

# INTERIM REPORT Q3

JANUARY-SEPTEMBER 2017  
SEDANA MEDICAL AB (PUBL)



Q1 Q2 **Q3** Q4

# SEDANA MEDICAL, INTERIM REPORT Q3, JANUARY–SEPTEMBER 2017

## Financial summary July–September

- Net sales during the third quarter amounted to 10,191 (7,603) KSEK, corresponding to an increase of 34% compared with the same period in 2016.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to -980 (-381) KSEK. This corresponds to an EBITDA margin of -9.6% (-5.0%).
- Earnings before interest and taxes (EBIT) amounted to -2,254 (-511) KSEK, which corresponds to an EBIT margin of -22.1% (-6.7%).
- Cash flow from operations before changes in working capital amounted to -1,862 (181) KSEK.
- Liquid funds at the end of the period amounted to 90,156 (1,772) KSEK.

## Significant events during the period

- In South Korea, the first patients in Asia were treated using the AnaConDa device.
- The process of recruiting new clinics to the registration study for IsoConDa has continued in Germany, and we have now recruited around half of the planned number of clinics.
- The overallotment option in the IPO was exercised.
- Direct sales to hospitals in the Nordic region were initiated through recruitment of in-house sales personnel.

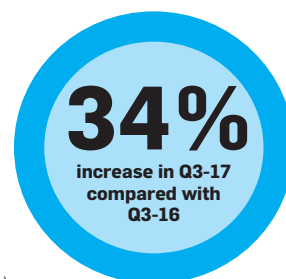
“The process of recruiting new clinics to the registration study for IsoConDa has continued in Germany.”

## Financial summary January–September

- Net sales during the first nine months of the year amounted to 29,632 (23,283) KSEK, which corresponds to an increase of 27% compared with the same period in 2016.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to 102 (57) KSEK. This corresponds to an EBITDA margin of 0.3% (0.2%).
- Earnings before interest and taxes (EBIT) amounted to -1,575 (-215) KSEK, which corresponds to an EBIT margin of -5.3% (-0.9%).
- Cash flow from operations before changes in working capital amounted to -3,045 (-138) KSEK.

## Significant events after the period

- Senior Consultant and Associate Professor Peter Sackey was recruited as Chief Medical Officer (CMO). Peter Sackey has over twenty years' clinical experience as a physician within anaesthesiology and intensive care, and joins Sedana from a position within Perioperative Medicine and Intensive Care at Karolinska University Hospital in Solna, Sweden. Sackey is one of the world's leading researchers in the field of inhalation sedation and was the first to use AnaConDa within intensive care.
- All remaining outstanding warrants in the incentive programme 2017/2021, which was initiated in conjunction with the IPO, were acquired by incoming Chief Medical Officer Peter Sackey.
- The process of recruiting patients and new clinics to the registration study for IsoConDa has continued in Germany. Sixteen clinics have now been approved, and another two are close to approval. In addition, we have a further 10 or so clinics under evaluation or in the process of contract finalisation.
- On November 23, Sedana Medical's distributor in Japan submitted the application for registration of the medical device AnaConDa in Japan.





# CEO COMMENTS

It has been a very active summer and autumn for Sedana Medical. During this period, we have worked hard on enhancing our leading role within inhalation sedation and our ability to implement the plans we have for the coming years. We have moved one step closer to achieving our vision of developing inhalation sedation with IsoConDa and AnaConDa into a global standard method for sedation of mechanically ventilated patients within intensive care.

We are living up to our previously expressed financial ambition of achieving an annual increase in sales of more than 20%, and an EBITDA figure that is not significantly negative in the time prior to the registration of IsoConDa in Europe, while at the same time, we are building up a larger sales and marketing organisation. It is our ambition to reach annual sales in excess of 500 MSEK and have an EBITDA margin of around 40% three years after the registration of IsoConDa in Europe.

The third quarter has shown an increase in sales of 34% compared with the same period last year. Operating costs have increased during the quarter, which is in line with our plans regarding organisational development and increased market activities. All this has resulted in EBITDA of -980 KSEK for the third quarter and +102 KSEK for the first nine months of the year, which is in line with our long-term ambition.

## SALES DEVELOPMENTS

Demand for inhalation sedation and our product AnaConDa continues to grow, in particular in Germany, which is our main market. The number of intensive care clinics in Germany that actively use AnaConDa is increasing month-by-month, and there are currently more than 400 such clinics. During the period we have initiated direct sales operations in the Nordic region, starting in Sweden, where I am pleased to report that we have already received our first orders. In the near future we will also be commencing sales operations in Finland and Denmark as well as Norway from March 2018.

Our market activities during the period have made a significant contribution to increased global awareness of inhalation sedation and AnaConDa. We have taken part in the largest national and international congresses where we have held exhibitions, and above all else we have arranged scientific symposiums with some of the world's leading researchers within the field. For example, we participated at SFAR in Paris and ESICM in Vienna, where our symposiums attracted hundreds of practising physicians. We intend to continue to invest resources in increased market presence and sales development.

## REGULATORY AND MEDICAL DEVELOPMENTS

One significant development during the period is the recruitment of our new Chief Medical Officer (CMO), Peter Sackey. Peter has over twenty years' clinical experience as a senior consultant and associate professor within anaesthesiology and intensive care at Karolinska University Hospital in Solna, Sweden. Peter will be responsible for the ongoing clinical registration study regarding IsoConDa, and will play a leading role in the preparation of the registration dossier in the EU and the development of our regulatory strategy in the USA.



In conclusion, I am very pleased with our efforts during the third quarter and we are well on course to achieve our high ambitions regarding both registration and growth targets.

The first nine months of 2017 have demonstrated that Sedana Medical is well placed to pioneer the process of offering the first commercial solution for inhalation sedation within intensive care, a market with a sales potential of SEK 10-20 billion annually.

**Christer Ahlberg**, President and CEO

**“ We are well on course to achieve our high ambitions regarding both registration and growth targets.”**



## SEDANA MEDICAL IN BRIEF

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

Sedana Medical operates from several countries in Europe via subsidiaries and branch offices of the parent company, Sedana Medical AB (publ). Germany is comfortably the Group's largest market, with more than 85% of total sales. Direct sales via in-house personnel also take place in France, Spain and the Nordic region.

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

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

### LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

Shareholders in the company at the end of the period:

	Number of shares	Share (%)
Sten Gibeck	2 105 744	12,33%
Linc AB	1 821 901	10,67%
Magiola Consulting	1 427 867	8,36%
Michael Ryan	1 108 083	6,49%
HealthInvest Partners AB	1 012 634	5,93%
Ron Farrell	906 397	5,31%
Alto Invest SA	773 609	4,53%
Pershing LLC, NQI	616 877	3,61%
Brohuvudet AB	512 800	3,00%
Zaragatero Ltd	503 404	2,95%
Ten largest shareholders	10 789 316	63,20%
Others	6 283 222	36,80%
<b>Total</b>	<b>17 072 538</b>	<b>100,00%</b>

“AnaConDa is based on patented technology involving the vaporisation and reflection of anaesthetic gases.”





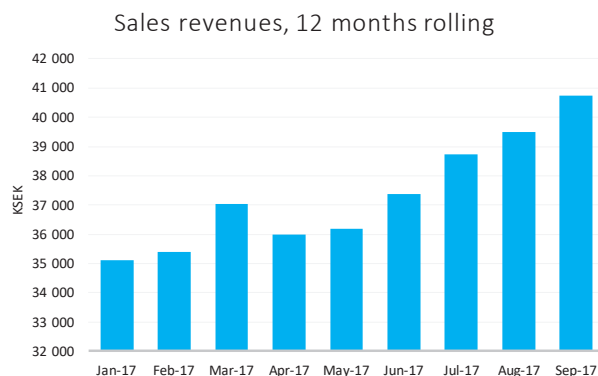
Sedana Medical's booth at ESICM in Vienna.

## BUSINESS DEVELOPMENTS DURING THE PERIOD

### Sales and Marketing

We strive to actively increase our market presence and awareness of AnaConDa and inhalation sedation, in particular in conjunction with national and international scientific congresses on anaesthesiology and intensive care.

In general, the level of demand for our product AnaConDa is increasing. In Germany, the number of intensive care clinics that actively use inhalation sedation with AnaConDa is increasing, and there are currently more than 400 such clinics. Sales during the third quarter increased by 34% compared with the same period in 2016, and the first nine months of the year have seen a 27% increase in sales compared with the same period in the previous year.



### Organisation

During the period we have reinforced our marketing and sales organisation, partly through the appointment of a Marketing Manager, and partly through the strengthening of our sales organisation in both Germany and France. We have employed a number of Key Account Managers (KAM) with a background as intensive care nurses, and these KAMs are now active within their respective districts. This is an important step in the development of future sales, particularly in France, where the market launch is in its infancy. In our home market of Sweden and the other Nordic countries we have recruited a Nordic Sales Manager who will be responsible for all direct sales to hospitals and clinics.

During the period, the company has recruited Peter Sackey as Chief Medical Officer (CMO). Peter has over twenty years' clinical experience as a physician within anaesthesiology and intensive care, and joins Sedana from a role as senior consultant and associate professor within the area of intensive care at the Department of Preoperative Medicine and Intensive Care at Karolinska University Hospital in Solna, Sweden. Sackey is one of the world's leading researchers within inhalation sedation, and was the first to use AnaConDa within intensive care.

“ The process of compiling a complete pharmaceutical dossier has therefore been started together with our partners within the area.”



## Research and development

### **REGISTRATION OF ISOCONDA® (ISOFLURANE) IN EUROPE**

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

### **REGISTRATION STUDY FOR ISOCONDA**

The clinical registration study, which is necessary for a complete dossier, is fully under way. The recruitment of patients is ongoing, and the number of approved clinics is increasing steadily. The process of having a clinic approved for inclusion in the study is complex and time-consuming, and includes approval from BfArM (the German Federal Institute for Drugs and Medical Devices) and ethical committees as well as the entering into of contracts with hospitals. Sixteen clinics have been approved to date, and another two are close to approval. A further 10 clinics are under evaluation or in the process of contract finalisation. An interim analysis is planned during the

summer of 2018 in order to determine the final number of patients to be included in the study. The study is expected to be completed in just over a year.

### **REGISTRATION IN THE USA**

The IsoConDa study will also form an important part of the registration application in the USA. In all likelihood, a further study will be required in order to secure registration in the USA. The company has begun work on the registration strategy, establishing a number of contacts with potential Key Opinion Leaders (KOL) and other partners.

### **ASIA**

AnaConDa was approved by the South Korean authority K-FDA earlier this year, the first approval in Asia. Thereafter the reimbursement application has been submitted to the South Korean authorities. A reimbursement approval is expected to take at least 1 year. November 23, Sedana Medical's distributor in Japan applied to the Japanese Pharmaceutical and Medical Devices Agency for the registration of AnaConDa. When approval is granted, Japan will become the second country in Asia in which AnaConDa is registered. The Company anticipates that the registration process takes one to three years in Japan.

## Financial summary January–September 2017

### Financial summary - Consolidated (SEK)

	Q3		Q1-Q3		Year
	2017	2016	2017	2016	2016
Net sales	10 191 491	7 602 589	29 631 977	23 282 889	32 154 634
Gross Profit	7 323 173	5 359 704	21 273 168	15 019 194	21 346 365
Gross Margin (%)	71,9%	70,5%	71,8%	64,5%	66,4%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-979 555	-380 525	101 509	57 457	994 314
Earnings Before Interest and Taxes (EBIT)	-2 253 623	-511 411	-1 575 447	-214 730	617 764
Income after financial items	-3 086 709	306 851	-3 774 248	423 665	636 656
EBITDA %	-9,6%	-5,0%	0,3%	0,2%	3,1%
EBIT %	-22,1%	-6,7%	-5,3%	-0,9%	1,9%
Net income % of net sales	-27,7%	3,2%	-13,1%	1,6%	4,0%
Total assets	126 027 483	13 262 875	126 027 483	13 262 875	22 903 177
Equity ratio	92,3%	2,1%	92,3%	2,1%	5,5%
Quick ratio	1123,1%	101,7%	1123,1%	101,7%	80,2%
Average number of employees	18	16	16	16	16
Average number of shares before dilution	16 687 923	2 170	16 687 923	2 170	2 170
Average number of shares after dilution	18 038 072	2 430	18 038 072	2 430	2 430
Number of shares at the end of the period before dilution	17 072 538	2 170	17 072 538	2 170	2 170
Number of shares at the end of the period after dilution	18 422 687	2 430	18 422 687	2 430	2 430
Earnings per share before dilution <sup>1)</sup>	-0,17	110,99	-0,23	176,05	592,46
Earnings per share after dilution <sup>1)</sup>	-0,16	99,12	-0,21	157,21	529,07

<sup>1)</sup> Based on average number of shares for the period.

#### REVENUES

Total revenues for the Group during the third quarter amounted to 10,225 (7,737) KSEK which corresponds to an increase of 2,488 KSEK, or 32%. The corresponding figure for the first nine months of the year was 31,827 (25,527) KSEK. The increase is mainly due to an increase in net sales of 2,589 KSEK (34%) for the third quarter and 6,349 KSEK (27%) during the first nine months of the year. The Group's sales are exclusively in EUR, and corresponding figures cleared of exchange rate effects were 32% for the third quarter and 25% for the first nine months of the year.

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

Revenues for the third quarter also contain other operating revenues of 34 (134) KSEK. The corresponding figure for the first nine months of the year was 904 (2,244) KSEK. Revenues for Q1-Q2 include capitalized development expenses of 1,291 KSEK. The same item is also included in external and personnel expenses, and illustrates the capitalization of development expenses in accordance with a gross reporting principle. As of Q3 2017, the Group has ceased to apply this gross reporting principle and now reports capitalized development expenses on a net basis under external and personnel expenses. Please see the note on accounting principles for more information.

The decrease in other operating revenues is due to a decrease in currency gains on receivables and payables of an operational nature.

#### COST OF GOODS SOLD

The cost of goods sold during the third quarter amounted to 2,868 (2,243) KSEK, which corresponds to an increase of 625 KSEK, or 28%. The cost of goods sold during the first nine months of the year amounted to 8,359 (8,264) KSEK. The increase is mainly due to increased sales.

#### OTHER EXTERNAL EXPENSES

Other external expenses amounted to 4,180 (3,048) KSEK during the third quarter, which corresponds to an increase of 1,132 KSEK, or 37%. The corresponding figure for the period January-September was 11,901 (7,092) KSEK. The other external expenses item includes (among other things) consultancy fees, marketing expenses, accounting expenses, travel expenses and patent costs. The increase is primarily attributable to the listing of the company's share and the implementation of the Group's new business plan, and the associated expansion of the organisation.

#### PERSONNEL EXPENSES

Personnel expenses in the Group amounted to 4,121 (2,903) KSEK during the third quarter, which corresponds to an increase of 1,218 KSEK, or 42%. During the third quarter there were 18 employees in the Group on average, which was an increase of two employees compared with the same period in 2016. Personnel expenses during the first nine months of the year amounted to 11,396 (8,603) KSEK. The increase in personnel expenses is due to a difference in the personnel structure compared with 2016. The Group recruited a new CEO during the first quarter of 2017 and has gradually increased the number of sales staff employed during the year.



#### DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to 1,274 (131) KSEK during the third quarter, which corresponds to an increase of 1,143 KSEK, or 873%. The corresponding figure for the period January-September was 1,677 (272) KSEK. The increase is due to increased amortisation of intellectual property rights and a reclassification of assets. Amortisation of intangible assets increased as a result of the acquisition of remaining IP rights in relation to AnaConDa which took place in Q2. A reclassification between current assets and fixed assets was carried out in Q3 in relation to the gas monitors owned by the Group. The entire year's effect of the reclassification of the gas monitors has been reported in Q3. Please see the section on accounting principles for more information.

#### OPERATING INCOME

The operating income for the Group amounted to -2,254 (-511) KSEK during the third quarter, which corresponds to a decrease of 1,742 KSEK or 341%. The operating income during the period January-September amounted to -1,575 (-215) KSEK. The decrease is mainly due to increased operating expenses in connection with the Group's new strategy and increased depreciation and amortisation as a result of increased intellectual property rights and a larger acquisition of gas monitors compared with 2016.

#### FINANCIAL ITEMS

Net income from financial items amounted to -833 (818) KSEK during the third quarter and -2,199 (638) KSEK during the first nine months of the year. The negative net financial income is primarily due to exchange rate changes and negative net interest. The main reason for the negative net interest is new interest-bearing borrowing during Q2 and increased interest to the owners. The increased interest to the owners occurred in connection with conversion of a shareholder loan into new shares at the time of the listing of the company's share on Nasdaq First North.

#### TAXES

The Group reported taxes of 268 (-66) KSEK for the third quarter and -98 (-42) KSEK for the period January-September. The tax charges are primarily due to changes in deferred tax.

#### NET INCOME

The Group reported a net income after taxes of -2,819 (241) KSEK for the third quarter and -3,872 (382) KSEK for the period January-September. The decrease in net income during the third quarter is mainly due to increased operating expenses in connection with the Group's new strategy, increased costs for gas monitors and a negative result from financial items.

#### EQUITY AND LIABILITIES

Equity as of 30 September 2017 amounted to 116,382 (285) KSEK, which corresponds to an increase of 115,120 KSEK. The increase is due to the new share issue that was carried out in connection with the listing of the company's share on Nasdaq First North, and the over-allotment option that was exercised in Q3. Equity includes transaction costs associated with the listing of the company's share.

Equity in the parent company Sedana Medical AB (publ) as of 30 September 2017 amounted to 120,822 (7,381) KSEK, which corresponds to an increase of 113,441 KSEK. Long-term liabilities at the end of the period amounted to 1,580 (6,910) KSEK and consisted of debts to credit institutes.

Current liabilities at the end of the period amounted to 8,872 (6,026) KSEK and consisted mainly of accounts payable of 4,283 (1,252) KSEK.

#### CASH FLOW

Liquid funds at the end of the period amounted to 90,156 (1,772) KSEK.

Cash flow from operations before changes in working capital amounted to -1,862 (181) KSEK for the third quarter and -3,045 (-138) KSEK for the period January-September.

Cash flow from operations after changes in working capital amounted to -16,047 (919) KSEK for the third quarter and -5,627 (1,069) KSEK for the period January-September. The negative change in working capital is due to a decrease in operating liabilities.

Cash flow from investments amounted to -2,305 (-549) KSEK for the third quarter and -16,604 (-3,067) KSEK for the period January-September. The investments for the third quarter consist primarily of intangible fixed assets related in the most part to capitalized development expenses, the majority of which concern the clinical study for IsoConDa. The change in investments during the period January-September is made up partly of the intellectual property rights for AnaConDa that were acquired from Teleflex during Q2, and partly of capitalized development expenses.







Cash flow from financing activities totalled a net of 7,869 (519) KSEK for the third quarter and 104,157 (536) KSEK for the period January-September. The new share issue in June in connection with the listing of the company's share and the exercise of the overallotment option in July were the main reasons for positive cash flow from financing activities during the first nine months of the year. Repayment of a convertible loan and a shareholder loan took place in connection with the new share issue during Q2. During the third quarter, a short-term bank loan of 6,000 KSEK was also repaid, which had a negative effect on the cash flow from financing activities.

The Group had a negative total cash flow for the third quarter of -10,483 (889) KSEK. The period January-September generated a positive total cash flow of 81,926 (-1,462) KSEK.

#### **PARENT COMPANY**

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

The parent company's total revenues amounted to 10,063 (7,619) KSEK for the third quarter and 30,343 (25,993) KSEK during the first nine months of the year. The operating income amounted to -2,544 (-1,901) KSEK during the third quarter, which corresponds to a decrease of 643 KSEK. The net financial income amounted to -657 (853) KSEK during the third quarter, and -1,814 (587) KSEK during the period

January-September. The decrease in net financial income is related to an increase in interest-bearing liabilities compared with the same period in 2016. Net income amounted to -3,246 (-1,035) KSEK for the third quarter and -7,487 (-241) KSEK during the first nine months of the year. Liquid funds at the end of the period amounted to 88,937 (1,295) KSEK, an increase of 87,642 KSEK. This increase is due to the new share issue that was carried out in connection with the listing of the company's share on Nasdaq First North and the exercise of the overallotment option that took place in Q3.

## **Other information**

#### **TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties are conducted on market terms. During the period, the subsidiary company Sedana Medical Ltd has purchased goods at a value of 214 KSEK from Lismed Ltd., a company related to the R&D Director and owner Ron Farrell.

The subsidiary company Sedana Medical Ltd has also purchased services at a value of 442 KSEK from Tecscan Ltd., a company related to the board member Michael Ryan.

Sedana Medical AB (publ) has purchased services at a value of 150 KSEK from Magiola Consulting AB, a company related to the board member Ola Magnusson.

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

## Consolidated income statement

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
<b>Revenues</b>						
Net sales		10 191 491	7 602 589	29 631 977	23 282 889	32 154 634
Capitalized development expenses		0	0	1 290 937	0	1 579 714
Other operating income		33 930	134 498	904 003	2 244 136	1 932 323
		10 225 421	7 737 087	31 826 917	25 527 025	35 666 671
<b>Operating cost and expenses</b>						
Cost of goods sold		-2 868 318	-2 242 885	-8 358 809	-8 263 695	-10 808 269
External expenses		-4 180 173	-3 047 996	-11 901 450	-7 092 343	-10 606 109
Personnel expenses		-4 121 473	-2 903 311	-11 396 294	-8 603 094	-11 670 428
Depreciation and amortisation		-1 274 068	-130 886	-1 676 956	-272 187	-376 550
Other operating expenses		-35 012	76 580	-68 855	-1 510 436	-1 587 551
<b>Operating income</b>		<b>-2 253 623</b>	<b>-511 411</b>	<b>-1 575 447</b>	<b>-214 730</b>	<b>617 764</b>
<b>Income from financial items</b>						
Result from securities and long term receivables		629	0	0	0	0
Financial income		332 051	973 483	1 409 412	1 691 925	2 039 290
Financial expenses		-1 165 766	-155 221	-3 608 213	-1 053 530	-2 020 398
<b>Income after financial items</b>		<b>-3 086 709</b>	<b>306 851</b>	<b>-3 774 248</b>	<b>423 665</b>	<b>636 656</b>
<b>Income before taxes</b>		<b>-3 086 709</b>	<b>306 851</b>	<b>-3 774 248</b>	<b>423 665</b>	<b>636 656</b>
Taxes		267 737	-65 992	-97 944	-41 645	648 979
<b>Net Income</b>		<b>-2 818 972</b>	<b>240 859</b>	<b>-3 872 192</b>	<b>382 020</b>	<b>1 285 635</b>





## Consolidated balance sheet

(SEK)	Note	30 September		31 December
		2017	2016	2016
<b>ASSETS</b>				
<b>Fixed assets</b>				
<i>Intangible assets</i>				
Capitalized development expenses		13 990 639	2 106 067	4 917 536
Concessions, patents, licenses and similar		5 894 479	0	0
		19 885 118	2 106 067	4 917 536
<i>Tangible assets</i>				
Machinery and equipment		2 183 764	138 714	127 109
Fixtures and tools		1 511 000	996 220	911 036
		3 694 764	1 134 934	1 038 145
<b>Total fixed assets</b>		<b>23 579 882</b>	<b>3 241 001</b>	<b>5 955 681</b>
<b>Current assets</b>				
<i>Inventory</i>				
Finished goods		2 808 539	3 893 611	4 264 038
Advances to suppliers				272 484
		2 808 539	3 893 611	4 536 522
<i>Receivables</i>				
Trade receivables		2 881 552	2 480 543	2 867 025
Tax receivables		201 128	3 594	197 576
Other current receivables		3 186 045	1 684 856	619 364
Prepaid expenses and accrued income		3 214 374	187 592	430 577
		9 483 099	4 356 585	4 114 542
<i>Cash and cash equivalents</i>				
		90 155 963	1 771 678	8 296 432
<b>Total current assets</b>		<b>102 447 601</b>	<b>10 021 874</b>	<b>16 947 496</b>
<b>TOTAL ASSETS</b>		<b>126 027 483</b>	<b>13 262 875</b>	<b>22 903 177</b>

(SEK)	Note	30 September		31 December
		2017	2016	2016
<b>EQUITY AND LIABILITIES</b>				
<i>Equity</i>				
Share capital		1 056 254	217 000	217 000
Other equity including net income for the period		115 325 750	68 003	1 044 796
Equity attributable to shareholders in parent company		116 382 004	285 003	1 261 796
<b>Total equity</b>		<b>116 382 004</b>	<b>285 003</b>	<b>1 261 796</b>
<i>Provisions</i>				
Deferred taxes		-806 154	41 924	-721 216
Other provisions				13 872
		-806 154	41 924	-707 344
<i>Long-term liabilities</i>				
Liabilities to credit institutions		179 959	1 809 755	779 779
Convertible loans		0	4 100 000	4 100 000
Other long term liabilities		1 400 000	1 000 000	2 000 000
		1 579 959	6 909 755	6 879 779
<i>Current liabilities</i>				
Liabilities to credit institutions		359 892	153 002	38 201
Accounts payables		4 282 922	1 251 587	1 917 044
Tax liabilities				2 487
Other current liabilities		2 232 132	1 801 242	10 702 828
Accrued expenses and prepaid income		1 996 728	2 820 362	2 808 386
		8 871 674	6 026 193	15 468 946
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>126 027 483</b>	<b>13 262 875</b>	<b>22 903 177</b>

## Consolidated statement of changes in equity

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
Opening balance according to balance sheet		104 870 376	320 446	1 261 796	447 957	447 957
<i>Changes in the carrying amounts recognised directly in equity</i>						
Translation differences		201 477	-276 302	23 342	-544 974	-471 796
<i>Transactions with the group's owners</i>						
New issue of shares	1	14 129 123	0	118 969 058	0	0
Net income		-2 818 972	240 859	-3 872 192	382 020	1 285 635
<b>Total Equity</b>		<b>116 382 004</b>	<b>285 003</b>	<b>116 382 004</b>	<b>285 003</b>	<b>1 261 796</b>

## Consolidated statement of cash flow

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
<b>Operations</b>						
Operating income		-2 253 623	-511 411	-1 575 447	-214 730	617 764
<i>Adjustment of non cash flow items</i>						
Depreciations and amortisations		1 274 613	136 946	1 685 249	278 247	369 974
Currency exchange rates differences		-742 478	594 407	-382 775	-93 849	264 571
Provisions		0	-51	-13 784	-51	13 726
Other non cash flow items		0	0	0	0	0
		-1 721 488	219 891	-286 757	-30 383	1 266 035
Received interest		0	17	1	37	39
Paid interest		-88 553	-39 083	-2 566 803	-102 093	-161 003
Paid taxes		-52 019	34	-191 298	-5 708	-267 734
<b>Cash flow from operations before change in working capital</b>		<b>-1 862 060</b>	<b>180 859</b>	<b>-3 044 857</b>	<b>-138 147</b>	<b>837 337</b>
<i>Cash flow from change in working capital</i>						
Increase (-)/Decrease (+) of inventory		-1 129 534	-837 659	-1 272 370	137 592	-640 961
Increase (-)/Decrease (+) of operating receivables		-2 458 034	290 788	-5 433 107	484 642	539 619
Increase (+)/Decrease (-) of operating liabilities		-10 597 494	1 284 842	4 123 577	585 230	-497 485
<b>Cash flow from operations</b>		<b>-16 047 122</b>	<b>918 830</b>	<b>-5 626 757</b>	<b>1 069 317</b>	<b>238 510</b>
<b>Investment activities</b>						
Investment in intangible fixed assets		-2 489 769	-117 366	-15 292 593	-1 246 652	-4 066 068
Investments in tangible fixed assets		-385 586	-163 380	-1 609 645	-1 036 120	-861 862
Investments of financial assets		570 156	-268 323	298 094	-784 510	-651 269
<b>Cash flow from investment activities</b>		<b>-2 305 199</b>	<b>-549 069</b>	<b>-16 604 144</b>	<b>-3 067 282</b>	<b>-5 579 199</b>
<b>Financing activities</b>						
New issue of shares	1	14 129 123		118 969 059	0	0
Received loans		0	621 105	6 002 763	832 005	11 138 582
Amortisation of loans		-6 259 982	-101 968	-20 814 997	-296 259	-792 204
<b>Cash flow from financing activities</b>		<b>7 869 141</b>	<b>519 137</b>	<b>104 156 825</b>	<b>535 746</b>	<b>10 346 378</b>
<b>Cash flow for the period</b>		<b>-10 483 180</b>	<b>888 898</b>	<b>81 925 924</b>	<b>-1 462 219</b>	<b>5 005 689</b>
<b>Liquid funds at the beginning of the period</b>		<b>100 738 385</b>	<b>851 946</b>	<b>8 296 432</b>	<b>3 172 249</b>	<b>3 172 249</b>
Effects of exchange rate changes on cash		-36 166	302	-6 942	5 205	-14 019
Translation difference in liquid funds		-63 076	30 532	-59 451	56 443	132 513
<b>Liquid funds at the end of the period</b>		<b>90 155 963</b>	<b>1 771 678</b>	<b>90 155 963</b>	<b>1 771 678</b>	<b>8 296 432</b>



## Parent company income statement

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
<b>Revenues</b>						
Net sales		10 029 341	7 084 899	28 867 334	23 348 928	31 494 926
Capitalized development expenses		0	0	1 290 937	0	653 550
Other operating income		33 930	534 498	84 538	2 644 136	1 859 490
		10 063 271	7 619 397	30 242 809	25 993 064	34 007 966
<b>Operating cost and expenses</b>						
Cost of goods sold		-6 251 996	-5 265 499	-19 636 979	-15 773 092	-18 155 696
External expenses		-2 586 074	-2 475 218	-7 821 503	-4 731 635	-6 934 989
Personnel expenses		-2 920 765	-1 440 502	-7 363 248	-4 355 481	-5 984 224
Depreciation and amortisation		-818 519	-15 530	-854 741	-50 402	-68 347
Other operating expenses		-30 043	-323 420	-63 886	-1 910 436	-1 587 551
<b>Operating income</b>		<b>-2 544 126</b>	<b>-1 900 772</b>	<b>-5 497 548</b>	<b>-827 982</b>	<b>1 277 159</b>
<b>Income from financial items</b>						
Result from securities and long term receivables		184 728	0	386 182	0	0
Financial income		323 991	973 483	1 401 348	1 691 923	2 402 289
Financial expenses		-1 165 756	-120 522	-3 601 248	-1 105 379	-2 020 394
<b>Income after financial items</b>		<b>-3 201 163</b>	<b>-1 047 811</b>	<b>-7 311 266</b>	<b>-241 438</b>	<b>1 659 054</b>
<b>Income before taxes</b>		<b>-3 201 163</b>	<b>-1 047 811</b>	<b>-7 311 266</b>	<b>-241 438</b>	<b>1 659 054</b>
Taxes		-45 061	12 506	-175 925	279	0
<b>Net Income</b>		<b>-3 246 224</b>	<b>-1 035 305</b>	<b>-7 487 191</b>	<b>-241 159</b>	<b>1 659 054</b>



## Parent company balance sheet

(SEK)	Note	30 September		31 December
		2017	2016	2016
<b>ASSETS</b>				
<b>Fixed assets</b>				
<i>Intangible assets</i>				
Capitalized development expenses		3 140 185	815 167	1 468 716
<i>Tangible assets</i>				
Machinery and equipment		2 183 764	138 714	127 109
Fixtures and tools		71 637	24 110	21 429
		2 255 401	162 824	148 538
<i>Financial fixed assets</i>				
Shares in group companies		50 009	9	9
Long term receivables in group companies		29 683 771	0	15 976 572
		29 733 780	9	15 976 581
<b>Total fixed assets</b>		<b>35 129 366</b>	<b>978 000</b>	<b>17 593 835</b>
<b>Current assets</b>				
<i>Inventory</i>				
Finished goods		6 472 874	3 703 048	7 542 293
<i>Receivables</i>				
Trade receivables		2 589 612	2 031 769	2 568 624
Receivables in group companies		2 719 867	14 695 535	2 121 778
Tax receivables		3 554	3 594	0
Other current receivables		708 990	1 104 027	411 236
Prepaid expenses and accrued income		763 324	170 939	379 873
		6 785 347	18 005 864	5 481 511
<i>Cash and cash equivalents</i>				
		88 936 812	1 295 077	7 711 119
<b>Total current assets</b>		<b>102 195 033</b>	<b>23 003 989</b>	<b>20 734 923</b>
<b>TOTAL ASSETS</b>		<b>137 324 399</b>	<b>23 981 989</b>	<b>38 328 758</b>

(SEK)	Note	30 September		31 December
		2017	2016	2016
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		1 056 254	217 000	217 000
Fund for capitalized development expenses		3 140 185	0	1 468 716
<i>Non restricted equity</i>				
Share premium fund		129 712 804	11 583 000	11 583 000
Retained earnings		-5 633 801	-3 383 796	-5 617 827
Profit or loss previous year		-4 207 285	0	0
Profit or loss for the period		-3 246 224	-1 035 305	1 659 054
<b>Total Equity</b>		<b>120 821 933</b>	<b>7 380 899</b>	<b>9 309 943</b>
<i>Long-term liabilities</i>				
Liabilities to credit institutions		179 959	1 809 755	779 779
Convertible loans		0	4 100 000	4 100 000
Other long term liabilities		1 400 000	1 000 000	2 000 000
		1 579 959	6 909 755	6 879 779
<i>Current liabilities</i>				
Liabilities to credit institutions		359 892	119 964	0
Accounts payables		1 608 360	198 212	1 182 107
Liabilities to group companies		10 433 738	6 978 520	9 343 176
Other current liabilities		1 579 322	917 333	10 448 368
Accrued expenses and prepaid income		941 195	1 477 306	1 165 385
		14 922 507	9 691 335	22 139 036
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>137 324 399</b>	<b>23 981 989</b>	<b>38 328 758</b>



## Parent company statement of changes in equity

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
Opening balance according to balance sheet		109 878 608	8 521 165	9 309 943	7 773 331	7 773 331
<i>Changes in the carrying amounts recognised directly in equity</i>						
Translation differences		60 426	-104 961	30 123	-151 273	-122 442
<i>Transactions with the group's owners</i>						
New issue of shares	1	14 129 123	0	118 969 058	0	0
<i>Reallocation between items in equity</i>						
Allocations to funds for capitalized development expenses		380 532	0	1 671 469	0	1 468 716
Retained earnings		-380 532	0	-1 671 469	0	-1 468 716
		0	0	0	0	0
Net income		-3 246 224	-1 035 305	-7 487 191	-241 159	1 659 054
<b>Total Equity</b>		<b>120 821 933</b>	<b>7 380 899</b>	<b>120 821 933</b>	<b>7 380 899</b>	<b>9 309 943</b>

## Parent company statement of cash flow

(SEK)	Note	Q3		Q1-Q3		Year
		2017	2016	2017	2016	2016
<b>Operations</b>						
Operating income		-2 544 126	-1 900 772	-5 497 548	-827 982	1 277 159
<i>Adjustment of non cash flow items</i>						
Depreciations and amortisations		818 519	15 530	854 741	52 432	68 362
Currency exchange rates differences		-750 528	629 106	-384 018	-59 152	318 462
Provisions		0	-51	0	-51	329 003
Other non cash flow items		0	0	0	0	0
		<b>-2 476 135</b>	<b>-1 256 187</b>	<b>-5 026 825</b>	<b>-834 753</b>	<b>1 992 986</b>
Received interest		0	17	1	37	39
Paid interest		-88 553	-39 083	-2 566 803	-188 641	-161 003
Paid taxes		-45 061	34	-179 564	-3 406	0
<b>Cash flow from operations before change in working capital</b>		<b>-2 609 749</b>	<b>-1 295 219</b>	<b>-7 773 191</b>	<b>-1 026 763</b>	<b>1 832 022</b>
<i>Cash flow from change in working capital</i>						
Increase (-)/Decrease (+) of inventory		-2 866 314	-481 580	-1 867 656	-636 588	-4 517 022
Increase (-)/Decrease (+) of operating receivables		444 508	-513 139	-1 113 045	-2 109 317	10 088 695
Increase (+)/Decrease (-) of operating liabilities		-6 269 687	2 316 152	-3 245 794	2 781 410	4 954 706
<b>Cash flow from operations</b>		<b>-11 301 242</b>	<b>26 214</b>	<b>-13 999 686</b>	<b>-991 258</b>	<b>12 358 401</b>
<b>Investment activities</b>						
Investment in intangible fixed assets		-380 532	0	-1 671 469	0	-653 550
Investments in tangible fixed assets		-3 598	-7 328	-332 558	-236 473	-287 966
Investments of financial assets		-5 284 384	-302	-13 719 349	-168 029	-16 443 506
<b>Cash flow from investment activities</b>		<b>-5 668 514</b>	<b>-7 630</b>	<b>-15 723 376</b>	<b>-404 502</b>	<b>-17 385 022</b>
<b>Finansieringsverksamheten</b>						
New issue of shares	1	14 129 123	0	118 969 059	0	0
Received loans		0	607 390	6 751 534	818 290	11 138 582
Increase (+)/Decrease (-) of current financial liabilities		0	0	6 000 000	0	0
Amortisation of loans		-6 259 982	-101 968	-20 774 033	-273 572	-548 903
<b>Cash flow from financing activities</b>		<b>7 869 141</b>	<b>505 422</b>	<b>110 946 560</b>	<b>544 718</b>	<b>10 589 679</b>
<b>Cash flow for the period</b>		<b>-9 100 615</b>	<b>524 006</b>	<b>81 223 498</b>	<b>-851 042</b>	<b>5 563 058</b>
<b>Liquid funds at the beginning of the period</b>		<b>98 095 509</b>	<b>747 283</b>	<b>7 711 119</b>	<b>2 075 492</b>	<b>2 075 492</b>
Effects of exchange rate changes on cash		-36 166	302	-6 942	5 205	-14 019
Translation difference in liquid funds		-21 916	23 486	9 137	65 422	86 588
<b>Liquid funds at the end of the period</b>		<b>88 936 812</b>	<b>1 295 077</b>	<b>88 936 812</b>	<b>1 295 077</b>	<b>7 711 119</b>

## Share information

	Q3		Q1-Q3		Year
	2017	2016	2017	2016	2016
Net income, SEK	-2 818 972	240 859	-3 872 192	382 020	1 285 635
Cash flow, SEK	-10 483 180	888 898	81 925 924	-1 462 219	5 005 689
Number of shares at the beginning of the period <sup>1)</sup>	16 303 308	2 170	16 303 308	2 170	2 170
Number of shares at the end of the period	17 072 538	2 170	17 072 538	2 170	2 170
Average number of shares	16 687 923	2 170	16 687 923	2 170	2 170
Outstanding warrants at the beginning of the period <sup>2)</sup>	1 350 149	260	1 350 149	260	260
Outstanding warrants at the end of the period	1 350 149	260	1 350 149	260	260
Genomsnittligt antal teckningsoptioner	1 350 149	260	1 350 149	260	260
Share capital at the end of the period, SEK	1 056 254	217 000	1 056 254	217 000	217 000
Equity at the end of the period, SEK	116 382 004	285 003	116 382 004	285 003	1 261 796
<i>Earnings per share, SEK</i>					
- Earnings per share before dilution	-0,17	110,99	-0,23	176,05	592,46
- Earnings per share after dilution	-0,16	99,12	-0,21	157,21	529,07
Equity per share, SEK	6,82	131,34	6,82	131,34	581,47
Cash flow per share, SEK	-0,63	409,63	4,91	-673,83	2 306,77

<sup>1)</sup> Equals 2170 number of shares pre-IPO

<sup>2)</sup> Equals 260 warrants pre-IPO

## Notes to the financial information

### NOTE 1 NEW SHARE ISSUE – OVERALLOTMENT OPTION

The item new issue of shares is made up of the following:

New issue of shares	14,999,985
Transaction costs	-870,862
Net	14,129,123

### NOTE 2 ACCOUNTING PRINCIPLES

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

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

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

### NOTE 3 DEFINITION OF RATIOS

EBITDA margin:

Operating income before depreciation and amortisation/net sales

EBIT margin:

Operating income/net sales

Net profit in % of net sales:

Net profit/net sales

Balance sheet total:

Total assets

Equity ratio:

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

Quick ratio:

Current assets excluding inventory/Current liabilities

Average number of full-time employees during the period:

Average number of full-time employees during the period.

### NOTE 4 CONDITIONAL SHAREHOLDER CONTRIBUTION

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

**AUDITOR'S REVIEW**

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

**CERTIFIED ADVISER**

Pareto Securities is the certified adviser for Sedana Medical AB (Publ).

**FOR FURTHER INFORMATION PLEASE CONTACT**

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**DATES FOR UPCOMING INFORMATION**

Year-end report 2017:  
27 March 2018.

Annual Report 2017:  
25 April 2018

Interim report Q1 2018:  
22 May 2018

Interim report Q2 2018:  
30 August 2018

Interim report Q3 2018:  
22 November 2018

Year-end report 2018:  
21 March 2019





## Certification from the Board of Directors and the CEO

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

Danderyd, 30 November 2017

**Thomas Eklund**  
Chairman of the Board

**Sten Gibeck**  
Board member

**Bengt Julander**  
Board member

**Ola Magnusson**  
Board member

**Michael Ryan**  
Board member

**Christer Ahlberg**  
President and CEO

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