annually, and an assessment is made of whether there is a need for impairment of assets. The test, which is a calculation of the current value of future cash flows generated from the asset, is assessed and approved by the Board. The assets are reviewed monthly. When an asset is completed, a basis needs to be prepared with a confirmed final value of the asset and a proposed depreciation period for approval by the Board. If an assessment is made during the year that the asset has fallen in value, an impairment test is prepared and presented for a decision by the Board.

The medical devices which at present are depreciated have been estimated to have a depreciation period of 5 years. The depreciation periods applied by the Group for capitalised development expenses may differ from the technical lifetime. If the asset is found not to fulfil the requirements for the impairment test, the asset carried on the balance sheet is carried wholly or partially as income. (Note 13 and 14, intangible assets).

Deferred tax
The valuation of loss carry-forwards and the ability of the company to utilise unused loss carry-forwards is based on the company's estimates of future taxable income in different tax jurisdictions and includes assumptions on whether costs which have not yet been the object of taxation are deductible.

NOTE 4 INCOME STATEMENT RESTATED FROM BY COST TYPE TO BY FUNCTION, CONSOLIDATED

Change of layout shape: Income statement Group, Q4 2019

KSEK	Cost type divided	Other operating income	Cost of goods sold	Other external cost	Personnel cost	Depreciation and amortising	Function divided	
Net sales	20 057						20 057	Net sales
Other operating income	-122	122					0	
			-5 428	-169	-893	-604	-7 094	Cost of goods sold
	19 935						**12 963**	**Gross profit**
Cost of goods sold	-5 428		5 428				0	
Other external costs	-6 513			6 513			0	
Personnel costs	-10 932				10 932		0	
Depreciation and write-downs of tangible and intangible fixed assets	-1 059					1 059	0	
				-998	-6 519	-398	-7 915	Selling expenses
				-1 583	-2 525	-39	-4 147	Administrative expenses
				-3 763	-995	-18	-4 776	Research and development cost
		-122					-122	Other operating income
Other operating expenses	-1 040						-1 040	Other operating expenses
Operating income	**-5 037**						**-5 037**	**Operating income**
Financial income	-421						-421	Financial income
Financial expenses	-2 199						-2 199	Financial expenses
Profit after financial items	**-7 657**						**-7 657**	**Profit after financial items**
Profit before tax	**-7 657**						**-7 657**	**Profit before tax**
Income tax	932						932	Income tax
Net income for the period	**-6 725**						**-6 725**	**Profit for the year**

Change of layout shape: Income statement Group, January 1 - December 31, 2019

KSEK	Cost type divided	Other operating income	Cost of goods sold	Other external cost	Personnel cost	Depreciation and amortising	Function divided	
Net sales	71 646						71 646	Net sales
Other operating income	2 092	-2 092					0	
			-19 233	-342	-2 930	-605	-23 110	Cost of goods sold
	73 738						**73 738**	**Gross profit**
							0	
Cost of goods sold	-19 233		19 233				0	
Other external costs	-27 122			27 122			0	
Personnel costs	-38 045				38 045		0	
Depreciation and write-downs of tangible and intangible fixed assets	-4 188					4 188	0	
				-13 041	-22 775	-1 533	-37 349	Selling expenses
				-9 057	-9 819	-134	-19 010	Administrative expenses
				-4 682	-2 521	-1 916	-9 119	Research and development cost
		2 092					2 092	Other operating income
Other operating expenses	-2 317						-2 317	Other operating expenses
Operating income	**-17 167**						**-17 167**	**Operating income**
Financial expenses	**-2 232**						-2 232	Financial expenses
Profit after financial items	**-16 943**						**-16 943**	**Profit after financial items**
Profit before tax	**-16 943**						**-16 943**	**Profit before tax**
Income tax	585						585	Income tax
Net income for the period	**-16 358**						**-16 358**	**Profit for the year**

NOTE 5 EXPLANATIONS CONCERNING TRANSITION TO IFRS

This financial report for the Group is the first to have been prepared with application of IFRS, as stated in Note 1. The accounting policies set out in Note 1 have been applied in the preparation of the consolidated financial reports for the financial year 2020 and for the comparative year 2019, as well as for the Group's opening IFRS balance sheet at 1 January 2019. In the preparation of the Group's opening IFRS balance sheet, amounts that have been recognised in accordance with previously applied accounting policies have been adjusted in accordance with IFRS. Explanations of how the transition from previous accounting policies to IFRS has affected the Group's financial position, financial results and cash flows can be found in the following tables and explanations of these tables.

What has been done in the transition to accounting under IFRS

The transition to IFRS is presented in accordance with IFRS 1 First-time Adoption of IFRS. The general rule is that all applicable IFRS and IAS standards which have entered into force and been approved by the EU at 31 December 2020 are to be applied with retroactive effect. However, IFRS 1 contains transitional provisions which gives entities some freedom of choice.

The exceptions permitted by IFRS to full retroactive application which the Company has chosen to apply in the transition from previously applied accounting policies to IFRS are stated below.

Exception for cumulative translation differences
IFRS 1 permits cumulative translation differences recognised in equity to be reset to zero at the time of transition to IFRS. This signifies a relaxation compared with establishing cumulative translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the time when the Company's subsidiaries were formed. The Company has chosen to reset to zero all cumulative translation differences in the translation reserve and to reclassify these to retained earnings at the time of transition to IFRS at 1 January 2019.

IFRS 16 Leases

The Group applies IFRS 16 with effect from 1 January 2019. The Group applies the simplified transition method, which means that rights-of use are measured at an amount equivalent to the lease liability at 1 January 2019 (adjusted for prepaid and accrued lease payments).

In addition, the Group has made the following choices at the time of transition:

- To exclude lease contracts whose lease term ends within twelve months from the time of transition to IFRS (01.01.2019) and lease contracts for which the underlying asset is of low value.
- To use estimates made subsequently in establishment of the lease term in cases where the contract contain options to extend or terminate the lease contract.

Reconciliation between previously applied accounting policies and IFRS

Under IFRS 1, the Group is required to present a reconciliation between equity and total comprehensive income recognised in accordance with previously applied accounting policies and equity and total comprehensive income in accordance with IFRS. The tables below show the reconciliation between previously applied accounting policies and IFRS for the period concerned for equity and total comprehensive income.

Effects on income statement, balance sheet and equity

The tables below show the above effects on the income statement, balance sheet and equity as though IFRS had been applied in 2019 and 2020.

Balance sheet, Group, December 31, 2018 - January 1, 2019 (table 1)

KSEK	Dec 31, 2018 K3	Effect of translation differences according to IFRS	Effect of IFRS 16 leasing	Jan 1, 2019 IFRS
Assets				
Intangible assets				
Capitalized development expenditure	46 161			46 161
Concessions, patents, licenses, etc.	5 243			5 243
Tangible fixed assets				
Machinery and other technical facilities	4 129			4 129
Equipment, tools and installations	580			580
Rights of use	-		2 439	2 439
Deferred tax assets	1 591			1 591
Total fixed assets	**57 704**	**0**	**2 439**	**60 143**
Inventory	6 295			6 295
Tax receivables	349			349
Accounts receivables	4 985			4 985
Prepayments and accrued income	1 572		-166	1 406
Other receivables	1 294			1 294
Cash and equivalents	159 351			159 351
Total current assets	**173 846**	0	-166	**173 680**
Total assets	**231 550**	**0**	**2 273**	**233 823**
				0
Equity and liabilities				0
Equity				0
Share capital	1 916			1 916
Other contributed capital	238 016			238 016
Translation difference	0			0
Retained earnings including profit for the year	-22 121			-22 121
Equity attributable to the parent company's shareholders	**217 811**	**0**	**0**	**217 811**
Long-term liabilities				
Long-term leasing liabilities			1 102	1 102
Other long-term liabilities				0
Total long term liabilities	**0**	**0**	**1 102**	**1 102**
Current liabilities				
Short-term leasing liabilities			1 171	1 171
Accounts payable	4 430			4 430
Tax liabilities	487			487
Other liabilities	1 864			1 864
Accrued expenses and prepaid income	6 958			6 958
Total short-term liabilities	**13 739**	**0**	**1 171**	**14 910**
Total liabilities	**13 739**	**0**	**2 273**	**16 012**
Total equity and liabilities	**231 550**	**0**	**2 273**	**233 823**

Income statement, Group, January 1 - December 31, 2019 (table 2)

KSEK	According to previous principles	Effect of IFRS 1	Effect of IFRS 16 - Leasing	December 31, 2019 According to IFRS
Net sales	71 646			71 646
Cost of goods sold	-23 110		3	-23 107
Gross profit	**48 536**	**0**	**3**	**48 539**
Selling expenses	-37 349		23	-37 326
Administration fees	-19 010		21	-18 989
Research and development costs	-9 119			-9 119
Impairment of accounts receivable and contractual assets				0
Other operating income	2 092			2 092
Other operating expenses	-2 317			-2 317
Operating income	**-17 167**	**0**	**47**	**-17 120**
				0
Income from financial items				0
Financial income	2 456			2 456
Financial expenses	-2 232		-75	-2 307
Financial net	**224**	**0**	**-75**	**149**
				0
Income before taxes	**-16 943**	**0**	**-28**	**-16 971**
				0
Income tax	585		6	591
Net income for the period	**-16 358**	**0**	**-22**	**-16 380**

Statement of comprehensive income, Group, January 1 - December 31, 2019

Net income for the period	**-16 358**		**-22**	**-16 380**
Other comprehensive income				
Items that can later be reclassified to the income statement				
Translation differences from operations abroad		-117	0	-117
Other comprehensive income, net after tax	**0**	**-117**	**0**	**-117**
Total result	**-16 358**	**-117**	**-22**	**-16 497**
Ttotal comprehensive income as a whole attributable to the parent company´s shareholders	**-16 358**		**-22**	**-16 497**

Income statement, Group, 1 October - 31 December 2019 (table 3)

KSEK	According to previous principles	Effect of IFRS 1	Effect of IFRS 16 - Leasing	31 December 2019 According to IFRS
Net sales	20 057			20 057
Cost of goods sold	-6 648		0	-6 648
Gross profit	**13 409**	**0**	**0**	**13 409**
Selling expenses	-7 915		7	-7 908
Administrative expenses	-4 147		6	-4 141
Research and development costs	-5 222			-5 222
Other operating income	-122			-122
Other operating expenses	-1 040			-1 040
Operating income	**-5 037**	**0**	**13**	**-5 024**
Income from financial items				
Financial income	-421			-421
Financial expenses	-2 199		-18	-2 217
Net financial income/expense	**-2 620**	**0**	**-18**	**-2 638**
Income before taxes	**-7 657**		**-5**	**-7 662**
Income tax	932		0	932
Net income for the period	**-6 725**	**0**	**-5**	**-6 730**

Statement of comprehensive income, Group, 1 October - 31 December 2019

Net income for the period	**-6 725**		**-5**	**-6 730**
Other comprehensive income				
Items that can later be reclassified to the income statement				
Translation differences from operations abroad		71	0	71
Other comprehensive income, net after tax				**0**
Comprehensive income for the year	**-6 725**	**71**	**-5**	**-6 659**
Comprehensive income for the year as a whole attributable to the parent company´s shareholders	**-6 725**	**71**	**-5**	**-6 659**

Balance sheet, Group, 31 December 2019 (table 4)

KSEK	According to previous principles	Effect of IFRS 1	Effect of IFRS 16 - Leasing	31 December 2019 According to IFRS
Assets				
Intangible assets				
Capitalized development expenditures	95 487			95 487
Concessions, patents, licences, etc.	4 160			4 160
Property, plant and equipment				
Plant and machinery	4 385			4 385
Equipment, tools, fixtures and fittings	489			489
Rights of use	0		2 773	2 773
Deferred tax assets	2 205		6	2 211
Total fixed assets	**106 726**	**0**	**2 779**	**109 505**
Inventories	7 378			7 378
Tax receivables	6			6
Accounts receivables	6 467			6 467
Prepaid expenses and accrued income	4 611		-264	4 347
Other receivables	3 503			3 503
Cash and equivalents	464 560			464 560
Total current assets	**486 525**	0	-264	**486 261**
Total assets	**593 251**	**0**	**2 515**	**595 766**
Equity and liabilities				
Equity				
Share capital	2 274			2 274
Other contributed capital	605 702			605 702
Translation difference	0	147	0	147
Retained earnings including profit for the year	-38 596	-147	-22	-38 765
Equity attributable to the parent company's shareholders	**569 380**	**0**	**-22**	**569 358**
Non-current liabilities				
Long-term leasing liabilities			828	828
Other long-term liabilities				0
Total long-term liabilities	**0**	**0**	**828**	**828**
Current liabilities				
Short-term leasing liabilities			1 709	1 709
Accounts payable	11 004			11 004
Tax liabilities	1 254			1 254
Other liabilities	3 346			3 346
Accrued expenses and prepaid income	8 267			8 267
Total current liabilities	**23 871**	**0**	**1 709**	**25 580**
Total liabilities	**23 871**	**0**	**2 537**	**26 408**
Total equity and liabilities	**593 251**	**0**	**2 515**	**595 766**

Statement of cash flow, Group (table 5)

KSEK	31 Dec 2019, K3	Effect of IFRS	31 Dec 2019, IFRS
Operating activities			
Operating result	-17 167	47	-17 120
Adjustment of non-cash items			
Depreciations and amortisation	5 558	1 510	7 068
Exchange rate differences	282		282
Provisions	0		0
	-11 327	**1 557**	**-9 770**
Interest received	3		3
Interest paid	-7	-75	-82
Taxes paid	257		257
Cash flow from operating activities before change in working capital	**-11 074**	**1 482**	**-9 592**
Cash flow from change in working capital			
Increase(-)/Decrease (+) of inventories	-1 077		-1 077
Increase(-)/Decrease (+) of operating receivables	-6 706	43	-6 663
Increase(-)/Decrease (+) of operating liabilities	10 157		10 157
Cash flow from operations	**-8 700**	**1 525**	**-7 175**
Investing activites			
Investment in intangible fixed assets	-49 839		-49 839
Investment in ntangible fixed assets	-4 293		-4 293
Cash flow from investing activities	**-54 132**	**0**	**-54 132**
Financing activities			
New issue of shares	376 742		376 742
Issue expenses	-10 115		-10 115
Received premium for warrant subscription	1 746		1 746
Expenses for warrant programme	-330		-330
Amortisation lease liabilities		-1 525	-1 525
Cash flow from financing activities	**368 043**	**-1 525**	**366 518**
Cash flow for the period	305 212	0	305 212
Cash and cash equivalents at the beginning of the period	159 351		159 351
Exchange rate differences in cash and cash equivalents	-2		-2
Cash and cash equivalents at the end of the period	**464 560**	**0**	**464 560**

Supplementary disclosures

Transfer of translation differences to reserves

Translation differences are presented in accordance with IFRS in other comprehensive income and recognised in the item translation reserves in equity. The Company has chosen to reset cumulative translation differences to zero on transition to IFRS, and no amount is therefore allocated to reserves at 1 January 2019 (Table 1). In subsequent periods, translation differences relating to translation of foreign subsidiaries are presented in 'other comprehensive income' (Table 2) and recognised in translation reserves in equity (Table 3). Amounts transferred to the statements of comprehensive income and balance sheets above relate to amounts which under previously applied accounting policies have been recognised directly against retained earnings in equity.

Leases

At the time of transition to IFRS, the Group recognises a right-of-use asset and a lease liability in the balance sheet (Table 1) for leases which in accordance with previously applied policies have been classified as operating leases, and which do not relate to assets of low value or short-term contacts.

The lease liability is measured at the present value of the remaining lease payments, totalling KSEK 2,273 at 1 January 2019 (Table 1) and KSEK 2,537 at 31 December 2019 (Table 4). Right-of-use assets are measured at the time of transition at an amount which is equivalent to the value of the lease liability adjusted for prepaid lease payments. The right-of-use assets at the time of transition totalled KSEK 2,439 (Table 1) and KSEK 2,773 at 31 December 2019 (Table 4). In the statement of comprehensive income, right-of-use assets are amortised on a straight-line basis over the length of the lease and interest is calculated on the lease liability at a fixed interest rate for the liability recognised during the period concerned. In the statement of comprehensive income (Table 2), amortisation of right-of-use assets is recognised distributed between the functions Selling expenses and Administrative expenses, and the interest exchange is recognised in financial expenses, instead of lease payments which were previously recognised in Other external expenses. Amortisation of right-of-use assets totalled KSEK 1,536 for the financial year 2019 and interest expenses totalled KSEK 75. The weighted average marginal borrowing date used on the day of first-time application (1 January 2019) was 3.0%.

Reclassification

Income statement (Table 2)
Reclassifications have taken place of the following items in the income statement: 'Other interest income and similar profit/loss items' is designated 'financial income', 'interest expenses and similar profit/loss items' are designated 'financial expenses' and 'tax on net profit for the year' is designated 'income tax'.
In comparison with previous accounting policies, other comprehensive income is added in connection with the income statement.

Statement of financial position (Table 3)
The following reclassifications have taken place in the statement of financial position:
- 'Cash and bank' is designated 'cash and cash equivalents'.
- Translation differences are recognised in the item 'Reserves'. Translation differences were reset to zero at the time of transition to IFRS at 1 January 2019, and the item 'Reserves' is therefore KSEK 0 in the opening IFRS balance sheet.

Other
Under IFRS, only transactions with shareholders are recognised directly in equity; other items are presented in other comprehensive income and recognised in equity. For the Company, this means that exchange-rate differences on translation of foreign subsidiaries are presented in 'other comprehensive income' in the statement of comprehensive income and recognised in the item 'reserves' in equity.

NOTE 6 INCOME STATEMENT RESTATED FROM COST BY TYPE TO COST BY FUNCTION, PARENT COMPANY

Change of layout : Income statement, parent company 1 October - 31 December, 2019

KSEK	Cost type divided	Other operating income	Cost of goods sold	Other external costs	Personnel costs	Depreciation and amortisation	Function divided	
Net sales	688						688	Net sales
Other operating income	11 576	-11 576					0	
			-417	-102	0	-34	-553	Cost of goods sold
	12 264						**135**	**Gross profit**
Operating expenses								
Cost of goods sold	-417		417				0	
Other external costs	-7 597			7 597			0	
Personnel costs	-5 209				5 209		0	
Depreciation, amortisation and impairment of property, plant and equipment and intangible fixed assets	-128					128	0	
				-4 270	-2 508	-31	-6 809	Selling expenses
				-3 291	-2 267	-39	-5 597	Administrative expenses
				66	-434	-24	-392	Research and development cost
		11 576					11 576	Other operating income
Other operating expenses	-824						-824	Other operating expenses
Operating profit	**-1 911**						**-1 911**	**Operating profit**
Financial income	1 579						1 579	Financial income
Financial expenses	-2 145						-2 145	Financial expenses
Profit after financial items	**-2 477**						**-2 477**	**Profit after financial items**
Group contribution	-12						-12	Group contribution
Profit before tax	**-2 489**						**-2 489**	**Profit before tax**
Income tax								Income tax
Profit for the year	**-2 489**						**-2 489**	**Profit for the year**

Change of layout : Income statement, parent company 1 Januari - 31 December 2019

KSEK	Cost type divided	Other operating income	Cost of goods sold	Other external costs	Personnel costs	Depreciation and amortisation	Function divided	
Net sales	64 653						64 653	Net sales
Other operating income	2 377	-2 377					0	
			-30 362	-130	0	-130	-30 622	Cost of goods sold
	67 030						**34 031**	**Gross profit**
Operating expenses								
Cost of goods sold	-30 362		30 362				0	
Other external costs	-24 232			24 232			0	
Personnel costs	-25 151				25 151		0	
Depreciation, amortisation and impairment of property, plant and equipment and intangible fixed assets	-1 278					1 278	0	
				-14 304	-14 957	-931	-30 192	Selling expenses
				-9 857	-9 286	-134	-19 277	Administrative expenses
				59	-908	-83	-932	Research and development cost
		2 377					2 377	Other operating income
Other operating expenses	-2 058						-2 058	Other operating expenses
Operating profit	**-16 051**						**-16 051**	**Operating profit**
Financial income	3 409						3 409	Financial income
Financial expenses	-2 146						-2 146	Financial expenses
Profit after financial items	**-14 788**						**-14 788**	**Profit after financial items**
Group contribution	-12						-12	Group contribution
Profit before tax	**-14 800**						**-14 800**	**Profit before tax**
Income tax								Income tax
Profit for the year	**-14 800**						**-14 800**	**Profit for the year**

NOT 7 CHANGE IN ACCOUNTING POLICIES– TRANSITION TO RFR2

As the Group is publishing its first consolidated financial statements and the chosen accounting policy for this is IFRS, the Parent Company is changing its accounting policy from applying K3 to RFR 2 'Financial Reporting for Legal Entities'. Transition to RFR 2 has not had any effect on the Parent Company, either in opening IFRS balance sheets or in the reported period. The only change is that the Parent Company now recognises translation differences for the period from operations abroad under other comprehensive income, whereas these have previously been recognised in the statement of changes in equity. The translation difference concerned for the full year of 2019 was KSEK -39 and for the fourth quarter of 2019 was KSEK 168. RFR 2 requires the Parent Company to apply in its annual financial statements International Financial Reporting Standards (IFRS) as adopted by the EU, to the extent that this is possible under the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking account of the relationship between accounting and taxation. The recommendation sets out certain exceptions and additions which are required with regard to IFRS.

NOTE 8 DEFINITION OF KEY RATIOS

EBITDA:
Earnings before interest, taxes, depreciation and amortisation

EBIT:
Operating income/Earnings before interest and taxes

Gross profit:
Gross income divided by net sales

EBITDA margin:
Operating income before depreciation and amortisation divided by net sales

Operating margin (EBIT margin):
Operating income divided by net sales

Profit margin:
Net income for the period divided by net sales

Balance sheet total:
Total assets

Equity ratio:
Total equity plus (1 minus current tax rate) of untaxed reserves, divided by total assets

Tax rates for the Parent Company:
2020: 21.4%
Before 2020: 21.4%

Quick ratio:
Current assets excluding inventories divided by current liabilities

Average number of full-time employees during the period:
Average number of full-time employees during the period

Equity per share:
Equity divided by number of shares, basic

Cash flow per share:
Cash flow divided by number of shares, basic

NOTE 9 WARRANT PROGRAMME

Warrants 2019

Programme	Position	Number of acquired warrants at the beginning of the period	Number of acquired warrants during the period	Number of exercised warrants during the period	Number of warrants at the end of the period	Condition *	Exercise price (SEK)
2014/2019	CEO	0	0	0	0	1:4000	2,50
2014/2019	Senior management	116	0	116	0	1:4000	2,50
2014/2019	Other employees	55	0	55	0	1:4000	2,50
2014/2019	**Total**	**171**	**0**	**171**	**0**	**1:4000**	**2,50**
2017/2021	CEO	184 200	0	0	184 200	1:1	25,35
2017/2021	Senior management	125 949	0	0	125 949	1:1	25,35
2017/2021	Other employees	0	0	0	0	1:1	25,35
2017/2021	**Total**	**310 149**	**0**	**0**	**310 149**	**1:1**	**25,35**
2019/2022	CEO	0	0	0	0	1:1	142,23
2019/2022	Senior management	26 293	0	0	26 293	1:1	142,23
2019/2022	Other employees	62 792	0	0	62 792	1:1	142,23
2019/2022	**Total**	**89 085**	**0**	**0**	**89 085**	**1:1**	**142,23**
Total	CEO	184 200	0	0	184 200		
Total	Senior management	152 358	0	116	152 242		
Total	Other employees	62 847	0	55	62 792		
	Total	**399 405**	**0**	**171**	**399 234**		

* 1:1 = 1 warrant = 1 share on conversion

1:4000 = 1 warrant = 4000 shares on conversion

Warrants 2020

Programme	Position	Number of acquired warrants at the beginning of the period	Number of acquired warrants during the period	Number of exercised warrants during the period	Number of warrants at the end of the period	Condition *	Exercise price (SEK)
2017/2021	CEO	184 200	0	184 200	0	1:1	25,35
2017/2021	Senior management	125 949	0	125 949	0	1:1	25,35
2017/2021	Other employees	0	0	0	0	1:1	25,35
2017/2021	**Total**	**310 149**	**0**	**310 149**	**0**	**1:1**	**25,35**
2019/2022	CEO	0	0	0	0	1:1	142,23
2019/2022	Senior management	26 293	0	0	26 293	1:1	142,23
2019/2022	Other employees	62 792	0	0	62 792	1:1	142,23
2019/2022	**Total**	**89 085**	**0**	**0**	**89 085**	**1:1**	**142,23**
2020/2023	CEO	0	0	0	0	1:1	334,60
2020/2023	Senior management	0	4 000	0	4 000	1:1	334,60
2020/2023	Other employees	0	6 620	0	6 620	1:1	334,60
2020/2023	**Total**	**0**	**10 620**	**0**	**10 620**	**1:1**	**334,60**
Total	CEO	184 200	0	184 200	0		
Total	Senior management	152 242	4 000	125 949	30 293		
Total	Other employees	62 792	6 620	0	69 412		
	Total	**399 234**	**10 620**	**310 149**	**99 705**		

* 1:1 = 1 warrant = 1 share on conversion

Events after the balance-sheet date: Warrant programme 2020/2024

The Annual General Meeting of Sedana Medical AB (publ) held on 19 May 2020 resolved to implement a new warrant programme 2020/2024, mainly for new staff. The company therefore issued at the AGM 360,000 warrants, all of which have been subscribed to by the company's subsidiary Sedana Medical Incentive AB. Each warrant entitles the holder to subscribe to one share in the period 1 February to 31 May 2024, at a subscription price of SEK 495.52, equivalent to 140 percent of the volume-weighted average price paid for Sedana Medical shares over the period 1–30 January 2021. A total of 37,113

warrants were transferred to staff in February 2021. Transfers took place against payment of the estimated market value of the warrants calculated according to the Black & Sholes valuation model by an external valuer. The surplus 322,887 warrants will be cancelled. If all the warrants are exercised, 37,113 new shares will be issued, which is equivalent to a dilution of around 0.2 percent based on the number of shares in the company at 31 December 2020.

Warrant programme 2020/2023

The Annual General Meeting of Sedana Medical AB (publ) held on 19 May 2020 resolved to implement a new warrant programme for staff (employees and consultants) of the Sedana Medical Group. The company therefore issued at the AGM 325,000 warrants in the 2020/2023 series, entitling holders to subscribe to a total of 325,000 shares, all of which were subscribed to by the company's subsidiary Sedana Medical Incentive AB for later transfer to employees in the Group. Each warrant entitles the holder to subscribe to one new share in Sedana Medical AB (publ) during the period 1 July to 30 November 2023 at a subscription price of SEK 334.60 per share. Full conditions apply to the warrants, including customary conversion terms, which mean, among other things, that the subscription price as well as the number of shares that the warrants qualify for subscription to may in some cases be recalculated, e.g. in the event that the company makes changes in the share capital and/or the number of shares through, for example, issue of shares or other securities, aggregation or splitting of shares. At the balance-sheet date, 10 620 warrants in the 2020/2023 series had been submitted to staff in the Group, the remaining 314 380 warrants being in the process of being cancelled. All transfers of warrants to staff in the Group have been made at market value, calculated according to the Black & Scholes valuation model by an external valuer. The total purchase sum for the warrants that had been transferred at the balance-sheet date is SEK 514,539. A precondition for acquiring warrants under the 2020/2023 warrants programme was that employees have undertaken to sell back acquired warrants to Sedana Medical Incentive AB if their employment or appointment in the Group ends before three years have elapsed from the acquisition date. If all the 2020/2023 series warrants which at the balance-sheet date have been transferred to staff in the Group are fully utilised, the company's share capital will increase by around SEK 1 062 through the issue of 10,620 shares in the company, equivalent to a dilution of approximately 0.05 percent based on the number of shares in the company at the balance sheet date.

Warrant programme 2019/2022

The Annual General Meeting of Sedana Medical AB (publ) held on 28 May 2019 resolved to implement a new warrant programme for staff (employees and consultants) in the Sedana Medical Group. The company therefore issued at the AGM 370,000 warrants in the 2019/2022 series, entitling holders to subscribe to a total of 370,000 shares, all of which were subscribed to by the company's subsidiary Sedana Medical Incentive AB for later transfer to employees in the Group. Each warrant entitles the holder to subscribe to one new share in Sedana Medical AB (publ) during the period 1 July to 30 November 2022 at a subscription price of SEK 142.23 per share. Full conditions apply to the warrants, including customary conversion terms, which mean, among other things, that the subscription price as well as the number of shares that the warrants qualify for subscription to may in some cases be recalculated, e.g. in the event that the company makes changes in the share capital and/or the number of shares through, for example, issue of shares or other securities, aggregation or splitting of shares. At the balance sheet date, 89,085 warrants in the 2019/2022 series had been transferred to employees in the Group, the remaining 307,208 warrants having been cancelled at 30 September 2019. All transfers of warrants to staff in the Group have been made at market value, calculated according to the Black & Scholes valuation model by an external valuer. The total purchase sum for the warrants transferred at the balance sheet date is SEK 1,746,138. A precondition for acquiring warrants under the Deborah framework for the 2019/2022 warrants programme was that employees have undertaken to sell back acquired warrants to Sedana Medical Incentive AB if their employment or appointment in the Group ends before three years have elapsed from the acquisition date. If the 2019/2022 series warrants transferred to employees of the Group at the balance sheet date are fully exercised, the company's share capital will increase by around SEK 8 909 through the issue of 89,085 shares in the company, equivalent to a dilution of approximately 0.4 percent based on the number of shares in the company on the balance sheet date.

Warrant programme 2017/2021

The Annual General Meeting held on 19 May 2017 resolved to establish a warrant-based incentive programme aimed at key individuals in Sedana Medical. A resolution was passed to issue a total of 310,149 warrants in the 2017/2021 series, all of which were subscribed to and allocated to the company's subsidiary Sedana Medical Incentive AB for onward transfer to participants in the incentive programme. A total of 310,149 warrants have been transferred to participants in the programme. All participants are senior executives of Sedana Medical. The warrants have been transferred on market terms. The transfer price has been calculated by an independent institute using the Black & Scholes model. Each warrant entitles the holder to subscribe to one share in Sedana Medical AB (publ) at a subscription price equivalent to 130 percent of the issue price in the IPO, which was SEK 19.50. The warrants may be exercised during the period from 15 May 2020 to 31 January 2021. The warrants are also subject to customary conditions for conversion in connection with share issues, etc. If all warrants transferred to participants in the incentive programme are exercised, the share capital of Sedana Medical AB (publ) will increase by around SEK 31,015 through the issue of 310 149 shares. At the end of the period, all the warrants had been converted to shares. No warrants in the 2017/2021 programme thus remain, and the programme has been closed.

NOTE 10 DEVELOPMENT OF SHARE CAPITAL
During the year, 2017/2021 series warrants were converted to shares, which supplied SEK 7,794,666 and 310,149 new shares to the company, resulting in an increase in share capital of SEK 31,015.

NOTE 11 TRANSACTION EXPENSES
Transaction expenses for new share issue in connection with conversion of warrants totalled KSEK 68 (10,115) for the full year 2020.

Other information

AUDITOR'S REPORT
This report has not been the object of review by the company's auditors.

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

FOR FURTHER INFORMATION PLEASE CONTACT
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Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation.

FINANCIAL CALENDAR

15 April 2021	Annual Report 2020
6 May 2021	Interim report for first quarter 2021 (updated date)
10 May 2021	Annual General Meeting 2021
12 August 2021	Interim report for second quarter 2021
4 November 2021	Interim report third quarter 2021

ANNUAL REPORT
The Sedana Medical Annual Report will be available on the company's website, www.sedanamedical.com, from 15 April 2021.

DIVIDEND
The Board of Directors proposes that no dividend be paid for the 2020 financial year.

ANNUAL GENERAL MEETING
The Annual General Meeting will be held on 10 May 2021 at 3.00 pm on the company's premises at Vendevägen 89, Danderyd.

Certification from the Board of Directors and the CEO

The Board of Directors certifies that this year-end report provides a true and fair view of the Group's operations, financial position and results. For a description of Sedana Medical's risks, which are assessed as being unchanged, refer to the Group's 2019 annual report.

Danderyd, 25 February 2021

Thomas Eklund
Chairman of the Board

Sten Gibeck
Board member

Bengt Julander
Board member

Ola Magnusson
Board member

Eva Walde
Board member

Christoffer Rosenblad
Board member

Christer Ahlberg
President and CEO

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