SEDANAMEDICAL
Pioneering volatile anaesthetic delivery

INTERIM REPORT Q2

JANUARY – JUNE 2020

SEDANA MEDICAL AB (PUBL)

Q1 **Q2** Q3 Q4

SEDANA MEDICAL, INTERIM REPORT Q2, JANUARY – JUNE 2020

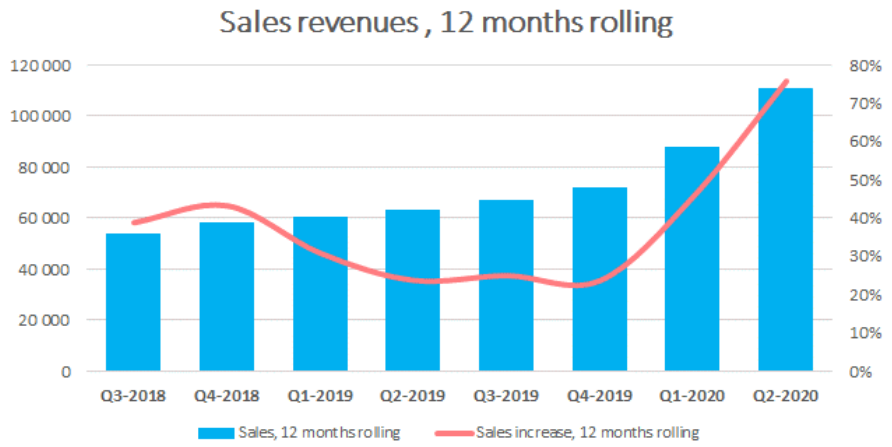
Financial Summary April-June

- Net sales during the quarter amounted to KSEK 40 509 (17 359) corresponding to an increase of 133% compared with the same period in 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to KSEK -777 (2 330). This corresponds to an EBITDA margin of -1,9% (-13,4%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -1 917 (-3 377) which corresponds to an EBIT margin of -4,7% (-19,5%).
- Net income for the period was KSEK -3 596 (-1 723) and earnings per share before and after dilution was SEK -0,16.
- Cash flow from operations before changes in working capital amounted to KSEK 730 (-2 094).
- Cash flow from investment activities amounted to KSEK -17 710 (-13 415).
- Cash flow for the period amounted to KSEK -7 988 (-12 576).
- Liquid funds at the end of the period amounted to KSEK 433 537 (137 317).

Financial Summary January-June

133%
increase in sales compared with Q2 2020

- Net sales for the period amounted to KSEK 74 341 (35 173) corresponding to an increase of 111% compared with the same period in 2019.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to KSEK 427 (-4 972). This corresponds to an EBITDA margin of 0,6% (-14,1%).
- Earnings before interest and taxes (EBIT) amounted to KSEK -1 835 (-7 037) corresponding to an EBIT margin of -2,5% (-20,0%).
- Net income for the period was KSEK -1 894 (-4 694) and earnings per share before and after dilution was SEK -0,08.
- Cash flow from operations before changes in working capital amounted to KSEK 891 (-3 928).
- Cash flow from investment activities amounted to KSEK -31 953 (-24 096).
- Cash flow for the period amounted to KSEK -30 688 (-22 136).



Significant events during the period

- 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. The study is conducted in intensive care units in several European countries. The study will be led by associate professor Matthieu Jabaudon from Clermont-Ferrand, France who also leads the SESAR study. The national coordinators are professor Jean-Michel Constantin, Paris (France), associate professor Tobias Becher, Kiel (Germany), professor Rafael Badenes, Valencia (Spain), associate professor Martin Schläpfer and professor Beatrice Beck-Schimmer, Zürich (Switzerland).

- In May, the first patient was enrolled in SESAR, a study comparing inhaled sedation and intravenous sedation for patients with Acute Respiratory Distress Syndrome, 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 reelected and Christoffer Rosenblad was newly elected. The 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. Accordingly, the share capital was increased by SEK 31 015. Through the exercise of the warrants, Sedana Medical's CEO, CFO and CMO have increased their ownership in the company.

- 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.

Significant events after the period

- On July 1, the company 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 registration-based 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 method, for ventilator-intensive care patients, which is non-inferior to propofol. Secondary endpoints are under analysis and will be published together with the primary endpoint in a scientific journal after peer-review. The results indicate that IsoConDa is an effective and safe sedation method and will form the basis for the company's application for European market approval later during 2020.

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

Outlook 2020 – covid-19

Sedana Medical has after 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 pandemic.

In comparison with the situation before the covid-19 pandemic, the company sees a higher growth. Several intensive care clinics have prepared for the pandemic through material procurement and training, mainly for the treatment of covid-19-related ARDS. Of the increase in growth, about 40% comes from new intensive care clinics having started using inhaled sedation and 60% from existing customers increasing their use. The rate of sales growth decreased at the end of the quarter compared with the beginning. 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 methods during a crisis to a possible shortage or reduced availability of intravenous sedation drugs in the event of a second wave of covid-19 pandemic.

CEO COMMENTS

Positive top line results – a milestone on the road to our vision

Operations during the second quarter continued to be characterized by the covid-19 pandemic but also by intensive work ahead of our upcoming US expansion. First, however, I would like to address the most important milestone in many years that occurred shortly after the end of the quarter when we announced positive top line results[1] in our pivotal phase 3 study SED-001. The study is the single largest progress in the area of 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.

The goal when we initiated the work with the study several years ago was to be able to register inhaled sedation with IsoConDa (isoflurane), administered with AnaConDa, in Europe in order to approach our vision to make inhaled sedation a new global standard method in intensive care. Through the positive top line results, we have come a long way towards our vision. The study reached its primary end point; to show that IsoConDa administered with AnaConDa is an effective sedation method for ventilator-intensive care patients that is not inferior to today's intravenous standard sedation with propofol.

The strong top line results confirm the clinical experience of physicians worldwide and the strong study results will form the basis for the application for European market approval that we will submit as soon as possible during the fourth quarter of this year. In a first registration round, the application will cover 16 European countries and if all goes well, we expect approval in the second half of 2021.

A market approval in Europe can also open the door to several other markets and we are currently investigating exactly which markets that quickly can open up based on a European registration.

The secondary objectives in the SED-001 study are currently being analyzed and will be presented together with the primary objectives in a scientific journal at the beginning of next year. Of course, we have high hopes also regarding the secondary results, but the strong top line results are sufficient as a basis for our application for market approval.

The SED-001 study is designed as a non-inferiority study, which means that its primary purpose is to show that our therapy is not worse than propofol in maintaining an adequate sedation level. The secondary goals of the study include time to wake up, proportion of time with spontaneous breathing, need for painkillers, ICU- and ventilator-free days and organ function over time. If these goals succeed in showing good results, it is of course a bonus, but nothing that we count on due to the study design. In that respect, we have higher hopes for the large investigator-initiated studies that we support; SESAR, INASED and ISCA.

We are extremely proud to have conducted the world's largest study of inhaled sedation in intensive care.

These studies are done partly to show that inhaled sedation with AnaConDa has lung protective properties (SESAR) with increased survival as a result and partly to show a reduced incidence of delirium (INASED) and improved cognitive recovery after sedation which is a major problem in intensive care. Positive results would significantly strengthen our clinical base and each of the studies have the potential to dramatically change the view of inhaled sedation in relation to intravenous sedation. Through this type of study, we gather evidence which, if it is positive, together with already published evidence, can form the basis for a paradigm shift in intensive care. The studies are an important support in our continued regulatory and commercial expansion and provide an indication of the great potential of our therapy.

[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.

The same applies to the ISCA study, Inhaled Sedation in Covid-19-related Acute Respiratory Distress Syndrome, which was initiated in the quarter and is performed on at least 400 patients in about 30 intensive care units in France, Germany, Spain and Switzerland. The outcome for covid-19-ARDS patients receiving inhaled sedation is compared with the outcome for the same type of patients receiving intravenous sedation. Inhaled sedation is promising for this patient group as the treatment has anti-inflammatory effects and beneficial pharmacokinetics in patients with ARDS and multiple organ failure.

The covid-19 pandemic has not only affected the type of studies we choose to support but has also continued to strongly influence our entire business since ICU sedation is exactly the treatment that severe covid-19 ill patients need. In addition, our treatment can increase patient flow at ICU, which is important when access to ICU beds is limited.

Sales in the quarter were SEK 41 million, an increase of 133 percent compared with the same period last year. It is both completely new clinics that have been added as customers and current customers that have increased their use. The increase for the first half of the year consists of approximately 40% concerning new customers and 60% concerning existing customers. The EBITDA result was SEK -0,8 million and the gross margin was 67 percent, compared with 77 percent in the same period last year. The slightly lower gross margin is largely an effect of the fact that we sold a lot of gas monitors in the second quarter and that we have had higher costs for transportation due to the covid-19 situation. The gas monitors have lower gross margin. However, it is very promising for the future that more and more clinics will invest in more gas monitors used in connection with inhaled sedation.

Our commercial expansion has undeniably received an extra boost from the pandemic. In these times of crisis, it is obvious that a not yet achieved market approval has not played as big a role as usual and once we get a market approval, we will get it from a higher base than would have been the case without covid-19.

The pandemic has led to us receiving of a large number of inquiries about clinical studies, retrospective data collection and other studies to further clarify the benefits of inhaled sedation. It is, of course, extremely gratifying at the same time as it takes up some administrative resources. The ISCA study is one of the studies we, during the quarter, have decided to support, and we try to prioritize wisely between all the proposals that come to us.

There is great interest in our treatment even in the markets that we ourselves do not cover. During the quarter, we signed sales agreements with distributors in the Middle East and Eastern Europe. Through the expansion of our distributor network, we are strengthening our position ahead of the upcoming market launch of our therapy. On July 1, we also received market approval for AnaConDa in Saudi Arabia.

For Europe, our focus now is on submitting the registration documentation to the authorities during the fourth quarter, preparations for commercialization and the launch of our therapy and continued product development. Our clinical development focus will move from Europe to the USA in the coming years. Preparations for next year's American phase 3 studies have been intensive during the quarter and we are rapidly approaching the start of our studies. To confirm and ensure efficacy and safety, two clinical, randomized and blinded studies of a total of 300 - 550 patients will be performed. The number of patients needed for both studies together is the same as we initially had as a requirement in the European study. Because the FDA imposed different requirements on the phase 3 studies than the SED-001 study, the SED-001 study could not constitute one of the two clinical studies required by the FDA. The SED-001 study, on the other hand, is of course supportive of our application and is also used in the safety database of in total 500 isoflurane patients, which is one of the FDA's requirements.

Part of the preparations for the clinical studies are the toxicity studies that are currently underway and where we are breaking new ground week by week. The studies are progressing at a good pace and according to plan, but it has been a challenge to be the first company ever to carry out this type of long-term sedation. A large part of the work has been put on pure methodological issues in this full-scale tox program.

During the winter and spring of 2021, the plan is to start hiring staff in the United States. We are working to be able to submit an IND application during the first quarter of 2021 and to include the first patient in the clinical studies during next year. Right now, we are in the final stages of choosing CRO companies and the development of protocols and the plan is to have about 40 American centers in the studies. In the US, we are working for a combination registration, which means enhanced competition protection. We are pleased that the financing for our US work was secured through the directed new issue that was carried out in the autumn of 2019. 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. The pandemic has undeniably accelerated interest in our treatment, despite the fact that the pandemic itself thankfully seems to be slowing down in many countries, which means a return to normal conditions in the intensive care units around the world. 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.

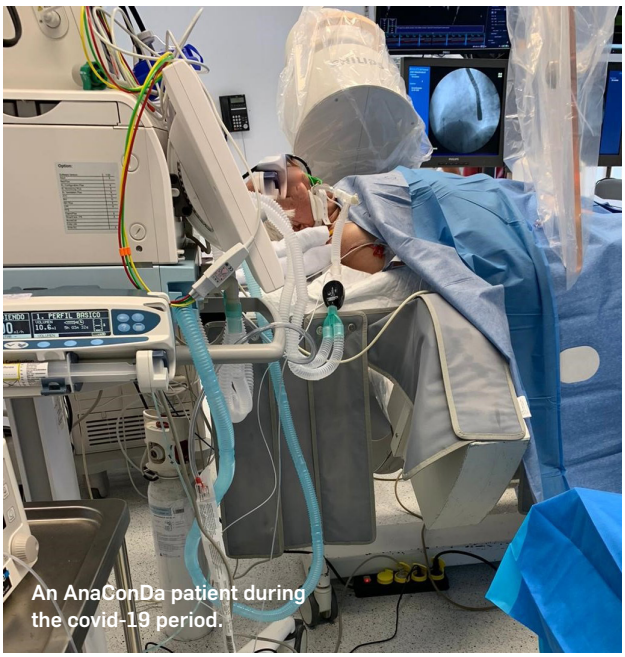
The company conducts research and development in Ireland and has its head office in Stockholm, Sweden. In June 2017, the company's share was listed on the Nasdaq First North Growth Market Sweden's stock exchange.

LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

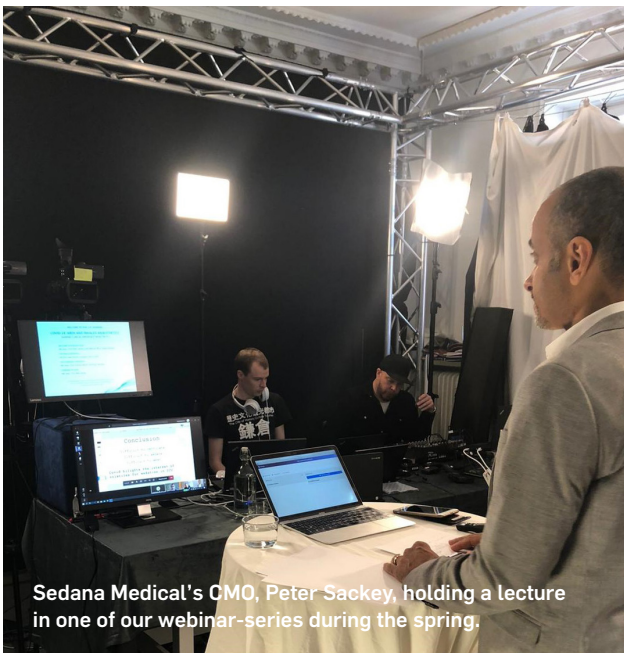
Shareholders in the company at the end of the period:

	Number of shares	Share (%)
Handelsbanken Funds	2 143 763	9,30%
Swedbank Robur Funds	2 045 150	8,87%
Linc AB	1 899 701	8,24%
Anders Walldov direct and indirect (Brohuvudet AB)	1 630 000	7,07%
Sten Gibeck	1 219 944	5,29%
Ola Magnusson direct and indirect (Magiola AB)	1 157 246	5,02%
Berenberg Funds	805 851	3,50%
Öhman Funds	769 922	3,34%
Anades Ltd	510 050	2,21%
Tredje AP-fund	502 344	2,18%
Nordnet Pensionsförsäkring	479 109	2,08%
Avanza Pension	462 353	2,01%
Highclere International Investors LLP	446 794	1,94%
Tedsalus AB (Thomas Eklund)	416 616	1,81%
Ron Farrell	347 964	1,51%
Fifteen largest shareholders	14 836 807	64,38%
*Others **	8 209 933	*35,62%*
Total	23 046 740	100,00%

* CEO's ownership is 334 000 shares.



An AnaConDa patient during the covid-19 period.



Sedana Medical's CMO, Peter Sackey, holding a lecture in one of our webinar-series during the spring.

BUSINESS DEVELOPMENT DURING THE PERIOD

Registration development

REGISTRATION OF THE PHARMACEUTICAL ISOCONDA® (ISOFLURAN) IN EUROPE

The work concerning registration of the drug candidate IsoConDa in Europe is ongoing. Together AnaConDa and IsoConDa will give us access to the full potential of the inhalation sedation market. To succeed, the company has 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 method, for ventilator-intensive care patients, which is 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 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 isoflurane inhaled sedation administered with AnaConDa or intravenous propofol.

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 primary goal of the study; to show that IsoConDa, administered with AnaConDa, is an effective sedation method for ventilator-intensive care patients that is not inferior to today's intravenous standard sedation with propofol has already been shown. 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. The top line results for the primary objectives are however sufficient as a basis for an application for market approval of IsoConDa in Europe.

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 US

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 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 in full swing together with a specialist CRO company and are progressing according to plan.

We are working to be able to submit an IND application around the turn of the year 2020/2021 and to include the first patient in the studies in 2021. A selection process is currently underway for the selection of CRO companies and the production of 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 and expect to meet with the Japanese Medicines Agency at an official meeting in the end of 2020 or in the beginning 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 2030 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. The latest example is that the company sponsors the world's largest multicenter study with AnaConDa in France. The primary purpose of the study is to demonstrate that inhaled sedation with AnaConDa has lung-protective capacities, shortens ventilator time, and generate higher survival in severe lung-ill intensive care patients compared to IV treatment.

We also work close to 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 111% during the first quarter 2020, well in line with our goal of growing 20% per year until the registration of IsoConDa in Europa. The reason for the high sales increase 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 and the EBITDA margin to be around 40%

Financial summary, January – June 2020

Financial summary - Consolidated (SEK)	Q2		Q1-Q2		Year
	2020	2019	2020	2019	2019
Net sales	40 509 099	17 359 195	74 340 644	35 172 816	71 645 560
Gross Profit	27 020 942	13 365 141	50 645 993	25 768 050	52 413 138
Gross Margin (%)	66,7%	77,0%	68,1%	73,3%	73,2%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-777 188	-2 330 497	427 290	-4 971 594	-12 978 931
Earnings Before Interest and Taxes (EBIT)	-1 917 491	-3 376 540	-1 835 234	-7 036 557	-17 167 338
Income after financial items	-4 212 040	-2 487 070	-1 977 681	-5 012 098	-16 943 447
Net income	-3 595 728	-1 723 111	-1 893 739	-4 693 719	-16 357 771
EBITDA margin %	-1,9%	-13,4%	0,6%	-14,1%	-18,1%
EBIT %	-4,7%	-19,5%	-2,5%	-20,0%	-24,0%
Net income % of net sales	-8,9%	-9,9%	-2,5%	-13,3%	-22,8%
Total assets	599 947 249	231 846 912	599 947 249	231 846 912	593 251 393
Equity	575 228 026	214 055 342	575 228 026	214 055 342	569 379 821
Equity ratio	95,9%	92,3%	95,9%	92,3%	96,0%
Quick ratio	1842,7%	821,8%	1842,7%	821,8%	2007,2%
Average number of employees	52	40	49	37	39
Average number of shares before dilution	22 891 666	19 456 591	22 891 666	19 396 591	20 946 591
Average number of shares after dilution	23 141 135	20 335 740	23 141 135	20 513 740	21 940 740
Number of shares at the end of the period before dilution	23 046 740	19 636 591	23 046 740	19 636 591	22 736 591
Number of shares at the end of the period after dilution	23 146 445	20 520 740	23 146 445	20 520 740	23 135 825
Earnings per share before dilution [1)]	-0,16	-0,09	-0,08	-0,24	-0,78
Earnings per share after dilution [1)]	-0,16	-0,09	-0,08	-0,24	-0,78

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

REVENUES

During the second quarter, the Group's revenues amounted to KSEK 41 769 (17 913), corresponding to an increase of KSEK 23 855 or 133%. The increase is mainly attributable to an increase in net sales of KSEK 23 150 or 133%. The Group's sales are almost exclusively in other currencies than SEK and the corresponding sales increase, adjusted for currency fluctuations, was 132%. The reason for the extreme sales increase was the huge demand for AnaConDa with accessories due to the covid-19 pandemic. In addition, revenues for the second quarter contained other operating revenues of KSEK 1 260 (554) and consisted mainly of positive unrealized exchange rate differences. For the first half of the year, the Group's revenues amounted to KSEK 77 800 (36 532), an increase of KSEK 41 268 or 113% of which net sales accounted for KSEK 74 341 or 111%. The increase is due to the huge sales increase following the covid-19 pandemic which extended to both quarter 1 and 2.

COST OF GOODS SOLD AND GROSS MARGIN

The cost of goods sold during the second quarter amounted to KSEK 13 488 (3 994), which corresponds to an increase of KSEK 9 494 or 238%. The increase in cost of goods sold is mainly due to the larger sales volume and that the company during the covid-19 period contributed to providing clinics with gas monitors. Gas monitors are expensive and generate a low margin compared to Sedana Medical's own products. During the quarter, the Group also had higher transportation and logistics costs than normal due to covid-19 situation. The gross margin was thus slightly lower than normal. For the first six months, cost of goods sold amounted to KSEK 23 695 (9 405), corresponding to an increase of 152%. Gross margin for the first six months was lower than for the same period previous year. This was due to a higher proportion of gas monitors sold and higher transportation and logistics costs than normal due to covid-19 pandemic.

OTHER EXTERNAL EXPENSES

Other external expenses amounted to KSEK 12 586 (6 715) during the quarter, which corresponds to an increase of KSEK 5 871 or 87%. Other external expenses include consulting fees, sales and marketing expenses, expenses for accounting services and auditing, travel expenses, patent costs and certain material costs for research. The increase in the item Other external expenses during the second quarter is mainly due to an increase in expenses for sales and market. Generally, there is also an increase in other types of external expenses as the company is growing and preparing for the launch of IsoConDa. For the first half of the year the corresponding costs amounted to KSEK 23 454 (13 497), an increase of 74%.

PERSONNEL EXPENSES

Personnel expenses in the group amounted to KSEK 14 194 (9 199) during the second quarter, which corresponds to an increase of KSEK 4 996 or 54%. During the second quarter there were 52 employees in the group on average, which was an increase of 12 employees compared with the same period 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 first six months, personnel expenses amounted to KSEK 26 710 (17 820) corresponding to an increase of KSEK 8 890 or 50%. The average number of employees during the first six months was 49 (37).

DEPRECIATIONS AND AMORTISATIONS
Depreciations amounted to KSEK 1 140 (1 046) during the second quarter, corresponding to an increase of KSEK 94 or 9%. For the first half of the year, depreciations amounted to KSEK 2 263 (2 065), i.e. an increase of KSEK 198 or 10%. Depreciations relate to property, plant and equipment and amortisation of the in-house developed intangible asset AnaConDa-S.

OPERATING INCOME
The Group's operating income for the second quarter amounted to KSEK -1 917 (-3 377). This corresponds to a result improvement of KSEK 1 459 or 43%. The improved result is explained by the strong increase in sales during the quarter. For the first six months, operating income amounted to KSEK -1 835 (-7 037), a result improvement of KSEK 5 201 or 74%.

FINANCIAL ITEMS
Net financial items amounted to KSEK -2 295 (889) during the second quarter. The financial net is mainly explained by negative unrealized exchange rate differences. The corresponding item for the first half of the year was KSEK -142 (2 024).

TAXES
The Group reported a positive tax expense of KSEK 616 (764) during the second quarter. The tax expense for the quarter is mainly explained by changes in deferred tax. For the first six months, the Group reported a positive tax expense of KSEK 84 (318).

NET INCOME
The Group reported a net income after taxes of KSEK -3 596 (-1 723) for the quarter, a decrease of KSEK 1 873 or 109%. The deterioration in earnings is mainly due to the negative financial net. For the first half of the year, net income after taxes amounted to KSEK -1 894 (-4 694).

EQUITY AND LIABILITIES
Equity in the group as of 30 June 2020 amounted to KSEK 575 228 compared with KSEK 569 380 at year-end 2019, corresponding to an increase of KSEK 5 848. During the period, 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 launched in May. As a result of these activities, the company received during the period new capital totaling KSEK 8 256 after costs.

Current liabilities at the end of the period amounted to KSEK 24 719 compared to KSEK 23 872 at the end of 2019. These consisted mainly of accrued expenses, KSEK 12 600 (8 267) and accounts payables, KSEK 6 444 (11 004).

LIQUID FUNDS AND CASH FLOW
Liquid funds at the end of the period amounted to KSEK 433 537 (464 560), a reduction of KSEK 31 023 from 31 December 2019.

Cash flow from operating activities before change in working capital was KSEK 730 (-2 094) for the second quarter and the corresponding amount for the first six month was KSEK 891 (-3 928).

Cash flow from operating activities, including the change in working capital, amounted to KSEK 1 466 (-1 379). The corresponding amount for the first six months was KSEK -6 991 (-542). The change in working capital compared with the second quarter last year is mainly due to a decrease in operating receivables. Compared with the first six months last year, operating receivables have increased due to the very high sales that followed the covid-19 pandemic.

Cash flow from investments amounted to KSEK -17 710 (-13 415) 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 first half of the year, the corresponding amount was KSEK -31 953 (-24 096).

Total cash flow for the quarter amounted to KSEK -7 988 (-12 576) and KSEK -30 688 (-22 136) for the first half of the year.

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 15 827 (20 758) for the second quarter. For the first six months, total revenues amounted to KSEK 28 534 (41 292). Operating income amounted to KSEK -9 305 (-4 311) which corresponds to a decrease of KSEK 4 995. Operating income for the first six months amounted to KSEK -14 841 (-8 741).

Net financial items during the quarter amounted to KSEK -1 940 (-185) and were mainly due to unrealized exchange rate differences. The corresponding amount for the first six months was KSEK 639 (1 174).

Net income for the second quarter amounted to KSEK -11 246(-4 479). For the first six months, net income was KSEK -14 201 (-7 615).

Shareholders' equity in the Parent company, Sedana Medical AB (publ), amounted to KSEK 575 964 as of 30 June 2020 compared with KSEK 581 915 as of 31 December 2019, corresponding to a decrease of KSEK 5 951. The decrease is due to the negative result. Share capital amounted to KSEK 2 305 compared with KSEK 2 274 at the end of the year 2019, an increase of KSEK 31.

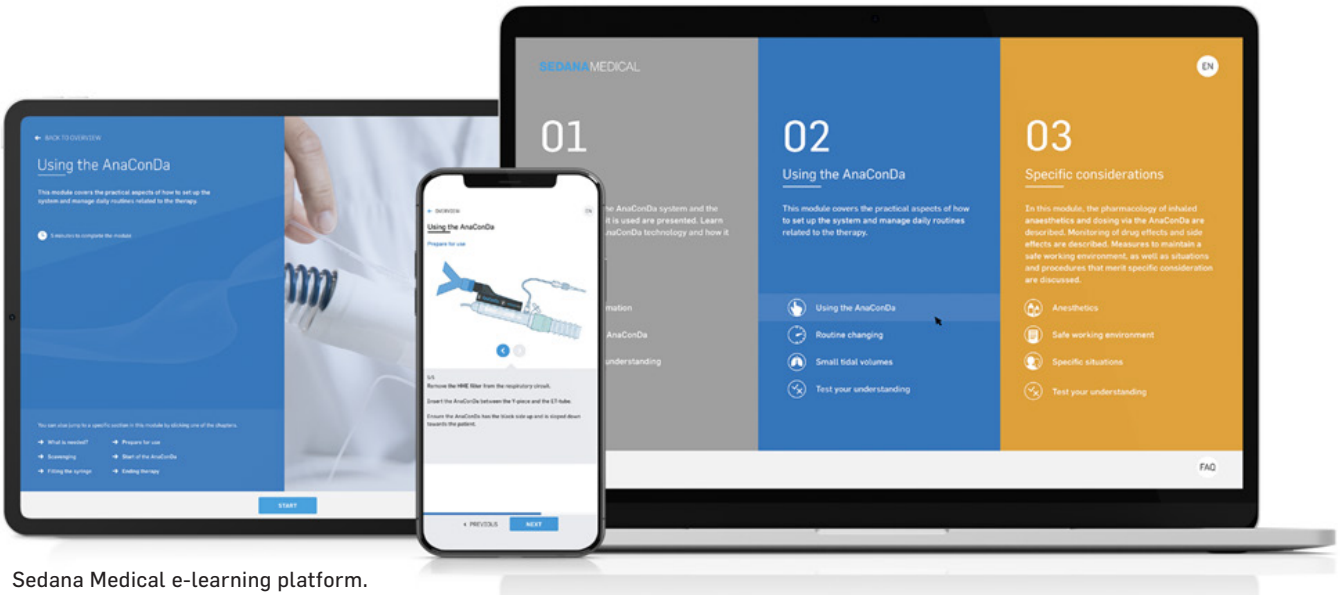
During the period, all warrant in the 2017/2021 warrant program were converted into shares. A new warrant program, 2020/2023, was resolved on at the Annual General Meeting in May and launched in May. As a result of these activities, the company received during the period new capital totaling KSEK 8 256 after costs.

Liquid funds at the end of the period amounted to KSEK 413 009 compared with 455 206 at year-end 2019, corresponding to a decrease of KSEK 42 197.

Other information

TRANSACTIONS WITH RELATED PARTIES

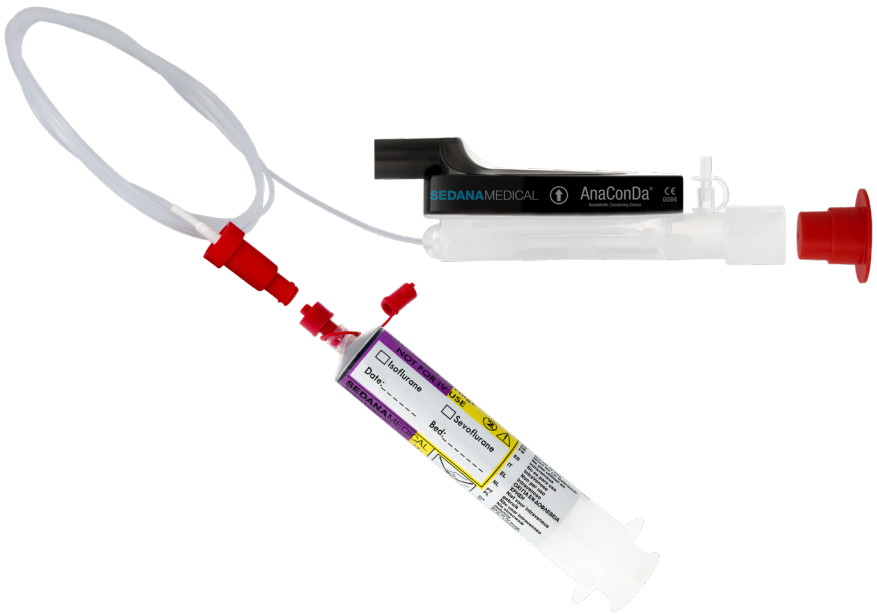
Transaction with related parties take place on market terms. During the first quarter, the affiliated company Sedana Medical Ltd. purchased goods at a value of KSEK 2 355 from Lismed Ltd., a company related to the former R&D director and owner Ron Farrell. No new transactions with related parties took place during the second quarter.



Sedana Medical e-learning platform.

Consolidated income statement

(SEK)	Note	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	Year 2019
Revenues						
Net sales		40 509 099	17 359 195	74 340 644	35 172 816	71 645 560
Other operating income		1 259 688	554 187	3 459 395	1 359 531	2 092 091
		41 768 787	17 913 382	77 800 039	36 532 347	73 737 651
Operating cost and expenses						
Cost of goods sold		-13 488 157	-3 994 054	-23 694 651	-9 404 766	-19 232 422
External expenses		-12 585 792	-6 714 962	-23 453 984	-13 496 722	-27 122 384
Personnel expenses		-14 194 189	-9 198 571	-26 710 201	-17 820 167	-38 044 873
Depreciation and amortisation		-1 140 303	-1 046 043	-2 262 524	-2 064 963	-4 188 407
Other operating expenses		-2 277 837	-336 292	-3 513 913	-782 286	-2 316 903
Operating income		**-1 917 491**	**-3 376 540**	**-1 835 234**	**-7 036 557**	**-17 167 338**
Income from financial items						
Financial income		124 799	672 427	2 357 556	2 048 433	2 455 804
Financial expenses		-2 419 348	217 043	-2 500 003	-23 974	-2 231 913
Income after financial items		**-4 212 040**	**-2 487 070**	**-1 977 681**	**-5 012 098**	**-16 943 447**
Income before taxes		**-4 212 040**	**-2 487 070**	**-1 977 681**	**-5 012 098**	**-16 943 447**
Taxes		616 312	763 959	83 942	318 379	585 676
Net Income		**-3 595 728**	**-1 723 111**	**-1 893 739**	**-4 693 719**	**-16 357 771**
Earnings per share						
Before dilution		-0,16	-0,09	-0,08	-0,24	-0,78
After dilution		-0,16	-0,09	-0,08	-0,24	-0,78



Consolidated balance sheet

(SEK)	Note	30 June 2020	30 June 2019	31 December 2019
ASSETS				
Fixed assets				
Intangible assets				
Capitalized development expenses		124 018 940	67 808 695	95 486 865
Concessions, patents, licenses and similar		3 487 269	4 896 500	4 160 440
		127 506 209	72 705 195	99 647 305
Tangible assets				
Building and land		0	33 839	11 133
Machinery and equipment		5 099 144	4 479 738	4 384 935
Fixtures and tools		695 733	639 571	477 945
		5 794 877	5 153 148	4 874 013
Financial assets		0		
Deferred taxes		2 364 624	1 957 444	2 204 593
Other long term assets		42 970	0	0
		2 407 594	1 957 444	2 204 593
Total fixed assets		**135 708 680**	**79 815 787**	**106 725 911**
Current assets				
Inventory		0	0	
Finished goods		8 730 386	5 801 444	7 378 333
Advances to suppliers		0	21 876	0
		8 730 386	5 823 320	7 378 333
Receivables				
Trade receivables		11 908 596	5 692 802	6 467 002
Tax receivables		6 078	40 124	6 052
Other current receivables		3 502 587	1 780 854	3 502 816
Prepaid expenses and accrued income		6 554 106	1 377 521	4 611 266
		21 971 367	8 891 301	14 587 136
Cash and cash equivalents		433 536 816	137 316 504	464 560 013
Total current assets		**464 238 569**	**152 031 125**	**486 525 482**
TOTAL ASSETS		**599 947 249**	**231 846 912**	**593 251 393**

(SEK)	Note	30 June 2020	30 June 2019	31 December 2019
EQUITY AND LIABILITIES				
Equity				
Share capital		2 304 674	1 963 659	2 273 659
Other equity including net income for the period		572 923 352	212 091 683	567 106 162
Equity attributable to shareholders in parent company		575 228 026	214 055 342	569 379 821
Total equity		**575 228 026**	**214 055 342**	**569 379 821**
Current liabilities				
Accounts payables		6 443 547	5 816 154	11 004 088
Tax liabilities		852 929	555 958	1 253 731
Other current liabilites		4 822 866	5 308 007	3 347 110
Accrued expenses and prepaid income		12 599 881	6 111 451	8 266 643
		24 719 223	17 791 570	23 871 572
TOTAL EQUITY AND LIABILITIES		**599 947 249**	**231 846 912**	**593 251 393**

Consolidated statement of changes in equity

		Q2		Q1-Q2		Year
(SEK)	Note	2020	2019	2020	2019	2019
Opening balance according to balance sheet		570 110 720	215 034 379	569 379 821	217 811 282	217 811 282
Changes in the carrying amounts recognised directly in equity						
Translation differences		457 002	-143 245	-514 088	-234 540	-117 181
Transactions with the group's owners						
New issue of shares		7 862 277	900 000	7 862 277	1 200 000	376 742 000
Issue expenses		-67 611	-12 681	-67 611	-27 681	-10 114 866
Received preminum for warrant subscription		514 539	0	514 539	0	1 746 138
Expenses for warrant program		-53 173	0	-53 173	0	-329 781
Net income		-3 595 728	-1 723 111	-1 893 739	-4 693 719	-16 357 771
Total Equity		**575 228 026**	**214 055 342**	**575 228 026**	**214 055 342**	**569 379 821**

Consolidated statement of cash flow

		Q2		Q1-Q2		Year
(SEK)	Note	2020	2019	2020	2019	2019
Operations						
Operating income		-1 917 491	-3 376 540	-1 835 234	-7 036 557	-17 167 338
Adjustment of non cash flow items		0	0			0
Depreciations, amortisations and gains and losses on sale of fixed assets		1 850 888	1 533 501	3 268 628	3 053 421	5 558 046
Currency exchange rates differences		888 959	-229 353	-308 325	-266 440	282 053
Other non cash flow items		-128 000	0	-128 000	0	0
		694 356	-2 072 392	997 069	-4 249 577	-11 327 239
Received interest		48 628	0	49 158	0	3 074
Paid interest		249	-881	-78 663	-3 179	-6 950
Paid taxes		-13 242	-20 400	-76 089	325 098	257 272
Cash flow from operations before change in working capital		**729 992**	**-2 093 673**	**891 475**	**-3 927 658**	**-11 073 843**
Cash flow from change in working capital		0	0			
Increase (-)/Decrease (+) of inventory		-2 555 699	-1 698 268	-1 333 061	386 202	-1 076 586
Increase (-)/Decrease (+) of operating receivables		3 244 907	-187 968	-7 454 872	-998 998	-6 706 564
Increase (+)/Decrease (-) of operating liabilities		46 754	2 601 168	905 598	3 998 421	10 156 788
Cash flow from operations		**1 465 954**	**-1 378 740**	**-6 990 860**	**-542 033**	**-8 700 205**
Investment activities		0	0			
Investment in intangible fixed assets		-15 321 471	-11 891 209	-28 683 636	-21 717 736	-49 839 056
Investments in tangible fixed assets		-2 388 686	-1 523 559	-3 269 271	-2 378 335	-4 292 642
Cash flow from investment activities		**-17 710 157**	**-13 414 768**	**-31 952 907**	**-24 096 071**	**-54 131 698**
Financing activities		0	0			
New issue of shares		7 862 277	900 000	7 862 277	1 200 000	376 742 000
Issue expenses		-67 611	-12 681	-67 611	-27 681	-10 114 866
Received premium for warrant subscription		514 539	0	514 539	1 330 177	1 746 138
Expenses for warrant program		-53 173	0	-53 173	0	-329 781
Cash flow from financing activities		**8 256 033**	**2 217 496**	**8 256 033**	**2 502 496**	**368 043 491**
Cash flow for the period		**-7 988 170**	**-12 576 012**	**-30 687 734**	**-22 135 607**	**305 211 589**
Liquid funds at the beginning of the period		**442 552 802**	**149 848 901**	**464 560 013**	**159 350 677**	**159 350 677**
Effects of exchange rate changes on cash		-1 027 816	43 616	-335 463	101 434	-2 252
Liquid funds at the end of the period		**433 536 816**	**137 316 504**	**433 536 816**	**137 316 504**	**464 560 013**

Parent company income statement

		Q2		Q1-Q2		Year
(SEK)	Note	2020	2019	2020	2019	2019
Revenues						
Net sales		5 433 854	16 574 132	8 557 440	33 754 173	44 929 252
Net sales, group internal		0	0	0	0	0
Capitalized development expenses		0	0	0	0	0
Other operating income		10 393 333	4 184 059	19 976 320	7 538 036	22 101 444
		15 827 187	20 758 191	28 533 760	41 292 209	67 030 696
Operating cost and expenses						
Cost of goods sold		-3 662 713	-11 450 112	-5 862 877	-22 797 799	-30 361 552
External expenses		-11 848 112	-5 722 102	-20 577 904	-12 156 720	-24 232 239
Personnel expenses		-7 240 189	-7 138 154	-13 218 832	-13 525 677	-25 151 033
Depreciation and amortisation		-185 344	-425 708	-333 612	-812 402	-1 278 262
Other operating expenses		-2 196 235	-332 769	-3 381 216	-740 302	-2 057 813
Operating income		**-9 305 406**	**-4 310 654**	**-14 840 681**	**-8 740 691**	**-16 050 203**
Income from financial items						
Financial income		102 282	-660 768	2 328 465	715 238	2 444 855
Financial income, group internal		324 344	236 755	670 195	459 784	964 135
Financial expenses		-2 366 844	238 927	-2 359 434	-950	-2 146 234
Income after financial items		**-11 245 624**	**-4 495 740**	**-14 201 455**	**-7 566 619**	**-14 787 447**
Group contribution		0	0	0	0	-12 374
Income before taxes		**-11 245 624**	**-4 495 740**	**-14 201 455**	**-7 566 619**	**-14 799 821**
Taxes		0	16 859	0	-48 135	0
Net Income		**-11 245 624**	**-4 478 881**	**-14 201 455**	**-7 614 754**	**-14 799 821**

Parent company balance sheet

(SEK)	Note	30 June 2020	30 June 2019	31 December 2019
ASSETS				
Fixed assets				
Intangible assets				
Capitalized development expenses		115 381 235	61 830 625	88 047 280
Tangible assets				
Machinery and equipment		1 313 456	2 826 266	839 514
Fixtures and tools		279 127	220 932	221 080
		1 592 583	3 047 198	1 060 594
Financial fixed assets				
Shares in group companies		395 267	82 547	395 267
Long term receivables in group companies		39 501 381	26 449 626	40 417 881
		39 896 648	26 532 173	40 813 148
Total fixed assets		**156 870 466**	**91 409 996**	**129 921 022**
Current assets				
Inventory				
Finished goods		180 369	11 259 874	983 571
Receivables				
Trade receivables		3 971 873	4 923 407	359 308
Receivables in group companies		37 953 071	20 067 849	21 827 634
Tax receivables		3 888	40 124	3 871
Other current receivables		2 794 190	1 744 165	3 084 769
Prepaid expenses and accrued income		5 111 936	1 343 203	4 090 090
		49 834 958	28 118 748	29 365 672
Cash and cash equivalents		413 008 636	131 898 775	455 205 728
Total current assets		**463 023 963**	**171 277 397**	**485 554 971**
TOTAL ASSETS		**619 894 429**	**262 687 393**	**615 475 993**

(SEK)	Note	30 June 2020	30 June 2019	31 December 2019
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		2 304 674	1 963 659	2 273 659
Fund for capitalized development expenses		115 381 235	61 830 626	88 047 280
Non restricted equity				
Share premium fund		613 801 403	238 840 398	605 702 174
Retained earnings		-126 522 159	-72 861 055	-99 308 082
Profit or loss previous year		-14 799 821	0	0
Profit or loss for the period		-14 201 455	-7 614 754	-14 799 821
Total Equity		**575 963 877**	**222 158 874**	**581 915 210**
Current liabilities				
Accounts payables		3 765 973	2 216 896	6 844 984
Liabilities to group companies		28 535 800	29 109 761	19 595 906
Tax liabilities		803 499	97 831	825 995
Other current liabilites		2 267 479	4 568 427	2 001 347
Accrued expenses and prepaid income		8 557 801	4 535 604	4 292 551
		43 930 552	40 528 519	33 560 783
TOTAL EQUITY AND LIABILITIES		**619 894 429**	**262 687 393**	**615 475 993**

Parent company statement of changes in equity

(SEK)	Note	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	Year 2019
Opening balance according to balance sheet		578 580 586	225 802 129	581 915 210	228 710 057	228 710 057
Changes in the carrying amounts recognised directly in equity						
Translation differences		372 882	-51 693	-5 911	-108 748	-38 517
Transactions with the group's owners						
New issue of shares		7 862 277	900 000	7 862 277	1 200 000	376 742 000
Issue expenses		-67 610	-12 681	-67 610	-27 681	-10 114 866
Received preminum for warrant subscription						1 746 138
Expenses for warrant program						-329 781
Reallocation between items in equity						
Allocations to funds for capitalized development expenses		14 673 881	10 104 387	27 333 955	19 533 182	45 749 836
Retained earnings		-14 673 881	-10 104 387	-27 333 955	-19 533 182	-45 749 836
		0	0	0	0	0
Net income		-11 245 624	-4 478 881	-14 201 455	-7 614 754	-14 799 821
Total Equity		**575 963 877**	**222 158 874**	**575 963 877**	**222 158 874**	**581 915 210**

Parent company statement of cash flow

(SEK)	Note	Q2 2020	Q2 2019	Q1-Q2 2020	Q1-Q2 2019	Year 2019
Operations						
Operating income		-9 305 406	-4 310 654	-14 840 681	-8 740 691	-16 050 203
Adjustment of non cash flow items						
Depreciations, amortisations and gains and losses on sale of fixed assets		185 344	913 166	333 612	1 800 860	2 252 543
Currency exchange rates differences		637 511	-474 178	-464 491	-330 769	546 731
Other non cash flow items		-128 000	0	-128 000	0	0
		-8 610 551	-3 871 666	-15 099 560	-7 270 601	-13 250 929
Received interest		373 503	236 755	719 354	459 784	964 135
Paid interest		214	319	-2 872	-950	-4 375
Paid taxes		0	-20 400	0	316 472	342 830
Cash flow from operations before change in working capital		**-8 236 834**	**-3 654 992**	**-14 383 079**	**-6 495 295**	**-11 948 340**
Cash flow from change in working capital						
Increase (-)/Decrease (+) of inventory		88 096	-2 106 847	803 202	-1 999 530	8 217 872
Increase (-)/Decrease (+) of operating receivables		-10 641 228	-3 940 337	-20 466 562	-8 380 518	-8 459 148
Increase (+)/Decrease (-) of operating liabilities		10 574 352	4 173 691	10 375 034	12 220 567	5 167 763
Cash flow from operations		**-8 215 615**	**-5 528 485**	**-23 671 405**	**-4 654 777**	**-7 021 853**
Investment activities						
Investment in intangible fixed assets		-14 673 881	-10 104 388	-27 333 955	-19 533 183	-45 749 837
Investments in tangible fixed assets		-619 722	-1 353 038	-867 881	-2 063 289	-1 832 103
Investments of financial assets		2 388 951	-889 403	1 531 311	-1 900 441	-15 529 363
Cash flow from investment activities		**-12 904 653**	**-12 346 829**	**-26 670 525**	**-23 496 914**	**-63 111 304**
Finansieringsverksamheten						
New issue of shares		7 862 277	900 000	7 862 277	1 200 000	376 742 000
Issue expenses		-67 611	-12 681	-67 611	-27 681	-10 114 866
Paid in premium for warrants		514 539	0	514 539	0	0
Expenses for warrant program		-53 173	0	-53 173	0	0
Cash flow from financing activities		**8 256 033**	**887 319**	**8 256 033**	**1 172 319**	**366 627 134**
Cash flow for the period		**-12 864 234**	**-16 987 995**	**-42 085 897**	**-26 979 372**	**296 493 978**
Liquid funds at the beginning of the period		**426 013 583**	**148 864 663**	**455 205 728**	**158 805 490**	**158 805 490**
Effects of exchange rate changes on cash		-140 712	22 108	-111 194	72 657	-93 739
Liquid funds at the end of the period		**413 008 636**	**131 898 775**	**413 008 636**	**131 898 775**	**455 205 728**

Share information

	Q2		Q1-Q2		Year
	2020	2019	2020	2019	2019
Net income, SEK	-3 595 728	-1 723 111	-1 893 739	-4 693 719	-16 357 771
Cash flow, SEK	-7 988 170	-12 576 012	-30 687 734	-22 135 607	305 211 589
Number of shares at the beginning of the period	22 736 591	19 276 591	22 736 591	19 156 591	19 156 591
Number of shares at the end of the period	23 046 740	19 636 591	23 046 740	19 636 591	22 736 591
Average number of shares	22 891 666	19 456 591	22 891 666	19 396 591	20 946 591
Outstanding warrants at the beginning of the period	399 234	874 149	399 234	1 350 149	994 149
Outstanding warrants at the end of the period	99 705	884 149	99 705	884 149	399 234
Average number of warrants	249 470	879 149	249 470	1 117 149	994 149
Share capital at the end of the period, SEK	2 304 674	1 963 659	2 304 674	1 963 659	2 273 659
Equity at the end of the period, SEK	575 228 026	214 055 342	575 228 026	214 055 342	569 709 602
Earnings per share, SEK					
- Earnings per share before dilution	-0,16	-0,09	-0,08	-0,24	-0,78
- Earnings per share after dilution	-0,16	-0,09	-0,08	-0,24	-0,78
Equity per share, SEK	24,96	10,90	24,96	10,90	25,06
Cash flow per share, SEK	-0,35	-0,65	-1,34	-1,14	14,57

Sedana Medical share – facts

Listing	Nasdaq First North Growth Market Sweden
Number of shares *	23 046 740
Market capitalization MSEK *	5 232
Ticker	SEDANA
ISIN	SE0009947534

* Per 30 June 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

EBITDA margin:
Operating income before depreciation and amortization / 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 + (1-tax rate) of untaxed reserves) / 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	184200	0	184 200	0
Total	Senior management	152242	4 000	125 949	30 293
Total	Other employees	62792	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

AUDITOR'S REVIEW

This interim report has not been reviewed by the company's auditor.

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

Christer Ahlberg, President and CEO,
+46 70 675 33 30
Maria Engström, CFO,
+46 70 674 33 30

DATES FOR UPCOMING INFORMATION

11 Nov 2020 Interim report Q3 2020
25 Feb 2021 Year-end report 2020
15 April 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, please refer to the annual report for 2019.

Danderyd 25 August 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

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

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

SEDANAMEDICAL

Pioneering volatile anaesthetic delivery