SEDANAMEDICAL
Pioneering volatile anaesthetic delivery

INTERIM REPORT Q3

JANUARY – SEPTEMBER 2020

SEDANA MEDICAL AB (PUBL)

Q1 Q2 **Q3** Q4

SEDANA MEDICAL, INTERIM REPORT Q3, JANUARY – SEPTEMBER 2020

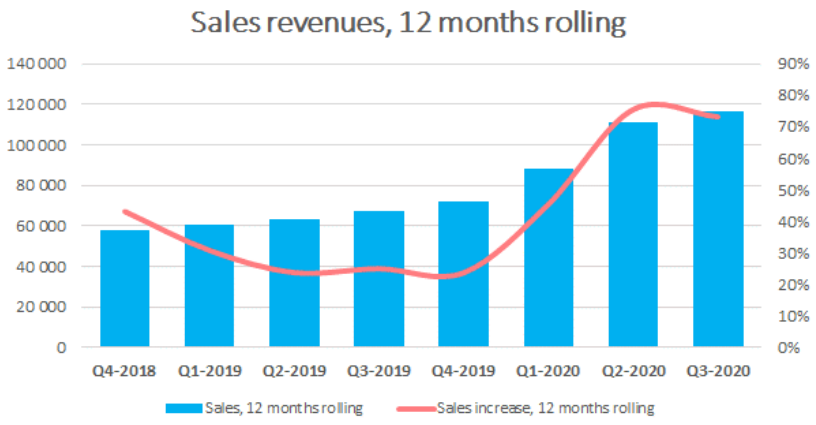
Financial Summary July-September

- Net sales during the third quarter amounted to KSEK 21 432 (16 416) corresponding to an increase of 31% compared with the same period in 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to KSEK -10 417 (-4 029). This corresponds to an EBITDA margin of -48,6% (-24,5%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -11 700 (-5 093) which corresponds to an EBIT margin of -54,6% (-31,0%).
- Net income for the period was KSEK -13 423 (-4 938) and earnings per share before and after dilution was SEK -0,58 (-0,25).
- Cash flow from operations before changes in working capital amounted to KSEK -8 472 (-3 913).
- Cash flow from investment activities amounted to KSEK -22 031 (-12 733).
- Cash flow for the period amounted to KSEK -27 377 (-15 250).
- Liquid funds at the end of the period amounted to KSEK 406 346 (122 152).

Financial Summary January-September

31%
increase compared to Q3 2019

- Net sales for the period amounted to KSEK 95 773 (51 589) corresponding to an increase of 86% compared to the same period in 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to KSEK -9 990 (-9 000). This corresponds to an EBITDA margin of -10,4% (-17,4%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -13 535 (-12 130) corresponding to an EBIT margin of -14,1% (-23,5%).
- Net income for the period was KSEK -15 317 (-9 632) and earnings per share before and after dilution was SEK -0,67 (-0,49).
- Cash flow from operations before changes in working capital amounted to KSEK -7 581 (-7 840).
- Cash flow from investment activities amounted to KSEK -53 984 (-36 829).
- Cash flow for the period amounted to KSEK -58 065 (-37 386).



Significant events during the period

Quarter 1

- Sedana Medical donated AnaConDa and accessories to two hospitals in China (Wuhan and Zhejiang) related to the outbreak of the Covid-19 pandemic.

Quarter 2

- In the beginning of April, the company announced a sales increase for the first quarter of 2020 that was significantly higher than expected. Sales for the first quarter of 2020 was SEK 34 million, which corresponds to a growth of around 90 percent compared to the same period last year.

- Sedana Medical announced in the beginning of May that the company will support a multinational study of inhaled sedation in covid-19-related ARDS (Acute Respiratory Distress Syndrome). The study (ISCA) is conducted in intensive care units in several European countries.

- In May, the first patient was enrolled in SESAR, a study comparing inhaled sedation and intravenous sedation for patients with ARDS. The study is conducted in France and Sedana Medical contributes with financial support and study material.

- At the annual general meeting of Sedana Medical, all proposals from the Board and the Nomination Committee were approved. Until the next annual general meeting, all current board members were re-elected and Christoffer Rosenblad was newly elected. The annual general meeting resolved to elect Öhrlings PricewaterhouseCoopers AB as new auditor for the period until the end of the next annual general meeting, with the chartered accountant Leonard Daun as principal auditor.

- All warrants in the company's incentive program 2017/21 have been exercised by the warrant holders, leading to an increase in the number of shares and votes in the company by 310 149.

- Sedana Medical announced in June that the company has signed agreements with distributors in Bulgaria, Cyprus, Greece, Slovakia and the Czech Republic. By expanding in Eastern Europe, the company wants to strengthen its position ahead of the upcoming market launch of its therapy.

Quarter 3

- On July 1, Sedana Medical announced that it had received market approval in Saudi Arabia for its medical device AnaConDa, and that distribution agreements had been 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 July 10, Sedana Medical announced top line result for the company's pivotal phase 3 study for the drug IsoConDa. The study reached its primary endpoint; to show that IsoConDa (isoflurane), administered with AnaConDa, is an effective sedation therapy for mechanically ventilated intensive care patients, and non-inferior to propofol.

- On August 19, the company announced that it has signed a distribution agreement for sales in Australia and New Zealand with the distributor Device Technologies. As the AnaConDa already has market approval in both markets, sales can start immediately.

Significant events after the period

- Sedana Medical announced in October that Susanne Andersson has been appointed new CFO of the company and will start first quarter of 2021. Susanne Andersson succeeds Maria Engström, who on her own initiative has chosen to leave the CFO position. Maria Engström will transfer to an advisory role for Sedana Medical's management team when Susanne Andersson has started.

- Sedana Medical announced in the beginning of October that the UK's National Institute for Health and Care Excellence (NICE) has issued a Medtech Innovation Briefing (MIB) on the use of AnaConDa as an alternative to intravenous sedation in intensive care.

Outlook 2020 - covid-19

Sedana Medical has during the third as well as at the end of the second quarter, compared with the period March-May, seen a normalized but continued positive sales development as a result of the covid-19-pandemin.

However, the pace of the sales growth has decreased during the third quarter compared with the period March-May this year. This coincides with a slowdown in the spread of covid-19 in Europe in particular, where Sedana Medical has its main sales.

For the full year 2020, Sedana Medical cannot make an assessment of the sales development due to the uncertainties that follow from the covid-19 pandemic. These uncertainties range from hospitals' and clinics' propensity and ability to use new sedation therapies during a crisis to a possible shortage or reduced availability of intravenous sedation drugs in a possible second or third wave of covid-19-pandemic.

CEO COMMENTS

Sedana Medical is working to develop inhaled sedation with AnaConDa and IsoConDa to become a new global standard therapy in intensive care. The third quarter began in the best way with positive top line-results[1] from our pivotal phase 3 study SED-001 which is the basis for the registration of our upcoming drug for inhaled sedation – the most important milestone for the company in many years. In addition, the business continued to be characterized by the covid-19 pandemic but also by intensive work, partly with completing the application for a European marketing approval but also with preparations for our upcoming US expansion.

The Covid-19 pandemic puts a strong stamp on our entire business since ICU sedation is just the treatment that seriously ill covid-19 patients often need. As our treatment leads to potentially fewer side effects and better oxygen uptake in the lungs, demand for AnaConDa and accessories has been strong during the year. An additional contributing factor to the strong demand is that the treatment contributes to increased patient capacity in ICU units, which was important during the pandemic.

The sales increase during the quarter was 31 percent in SEK (39% adjusted for currency fluctuations), which we interpret as the initial sales pressure due to the pandemic has decreased in line with the reduced number of covid-19 patients in the intensive care units, although the clinics continue to demand our treatment for patients other than covid-19 patients.

Sales have been strong in most European countries. Even outside Europe, including Canada and Mexico, there has been great interest and sales are gradually increasing. The increased interest is probably, to some extent, an effect of the pandemic, but also due to the fact that we have a new distributor in Mexico. In Canada, we now have a wide range of clinics that use AnaConDa, among other things in a new investigator initiated trial.

Our strategic planning for how to achieve our vision to make inhaled sedation a new global standard therapy in intensive care is based on 3 steps:

- To get AnaConDa approved in as many markets as possible to enable use, build experience, support investigator initiated trials and be able to do non-inferiority registration studies that show that inhaled sedation therapy is as good as today's standard treatment.

- To get the drug IsoConDa approved and also the therapy, in a first step in the EU and later in additional markets. The therapy will then go from off-label to fully approved. We thus sell the entire therapy, including both drugs and the medical technology products that are included (in the EU, this is estimated from the second half of 2021).

- To secure medical evidence with the help of more studies which shows that inhaled sedation is a better and more cost-effective treatment compared to today's standard treatment. Among other things, this can be done by demonstrating significant benefits regarding awakening times, shorter time to extubation, fewer side effects such as delirium, greater proportion of spontaneous breathing in patients, better oxygen uptake, shorter IVA treatment times, etc. In this way, treatment will gain ground and be included in national recommendations and gradually take its place as a new standard treatment worldwide.

Our registration study, SED-001, is the single largest advance in inhaled sedation since AnaConDa was developed.

Our registration study, SED-001, is the single largest advance in inhaled sedation since AnaConDa was developed, and we are extremely proud to have conducted the world's largest study of inhaled sedation in intensive care. Based on the good top-line results from the study that we published at the beginning of the quarter, we have worked hard to compile an application for marketing approval that we will submit as soon as possible

[1] Top line results for the IsoConDa study refer to the quality-controlled primary endpoint data and adverse event data. The analyses of the secondary and exploratory endpoints are not included in the top line results.

during the last quarter of this year, which means that we are well on our way to reaching the second step to reach our vision.

In a first registration round, we submit the application for 15 EU countries plus the United Kingdom, which due to Brexit has its own national process. If all goes well, we expect an approval during the second half of 2021. After that, an application for another group of EU countries can be submitted, which normally takes 6 months to obtain approval for.

During the quarter, progress was also made in several of the investigator initiated trials that we support. Among other things, it is very gratifying to see that both INASED and SESAR have started and that the studies have been able to continue despite the pandemic. SESAR is carried out with the aim of showing that inhaled sedation with AnaConDa has lung protective properties in comparison with propofol and, among other things, increased survival as a target. INASED is performed with the aim of showing a reduced incidence of delirium and improved cognitive recovery after sedation with AnaConDa.

Through this type of investigator initiated trials, as well as already published evidence and the own studies that we are planning in the US next year, we gather evidence that will form the basis for a paradigm shift in intensive care. We will continue to support this type of trials as it is an important cornerstone in our continued regulatory and commercial expansion.

As we now approach commercialization in Europe, our work is focused on launch activities. A key factor for a successful commercialization is the acceptance from payers in the healthcare systems. Therefore, it was very gratifying to see that NICE in the UK (National Institute for Clinical Excellence) issued a MIB (Medtech Innovation Briefing) on the use of AnaConDa as an alternative to intravenous sedation in intensive care. NICE is responsible for providing national guidance on treatments for public healthcare in the UK.

The MIB document refers to five analyzes of a total of 1 098 patients which show that inhaled sedation with AnaConDa is as effective as intravenous sedation and can reduce ventilator time.

It was very encouraging to see the range of positive statements from the clinical experts in the MIB document. Obtaining such a positive MIB from NICE, without the treatment being yet fully approved, is a strong recognition and will impact positively for future recommendations from other advisory institutes and future dialogues with payers.

Preparations for next year's American phase 3 studies have been intense during the quarter. To confirm and ensure efficacy and safety, two clinical, randomized and blinded studies of approximately 250 patients each will be performed. We have appointed a CRO that we will work with and we already have interest from over 30 centers to participate in the studies. There are reputable centers and investigators who have shown interest so far and the plan is to have about 40 American centers in the studies.

We are working to be able to submit an IND (Investigational New Drug) application during the first part of 2021 to obtain permission to start the studies. An IND approval assumes that the toxicity studies have been completed and it is gratifying to be able to state that these are progressing at a good pace and according to plan. Depending on how the pandemic develops, we expect to be able to obtain an IND approval before the summer in order to be able to include the first patient in each study during the second half of 2021.

We look forward to starting our studies and feel well prepared. Our work with the European study has taught us a lot that we benefit from in the design and execution of the American studies. The goal is to reach a US registration in 2024 and in 2022 we will decide on our commercialization strategy for the US.

All in all, we are adding another extremely intensive but successful quarter behind us. I look forward to coming back to you.

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 in the world and is among others, used by intensive care clinics.

A major clinical registration study has been completed and will form the basis for getting the pharmaceutical candidate IsoConDa® (isoflurane) approved for inhaled sedation within intensive care in Europe, together with AnaConDa. The company has initiated a registration work for AnaConDa and IsoConDa® in the United States and is currently reviewing the possibilities for registration of IsoConDa® in Japan.

Sedana Medical operates from several countries in Europe via subsidiaries and branch offices of Sedana Medical AB (publ) which is the parent company in the group. Germany is comfortably the group's largest market, with approximately 75% of total group sales.

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

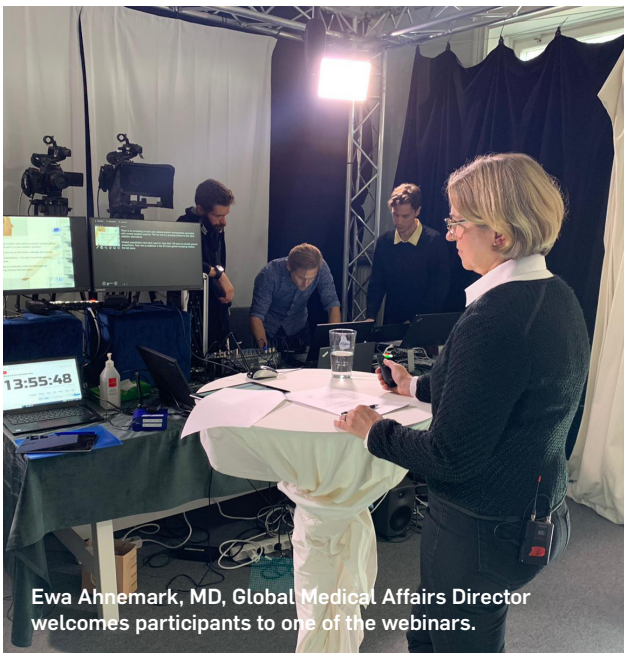
LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

Shareholders in the company at the end of the period:

	Number of shares	Share (%)
Handelsbanken Funds	2 213 763	9,61%
Swedbank Robur Funds	2 035 895	8,83%
Linc AB	1 899 701	8,24%
Anders Walldov direct and indirect (Brohuvudet AB)	1 650 000	7,16%
Sten Gibeck	1 219 944	5,29%
Ola Magnusson direct and indirect (Magiola AB)	1 157 246	5,02%
Öhman Funds	743 416	3,23%
Berenberg Funds	697 004	3,02%
Tredje AP-fund	515 000	2,23%
Anades Ltd.	476 478	2,07%
Nordnet Pensionsförsäkring	465 591	2,02%
Avanza Pension	452 608	1,96%
Tedsalus AB (Thomas Eklund)	416 616	1,81%
Highclere International Investors LLP	364 798	1,58%
Philip Earle	304 751	1,32%
Fifteen largest shareholders	14 612 811	63,41%
*Others **	8 433 929	*36,59%*
Total	23 046 740	100,00%

* CEO's ownership is 259 000 shares.

Sedana Medical participated in the NVIC Najaars-congres in Eindhoven, the Netherlands



Ewa Ahnemark, MD, Global Medical Affairs Director welcomes participants to one of the webinars.

BUSINESS DEVELOPMENT DURING THE PERIOD

Registration development

REGISTRATION OF THE PHARMACEUTICAL ISOCONDA® (ISOFLURANE) IN EUROPE

The work concerning registration of the drug candidate IsoConDa in Europe is ongoing. Together AnaConDa and IsoConDa will give us access to the full potential of the inhaled sedation market. To succeed, the company has completed a pivotal phase 3 clinical registration study in Germany and Slovenia. In July 2020 the company announced that the study reached its primary endpoint; to show that IsoConDa (isoflurane), administered with AnaConDa, is an effective sedation therapy for mechanically ventilated intensive care patients and non-inferior to today's intravenous standard sedation with propofol.

The company plans to submit the application for market approval of IsoConDa in 16 European countries in a first round during Q4 2020 and expects a registration approval of IsoConDa in Europe in the second half of 2021.

REGISTRATION STUDY SED-001

The company's pivotal phase 3 study is necessary for a complete dossier and to register the drug as well as the entire therapy. The study has been completed during 2020 and preparations for a European application are in progress.

The SED-001 study is designed as a non-inferiority study, which means that its primary purpose is to show that inhaled sedation with isoflurane is not inferior to propofol in maintaining an adequate sedation level. SED-001 is an open, randomized study that includes 300 patients treated with either inhaled sedation with isoflurane administered with AnaConDa or intravenous propofol. The top-line results from the study, published in early July, showed that the primary objectives have been met. These objectives are in themselves sufficient as a basis for an application for marketing approval for IsoConDa in Europe.

The secondary goals include time to wake up, proportion of time with spontaneous breathing, need for painkillers, ICU- and ventilator-free days and organ function over time. The secondary objectives of the IsoConDa study are currently being analyzed and will be presented together with the primary objective in a scientific journal in early 2021.

PEDIATRIC STUDY SED-002

In February 2019, Sedana Medical was approved for the Pediatric Investigation Plan (PIP) by the European Medicines Agency's pediatric committee, PDCO. Approval is important as the implementation of studies in children is one of the prerequisites for obtaining 10 years of market exclusivity in Europe. The study will be initiated during autumn 2020 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 severe impaired lung function.

REGISTRATION WORK OF ANACONDA AND ISOCONDA IN USA
The market potential for inhaled sedation in intensive care in the United States is approximately SEK 10 billion annually. Work on the registration of inhaled sedation including both AnaConDa and IsoConDa is ongoing. During 2019, the company was able to announce the result of the pre-IND meeting conducted at the FDA in March. Overall, the FDA was positive in respect to the registration of IsoConDa and AnaConDa as a combination product in the United States. The meeting confirmed the company's estimate of the time and cost of a registration which is expected to occur in 2024.

Since the drug substance isoflurane has been around for decades, the FDA has accepted that Sedana Medical is taking a path to registration, 505 (b) (2), which somewhat simplifies the use of previously collected data. Since registration requirements have been tightened over the years since isoflurane was first registered, Sedana Medical needs to complete current documentation and add more data to be approved by the FDA; including toxicological animal studies and a human factors[2] validation. Sedana Medical will also need to do two clinical, randomized and double-blinded studies to confirm and ensure efficacy and safety.

The number of patients needed for both studies together is the same as Sedana Medical initially had as a requirement in the European study, i.e. 300-550 patients. These patients will also be included in a safety database of 500 isoflurane patients. Work on human factors validation is ongoing with Beth Israel Deaconess Medical Center (BIDMC) at Harvard Medical School in the US. The toxicological studies are ongoing together with a specialist CRO company and are progressing according to plan.

The company is working to get an IND approval during the first half of 2021 and to include the first patients in the studies during the second half of 2021. The selection process for selection of CRO is completed and right now the organization is working full time with the development of study protocols. The company aims to include approximately 40 US centers in the two upcoming clinical trials.

REGISTRATION WORK OF ANACONDA AND ISOCONDA IN JAPAN
In November 2018, the company received approval of AnaConDa in Japan. The approval means that AnaConDa may be marketed, sold and used for the administration of volatile anesthetics for mechanically ventilated patients in Japan. In order to have access to the full potential of the Japanese market of over 1 million ventilated days a year in the field of intensive care, reimbursement of the price of therapy and registration of the drug candidate IsoConDa must be ensured. We are now investigating the different IsoConDa registration options available to us in Japan. Depending on the development of the covid-19 pandemic we expect to meet the Japanese Medicines Agency at an official meeting during the first half of 2021, to clarify the Japanese requirements for IsoConDa approval.

Building of the market

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

The work to increase awareness and use of AnaConDa technology and to establish in several countries in Europe is continuing. The plan is to be represented in several European markets with established networks and reference clinics when the company receive approval of IsoConDa. This in order to quickly be able to penetrate the market. Due to clarification in the registration process in the US and time planning schedule for Europe as well as the success in Asia, we can now work fast according to the established plan for both Europe, US and Asia.

We intend to establish a company in the US to be able to carry out the work on studies, registration and market access on our own. Around 2022 we will decide whether we intend to launch the products ourselves or together with a local partner. During 2019, we started a research foundation, the Sedana Medical Research Foundation, which constitutes a unique opportunity for the scientific community to increase knowledge about sedation of critically ill patients.

We are continuously working close with the academy to find more interesting projects in order to highlight the benefits of the therapy compared to intravenous treatment. One example is that the company sponsors the world's largest multicenter study with AnaConDa in France. The primary endpoint of the study is to demonstrate that inhaled sedation with AnaConDa has lung-protective capacities, shortens ventilator time, and generate higher survival in intensive care patients with severe lung disease compared to IV treatment.

We also work close with key opinion leaders (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 participate in national and international scientific intensive care conferences and congresses where we often arrange well-attended scientific symposia in the area of inhaled sedation.

The total sales increase was 86% during the first three quarters of2020, well in line with our goal of growing 20% per year until the registration of IsoConDa in Europe. The high increase in sales is due to many individual factors, but the single most important reason was the extremely increased demand for AnaConDa due to the covid-19 pandemic. Three years after the registration of IsoConDa in Europe, our ambition is for annual sales to exceed SEK 500 million in Europe.

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

Financial summary, January – September 2020

Financial summary - Consolidated (KSEK)	Q3		Q1-Q3		Year
	2020	2019	2020	2019	2019
Net sales	21 432	16 416	95 773	51 589	71 646
Gross Profit	14 293	12 017	64 939	37 785	52 413
Gross Margin (%)	66,7%	73,2%	67,8%	73,2%	73,2%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-10 417	-4 029	-9 990	-9 000	-12 979
Earnings Before Interest and Taxes (EBIT)	-11 700	-5 093	-13 535	-12 130	-17 167
Income after financial items	-11 416	-4 274	-13 394	-9 286	-16 943
Net income	-13 423	-4 938	-15 317	-9 632	-16 358
EBITDA margin %	-48,6%	-24,5%	-10,4%	-17,4%	-18,1%
EBIT %	-54,6%	-31,0%	-14,1%	-23,5%	-24,0%
Net income % of net sales	-62,6%	-30,1%	-16,0%	-18,7%	-22,8%
Total assets	593 081	231 252	593 081	231 252	593 251
Equity	562 391	209 403	562 391	209 403	569 380
Equity ratio	94,8%	90,6%	94,8%	90,6%	96,0%
Quick ratio	1394,2%	616,0%	1394,2%	616,0%	2007,2%
Average number of employees	58	40	52	38	39
Average number of shares before dilution	23 046 740	19 738 591	22 891 666	19 498 591	20 946 591
Average number of shares after dilution	23 146 445	20 380 283	23 141 135	20 373 283	21 940 740
Number of shares at the end of the period before dilution	23 046 740	19 840 591	23 046 740	19 840 591	22 736 591
Number of shares at the end of the period after dilution	23 146 445	20 239 825	23 146 445	20 239 825	23 135 825
Earnings per share before/after dilution [1]	-0,58	-0,25	-0,67	-0,49	-0,78

[1] Based on average number of shares for the period.

REVENUES

During the third quarter, the Group's revenues amounted to KSEK 23 465 (17 270), corresponding to an increase of KSEK 6 194 or 36%. The increase is mainly attributable to an increase in net sales of KSEK 5 016 or 31%. The Group's sales are almost exclusively in other currencies than SEK and the corresponding sales increase, adjusted for currency fluctuations, was 39%. Revenues for the third quarter also includes other operating revenues of KSEK 2 033 (854) consisting mainly of positive unrealized exchange rate differences.

For the period January-September, the Group's revenues amounted to KSEK 101 265 (53 803), an increase of KSEK 47 462 or 88% of which net sales accounted for KSEK 44 184 or 86%. The increase is due to the large sales increase following the covid-19 pandemic during quarters 1 and 2.

COST OF GOODS SOLD AND GROSS MARGIN

Cost of goods sold during the third quarter amounted to KSEK 7 139 (4 399), which corresponds to an increase of KSEK 2 740 or 62%. The increase is due to the sales growth, product mix and that the company did have higher costs for transports even in the third quarter due to the covid-19 situation. Gross margin during the third quarter was 67% (73%).

For the period January-September, cost of goods sold amounted to KSEK 30 833 (13 804), corresponding to an increase of 123%. The increase is due to the sales growth, product mix and that the company has had higher costs for transports during the year due to the covid-19 situation. Gross margin during the period amounted to 68% (73%).

OTHER EXTERNAL EXPENSES

Other external expenses amounted to KSEK 9 764 (7 112) during the quarter, which corresponds to an increase of KSEK 2 652 or 37%. The increase in the item Other external expenses is mainly due to an increase in expenses for sales, medical affairs, and market. Generally, there is also an increase in other types of external expenses as the company is growing and preparing for the launch of IsoConDa.

For the period January-September, other external expenses amounted to KSEK 33 218 (20 609), an increase of 61%.

PERSONNEL EXPENSES

Personnel expenses in the group amounted to KSEK 14 489 (9 293) during the third quarter, which corresponds to an increase of KSEK 5 196 or 56%. During the third quarter there were in average 58 employees in the group, which was an increase of 18 employees compared with the same period in 2019. The main reason for the expense increase is the build-up of the marketing and sales organizations, as well as medical affairs, regulatory and quality functions, prior to the registration and subsequent launch of IsoConDa.

For the period January-September, personnel expenses amounted to KSEK 41 200 (27 113) corresponding to an increase of KSEK 14 086 or 52%. The average number of employees during the period was 52 (38), an increase of 14 employees compared with the same period in 2019.

DEPRECIATIONS AND AMORTISATIONS
Depreciations during the third quarter amounted to KSEK 1 282 (1 064), corresponding to an increase of KSEK 218 or 20%.

For the period January-September, depreciations amounted to KSEK 3 545 (3 129), i.e. an increase of KSEK 416 or 13%. Depreciations relate to property, plant and equipment and amortisation of the in-house developed intangible asset AnaConDa-S. There were no write-downs during the period.

OPERATING INCOME
The Group's operating income for the third quarter amounted to KSEK -11 700 (-5 093). This corresponds to a reduced result of KSEK 6 607 or 130%, which is explained by the fact that sales are back at a more normalized rate than during the covid-19 intensive period. However, the building up of the organization and preparations for the launch of IsoConDa are ongoing and the expenses therefore have a relatively higher rate of increase.

For the period January-September, operating income amounted to KSEK 13 535 (12 130), a reduced result of KSEK 1 405 or 12%.

FINANCIAL ITEMS
Net financial items amounted to KSEK 284 (819) during the third quarter. The financial net is mainly explained by unrealized exchange rate gains.

For the period January-September, financial net amounted to KSEK 141 (2 844).

TAXES
The Group reported tax expenses of KSEK 2 007 (665) during the third quarter. The tax expense for the quarter is mainly explained by tax for the current year and changes in deferred tax.

For the period January-September, the Group reported tax expenses of KSEK 1 923 (346).

NET INCOME
The Group reported a net income after taxes of KSEK -13 423 (-4 938) for the third quarter, a decrease of KSEK 8 485 or 172%. The decline in earnings is primarily due to the reduced operating profit.

For the period January-September, net income after taxes amounted to KSEK -15 317 (-9 632), a decrease of KSEK 5 685 or 59%.

EQUITY AND LIABILITIES
The equity in the group as of 30 September 2020 amounted to KSEK 562 391 compared with KSEK 569 380 at year end 2019, a decrease corresponding to KSEK 6 989. During 2020 all warrants in the 2017/2021 warrant program were converted into shares. A new warrant program, 2020/2023, was decided on at the Annual General Meeting in May and also launched in May. As a result of these activities, the company received during the period new capital totaling KSEK 8 251 after costs. Issue expenses amounted to KSEK 125 KSEK and have been reported within equity.

Current liabilities at the end of the period amounted to KSEK 30 690 compared with KSEK 23 872 at the end of 2019. These consisted mainly of accrued expenses, KSEK 12 999 (8 267) and accounts payable, KSEK 7 954 (11 004).

LIQUID FUNDS AND CASH FLOW
Liquid funds at the end of the period amounted to KSEK 406 346 (464 560), a reduction of KSEK 58 214 compared with 31 December 2019.

Cash flow from operating activities before change in working capital was KSEK -8 472 (-3 913) for the third quarter and the corresponding amount for the period January- September was KSEK -7 581 (-7 840).

Cash flow from operating activities, including the change in working capital, amounted to KSEK -5 342 (-3 443) for the third quarter. The corresponding amount for the period January-September was KSEK -12 333 (-3 985). The change in comparison with quarter 3 previous year is mainly due to less cash flow from operations and an increase in inventories. The change for the period January-September in comparison with previous year is due to an increase in inventories.

Cash flow from investments amounted to KSEK -22 031 (-12 733) for the third quarter and consists mainly of acquisition of intangible fixed assets, where the major part is capitalized developments expenses for the clinical study and registration work of IsoConDa EU, toxicological studies and registration work of AnaConDa and IsoConDa in the US and costs for preparation of the IsoConDa pediatric study in EU.

For the period January-September the corresponding amount was KSEK -53 984 (-36 829). The change from previous year is mainly due to started toxicological studies, preparation for registration and clinical studies in the US and preparation for the pediatric study in EU.

Total cash flow for the quarter amounted to KSEK -27 377 (-15 250) and KSEK -58 065 (-37 386) for the period January-September.

PARENT COMPANY
Sedana Medical AB (publ), corporate identity number 556670–2519, is the parent company in the group. Its operations consist of clinical development, sales, and administrative and management functions.

The parent company includes a branch office in Spain where operations consists of sales of products. The parent company has a number of subsidiaries that together makes up the group. All subsidiaries in the group are wholly owned.

The parent company's total revenues amounted to KSEK 52 506 (13 474) for the third quarter. The increase is due to the parent company taking over the majority of sales in the group during the third quarter. Operating income for the quarter amounted to KSEK -1 709 (-5 399) which corresponds to an increase of KSEK 3 689. Financial net for the third quarter was KSEK 633 (655) and referred mainly to unrealized exchange rate gains.

For the period January-September, total revenues amounted to KSEK 81 039 (54 767). Operating income for the same period was KSEK -16 550 (-14 139). The parent company showed a financial net for the period of KSEK 1 272 (1 829).

Shareholders' equity in the Parent company, Sedana Medical AB (publ), amounted to KSEK 574 828 as of 30 September 2020 compared with KSEK 581 915 at year-end 2019, corresponding to a decrease of KSEK 7 087.

Share capital amounted to KSEK 2 305 compared with KSEK 2 274 at year-end 2019, an increase of KSEK 31. During quarter 2, all warrants in the 2017/2021 warrant program were converted into shares. A new warrant program, 2020/2023, was resolved on at the Annual General Meeting in May and launched in May. As a result of these activities, the company received during the period new capital totaling KSEK 8 251 after costs.

Liquid funds at the end of the period amounted to KSEK 396 238 compared with KSEK 455 206 at year-end 2019, corresponding to a decrease of KSEK 58 968.

Other information

TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties take place on market terms. During the third quarter, the affiliated company Sedana Medical Ltd. purchased goods at a value of KSEK 588 (952) from Lismed Ltd. This company is related to Ron Farrell, which during quarter 1 was R&D director in the group and board member in the group's subsidiary in Ireland. Per the end of quarter 1, Ron Farrell is only board member in the group's subsidiary in Ireland.

During the period January-September, purchases from Lismed Ltd. amounted to KSEK 8 585 (2 677) related to goods, and to KSEK 101 (0) related to services. During the period January-September purchases of services from Tecscan Ltd, a company related to the previous board member Michael Ryan, amounted to KSEK 0 (202).

Consolidated income statement

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Revenues					
Net sales	21 432	16 416	95 773	51 589	71 646
Other operating income	2 033	854	5 492	2 214	2 092
	23 465	17 270	101 265	53 803	73 738
Operating cost and expenses					
Cost of goods sold	-7 139	-4 399	-30 833	-13 804	-19 232
External expenses	-9 764	-7 112	-33 218	-20 609	-27 122
Personnel expenses	-14 489	-9 293	-41 200	-27 113	-38 045
Depreciation and amortisation	-1 282	-1 064	-3 545	-3 129	-4 188
Other operating expenses	-2 490	-495	-6 004	-1 277	-2 317
Operating income	**-11 700**	**-5 093**	**-13 535**	**-12 130**	**-17 167**
Income from financial items					
Financial income	1 247	828	3 605	2 877	2 456
Financial expenses	-964	-9	-3 464	-33	-2 232
Income after financial items	**-11 416**	**-4 274**	**-13 394**	**-9 286**	**-16 943**
Income before taxes	**-11 416**	**-4 274**	**-13 394**	**-9 286**	**-16 943**
Taxes	-2 007	-665	-1 923	-346	586
Net Income	**-13 423**	**-4 938**	**-15 317**	**-9 632**	**-16 358**
Earnings per share					
Before dilution	-0,58	-0,25	-0,67	-0,49	-0,78
After dilution	-0,58	-0,25	-0,67	-0,49	-0,78

Consolidated balance sheet

(KSEK)	30 September 2020	30 September 2019	31 December 2019
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses	141 148	79 599	95 487
Other intangible assets	4 247	4 632	4 160
	145 395	84 231	99 647
Tangible assets			
Building and land	0	23	11
Machinery and equipment	5 627	4 472	4 385
Fixtures and tools	877	789	478
	6 504	5 284	4 874
Financial assets			
Deferred taxes	1 086	1 306	2 205
Other long term assets	43	0	0
	1 129	1 306	2 205
Total fixed assets	**153 028**	**90 821**	**106 726**
Current assets			
Inventory			
Finished goods	12 186	5 844	7 378
Receivables			
Trade receivables	9 469	6 114	6 467
Tax receivables	6	6	6
Other current receivables	5 457	1 512	3 503
Prepaid expenses and accrued income	6 589	4 803	4 611
	21 521	12 435	14 587
Cash and cash equivalents	406 346	122 152	464 560
Total current assets	**440 053**	**140 431**	**486 525**
TOTAL ASSETS	**593 081**	**231 252**	**593 251**

(KSEK)	30 September 2020	30 September 2019	31 December 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	2 305	1 984	2 274
Other equity including net income for the period	560 087	207 419	567 106
Equity attributable to shareholders in parent company	562 391	209 403	569 380
Total equity	**562 391**	**209 403**	**569 380**
Current liabilities			
Accounts payables	7 954	7 637	11 004
Tax liabilities	1 985	1 226	1 254
Other current liabilites	7 752	4 200	3 347
Accrued expenses and prepaid income	12 999	8 786	8 267
	30 690	21 849	23 872
TOTAL EQUITY AND LIABILITIES	**593 081**	**231 252**	**593 251**

Consolidated statement of changes in equity

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Opening balance according to balance sheet	575 228	214 055	569 380	217 811	217 811
Changes in the carrying amounts recognised directly in equity					
Translation differences	591	-224	77	-459	-117
Transactions with the group's owners					
New issue of shares	0	510	7 862	1 710	376 742
Issue expenses	0	0	-68	-28	-10 115
Received preminum for warrant subscription	0	0	515	0	1 746
Expenses for warrant program	-5	0	-58	0	-330
Net income	-13 423	-4 938	-15 317	-9 632	-16 358
Total Equity	**562 391**	209 403	**562 391**	**209 403**	**569 380**

Consolidated statement of cash flow

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Operations					
Operating income	-11 700	-5 093	-13 535	-12 130	-17 167
Adjustment of non cash flow items					0
Depreciations, amortisations and gains and losses on sale of fixed assets	3 503	1 182	6 771	4 235	5 558
Currency exchange rates differences	608	27	171	-239	282
Other non cash flow items	0	0	0	0	0
	-7 590	-3 884	-6 593	-8 134	-11 327
Received interest	-23	0	26	0	3
Paid interest	0	0	-78	-4	-7
Paid taxes	-860	-28	-936	297	257
Cash flow from operations before change in working capital	**-8 472**	**-3 913**	**-7 581**	**-7 840**	**-11 074**
Cash flow from change in working capital					
Increase (-)/Decrease (+) of inventory	-3 296	108	-4 629	494	-1 077
Increase (-)/Decrease (+) of operating receivables	526	-3 629	-6 929	-4 628	-6 707
Increase (+)/Decrease (-) of operating liabilities	5 901	3 991	6 806	7 989	10 157
Cash flow from operations	**-5 342**	**-3 443**	**-12 333**	**-3 985**	**-8 700**
Investment activities					
Investment in intangible fixed assets	-18 268	-11 832	-46 951	-33 550	-49 839
Investments in tangible fixed assets	-3 763	-901	-7 033	-3 279	-4 293
Cash flow from investment activities	**-22 031**	**-12 733**	**-53 984**	**-36 829**	**-54 132**
Financing activities					
New issue of shares	0	510	7 862	1 710	376 742
Issue expenses	-5	0	-72	-28	-10 115
Received premium for warrant subscription	0	416	515	1 746	1 746
Expenses for warrant program			-53	0	-330
Cash flow from financing activities	**-5**	**926**	**8 251**	**3 428**	**368 043**
Cash flow for the period	**-27 377**	**-15 250**	**-58 065**	**-37 386**	**305 212**
Liquid funds at the beginning of the period	**433 537**	**137 317**	**464 560**	**159 351**	**159 351**
Effects of exchange rate changes on cash	187	86	-149	187	-2
Liquid funds at the end of the period	**406 346**	**122 152**	**406 346**	**122 152**	**464 560**

Parent company income statement

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Revenues					
Net sales	9 100	10 487	17 658	44 241	44 929
Other operating income	43 405	2 988	63 381	10 526	22 101
	52 506	13 474	81 039	54 767	67 031
Operating cost and expenses					
Cost of goods sold	-7 589	-7 147	-13 452	-29 944	-30 362
External expenses	-37 183	-4 479	-57 761	-16 636	-24 232
Personnel expenses	-6 756	-6 416	-19 975	-19 942	-25 151
Depreciation and amortisation	-220	-338	-554	-1 150	-1 278
Other operating expenses	-2 467	-494	-5 848	-1 234	-2 058
Operating income	**-1 709**	**-5 399**	**-16 550**	**-14 139**	**-16 050**
Income from financial items					
Financial income	1 230	415	3 558	1 131	2 445
Financial income, group internal	322	240	992	700	964
Financial expenses	-919	0	-3 278	-1	-2 146
Income after financial items	**-1 077**	**-4 744**	**-15 278**	**-12 310**	**-14 787**
Group contribution	0	0	0	0	-12
Income before taxes	**-1 077**	**-4 744**	**-15 278**	**-12 310**	**-14 800**
Taxes	0	48	0	0	0
Net Income	**-1 077**	**-4 695**	**-15 278**	**-12 310**	**-14 800**

Parent company balance sheet

(KSEK)	30 September 2020	30 September 2019	31 December 2019
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenses	131 693	73 418	88 048
Other intangible assets	1 001	0	0
	132 693	73 418	88 048
Tangible assets			
Machinery and equipment	1 856	750	840
Fixtures and tools	416	215	221
	2 272	965	1 061
Financial fixed assets			
Shares in group companies	395	395	395
Long term receivables in group companies	40 023	29 086	40 418
	40 418	29 481	40 813
Total fixed assets	**175 383**	**103 864**	**129 922**
Current assets			
Inventory			
Finished goods	17 260	937	984
Receivables			
Trade receivables	8 222	708	359
Receivables in group companies	77 624	20 085	21 828
Tax receivables	4	4	4
Other current receivables	4 897	1 157	3 085
Prepaid expenses and accrued income	5 773	1 950	4 090
	96 520	23 904	29 366
Cash and cash equivalents	396 238	114 986	455 206
Total current assets	**510 018**	**139 827**	**485 555**
TOTAL ASSETS	**685 401**	**243 691**	**615 476**

(KSEK)	30 September 2020	30 September 2019	31 December 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	2 305	1 984	2 274
Fund for capitalized development expenses	131 693	73 418	88 047
Non restricted equity			
Share premium fund	613 743	239 631	605 702
Retained earnings	-157 633	-84 847	-99 308
Profit or loss for the period	-15 278	-12 310	-14 800
Total Equity	**574 828**	**217 876**	**581 915**
Current liabilities			
Accounts payables	6 796	2 341	6 845
Liabilities to group companies	90 670	16 338	19 596
Tax liabilities	1 026	725	826
Other current liabilites	2 906	1 833	2 001
Accrued expenses and prepaid income	9 176	4 578	4 293
	110 573	25 815	33 561
TOTAL EQUITY AND LIABILITIES	**685 401**	**243 691**	**615 476**

Parent company changes in equity

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Opening balance according to balance sheet	575 964	222 159	581 915	228 710	228 710
Changes in the carrying amounts recognised directly in equity					
Translation differences	-54	-98	-60	-206	-39
Transactions with the group's owners					
New issue of shares	0	510	7 862	1 710	376 742
Issue expenses	0	0	-68	-28	-10 115
Received preminum for warrant subscription	0	0	515	0	1 746
Expenses for warrant program	-5	0	-58	0	-330
Reallocation between items in equity					
Allocations to funds for capitalized development expenses	16 311	11 587	43 645	31 121	45 750
Retained earnings	-16 311	-11 587	-43 645	-31 121	-45 750
	0	0	0	0	0
Net income	-1 077	-4 695	-15 278	-12 310	-14 800
Total Equity	**574 828**	**217 876**	**574 828**	**217 876**	**581 915**

Parent company statement of cash flow

	Q3		Q1-Q3		Year
(KSEK)	2020	2019	2020	2019	2019
Operations					
Operating income	-1 709	-5 399	-16 550	-14 139	-16 050
Adjustment of non cash flow items					
Depreciations, amortisations and gains and losses on sale of fixed assets	220	321	554	2 122	2 253
Currency exchange rates differences	1 039	268	446	-63	547
Other non cash flow items	0	0	0	0	0
	-450	-4 810	-15 550	-12 080	-13 251
Received interest	298	240	1 017	700	964
Paid interest	1	0	-2	-1	-4
Paid taxes	0	26	0	343	343
Cash flow from operations before change in working capital	**-152**	**-4 544**	**-14 535**	**-11 039**	**-11 948**
Cash flow from change in working capital					
Increase (-)/Decrease (+) of inventory	-18 223	10 263	-17 420	8 264	8 218
Increase (-)/Decrease (+) of operating receivables	-46 690	4 541	-67 156	-3 840	-8 459
Increase (+)/Decrease (-) of operating liabilities	66 635	-14 778	77 010	-2 558	5 168
Cash flow from operations	**1 570**	**-4 518**	**-22 101**	**-9 173**	**-7 022**
Investment activities					
Investment in intangible fixed assets	-17 312	-11 587	-44 646	-31 121	-45 750
Investments in tangible fixed assets	-896	1 672	-1 764	-391	-1 832
Investments of financial assets	-108	-2 842	1 423	-4 742	-15 529
Cash flow from investment activities	**-18 316**	**-12 757**	**-44 987**	**-36 254**	**-63 111**
Finansieringsverksamheten					
New issue of shares	0	510	7 862	1 710	376 742
Issue expenses	0	0	-68	-28	-10 115
Paid in premium for warrants	0	0	515	0	0
Expenses for warrant program	-5	0	-58	0	0
Cash flow from financing activities	**-5**	**510**	**8 251**	**1 682**	**366 627**
Cash flow for the period	**-16 751**	**-16 765**	**-58 837**	**-43 745**	**296 494**
Liquid funds at the beginning of the period	**413 009**	**131 899**	**455 206**	**158 805**	**158 805**
Effects of exchange rate changes on cash	-20	-148	-131	-75	-94
Liquid funds at the end of the period	**396 238**	**114 986**	**396 238**	**114 986**	**455 206**

Share information

	Q3		Q1-Q3		Year
	2020	2019	2020	2019	2019
Net income, KSEK	-13 423	-4 938	-15 317	-9 632	-16 358
Cash flow, KSEK	-27 377	-15 250	-58 065	-37 386	305 212
Number of shares at the beginning of the period	23 046 740	19 636 591	22 736 591	19 156 591	19 156 591
Number of shares at the end of the period	23 046 740	19 840 591	23 046 740	19 840 591	22 736 591
Average number of shares	23 046 740	19 738 591	22 891 666	19 498 591	20 946 591
Outstanding warrants at the beginning of the period	99 705	884 149	399 234	994 149	994 149
Outstanding warrants at the end of the period	99 705	399 234	99 705	399 234	399 234
Average number of warrants	99 705	641 692	249 470	696 692	994 149
Share capital at the end of the period, KSEK	2 305	1 984	2 305	1 984	2 274
Equity at the end of the period, KSEK	562 391	209 403	562 391	209 403	569 710
Earnings per share, SEK					
- Earnings per share before dilution	-0,58	-0,25	-0,67	-0,49	-0,78
- Earnings per share after dilution	-0,58	-0,25	-0,67	-0,49	-0,78
Equity per share, SEK	24,40	10,55	24,40	10,55	25,06
Cash flow per share, SEK	-1,19	-0,77	-2,54	-1,92	14,57

Sedana Medical share - facts

Listing	Nasdaq First North Growth Market Sweden
Number of shares *	23 046 740
Market capitalization MSEK *	6 130
Ticker	SEDANA
ISIN	SE0009947534

* Per 30 Sept 2020

Notes to the financial information

NOTE 1 ACCOUNTING PRINCIPLES

Sedana Medical AB (publ) and the group applies the Swedish Accounting Standard Board's (BFN's) general guidelines BFNAR 2012:1 Annual report and consolidated accounts (K3). Significant accounting and valuation principles are set out in the group annual report 2019.

A departure from the K3 regulation has occurred 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.

Changes in the accounting compared with the annual report 2019:
For tangible fixed assets, machinery and equipment, a depreciation period of 5 years is generally applied in the parent company. The company has a number of gas monitors, for which a depreciation period of 3 years is applied.

NOTE 2 DEFINITION OF RATIOS

Gross profit:
Net sales – cost of goods sold
Gross margin %:
Gross profit / net sales
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 / Total assets
Quick ratio:
Current assets excluding inventory / Current liabilities
Average number of employees:
Average number of employees during the period
Earnings per share:
Net income / average number of shares before/after dilution
Equity per share:
Total equity / number of shares before dilution
Cash flow per share:
Cash flow for the period / number of shares before dilution

Program	Position	Number of acquired warrants in 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 at conversion.

NOTE 3 WARRANT PROGRAM

Warrant Program 2020/2023

The Annual General Meeting on 19 May 2020 in Sedana Medical AB (publ) decided to implement a new warrants program for employees (employees and consultants) in the Sedana Medical Group. The company thus issued at the Annual General Meeting 325 000 warrants series 2020/2023, entitled to subscribe for a total of 325 000 shares, all of which were subscribed by the company's subsidiary Sedana Medical Incentive AB for later transfer to employees in the Group. Each warrant entitles to subscribe for a new share in Sedana Medical AB (publ) during the period 1 June–30 September 2023 at a subscription price of SEK 334,60 kronor 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 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 division of shares. As of the balance date, 10 620 warrants series 2020/2023 have been submitted to employees in the group, whereby the remaining 314 380 warrants are in the process of being canceled. All transfers of warrants to employees in the group have been made at market value, calculated according to the Black & Scholes valuation model by an external valuator. The total purchase sum for the warrants transferred on the balance sheet date amounts to SEK 514 539. A prerequisite for acquiring warrants within the framework of the warrants program 2020/2023 was that employees vis-a-vis Sedana Medical Incentive AB, among others undertakes to resell acquired warrants if the employee's employment or assignment in the group expires before three years have elapsed from the date of acquisition. Upon full exercise of all series 2020/2023 warrants that as of the balance sheet date have been transferred to employees in the group, the company's share capital will increase by approximately SEK 1 062 through the issue of 10 620 new shares, corresponding to a dilution of approximately 0,05 percent based on the number of shares in the company on the balance sheet date.

Warrant Program 2019/2022

The Annual General Meeting on 28 May 2019 in Sedana Medical AB (publ) decided to implement a new warrants program for employees (employees and consultants) in the Sedana Medical Group. The company thus issued 370 000 warrants in the 2019/2022 series, entitled to subscribe for a total of 370 000 shares, all of which were subscribed by the company's subsidiary Sedana Medical Incentive AB for later transfer to employees in the Group. Each warrant entitles to subscribe for a 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 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 division of shares. As of the balance sheet date, 89 085 warrants series 2019/2022 have been assigned to employees in the group, with the remaining 307 208 warrants being canceled as of 30 September 2019. All transfers of warrants to employees in the group have been made at market value, calculated according to the Black & Scholes valuation model by an external valuator. The total purchase sum for the warrants transferred on the balance sheet date amounts to

1 746 138 SEK. A prerequisite for acquiring warrants within the framework of the warrants program 2019/2022 is that employees vis-a-vis Sedana Medical Incentive AB, among others undertakes to resell acquired warrants if the employee's employment or assignment in the group expires before three years have elapsed from the date of acquisition. Upon full exercise of all series 2019/2022 warrants outstanding as of the balance sheet date, the company's share capital will increase by 8 909 SEK through the issue of 89 085 new shares, corresponding to a dilution of approximately 0,4 percent based on the number of shares in the company on the balance sheet date.

Warrant program 2017/2021

The annual general meeting of May 19, 2017 resolved to establish a warrant-based incentive program aimed at key company personnel. In this context, a resolution was adopted on the issue of a total of 310 149 2017/2021 series warrants, all of which were subscribed to and allocated to the Company's subsidiary Sedana Medical Incentives AB for onward transfer to the participants in the incentive program. A total of 310 149 warrants were transferred to the participants in the program. All participants are senior executives in the company. The warrants were transferred under market terms. The transfer price was calculated with the aid of the Black & Scholes model by an independent institute. Each warrant entitles the holder to subscribe to one share in the company at a subscription price equivalent to 130 percent of the issue price in the IPO, i.e. 19,50 SEK. The warrants may be exercised during the period May 15, 2020 through January 31, 2021. The warrants are also subject to customary conditions for conversion in connection with new issues etc. If all warrants transferred to participants in the incentive program are exercised, the company's share capital will increase by around 31 015 SEK through the issue of 310 149 shares. At the end of the quarter, all warrants have been exercised by the warrant holders. No warrants in the 2017/2021 program are thus left and the program has been terminated.

Other information

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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Maria Engström, CFO,
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DATES FOR UPCOMING INFORMATION

25 Feb 2021 Year-end report 2020
15 Apr 2021 Annual report 2020

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, which are considered unchanged, please refer to the annual report for 2019.

Danderyd 5 November 2020

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

Auditor's report

Sedana Medical AB org nr 556670–2519

Introduction

We have reviewed the condensed interim financial information (interim report) of Sedana Medical AB as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the Swedish Annual Accounts Act.

Stockholm, 5 November 2020
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Chartered accountant

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