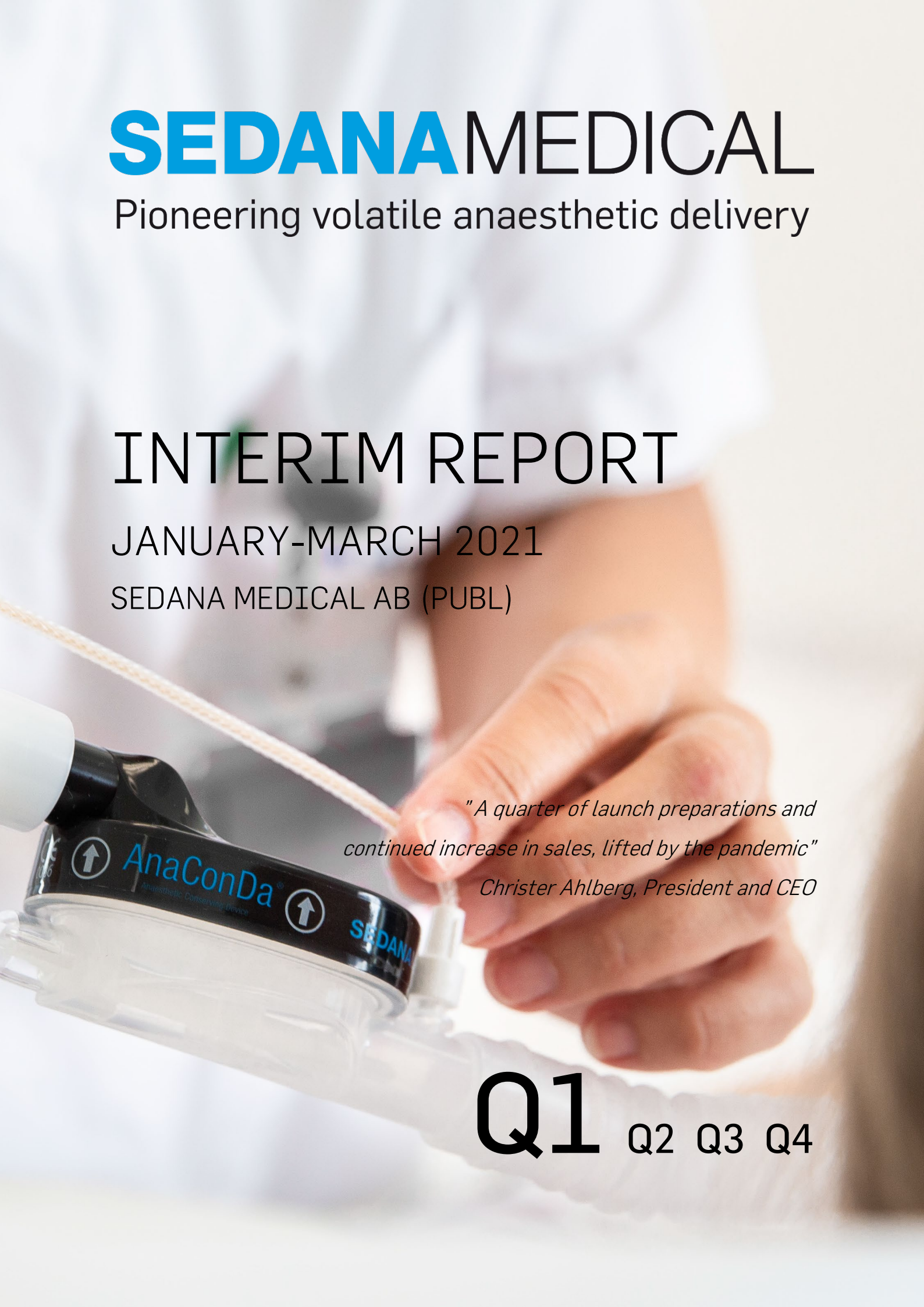
SEDANA MEDICAL

Pioneering volatile anaesthetic delivery

INTERIM REPORT

JANUARY-MARCH 2021

SEDANA MEDICAL AB (PUBL)



"A quarter of launch preparations and continued increase in sales, lifted by the pandemic"

Christer Ahlberg, President and CEO

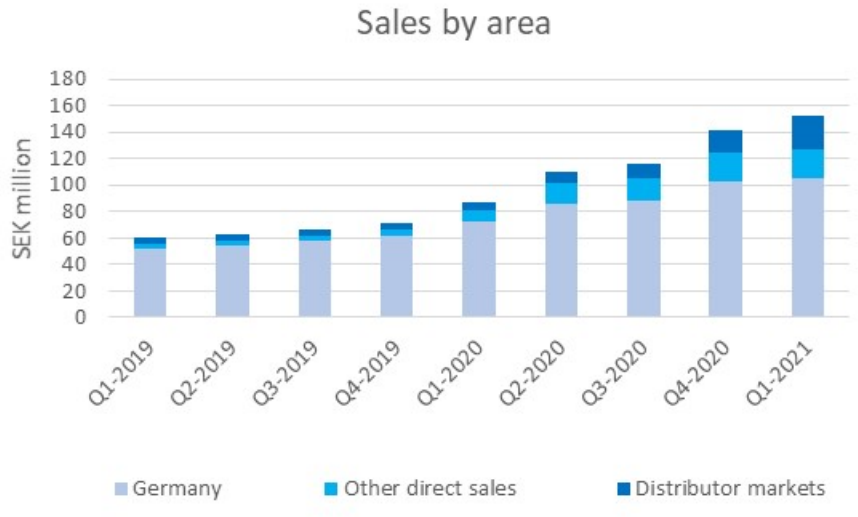
Q1 Q2 Q3 Q4

Financial summary

This interim report has been prepared in accordance with IFRS with function-based income statement compared with cost-based income statement as previously. For converted comparative periods in 2020, see pages 16–18.

January-March 2021

- Net sales for the first quarter totalled MSEK 45 (34), equivalent to an increase of 33% on the same quarter in 2020. At fixed exchange rates, sales increased by 40%.
- Gross profit was MSEK 29 (23), equivalent to a margin of 64% (67%). The lower margin is principally an effect of the continued high transport costs resulting from the COVID-19 pandemic. Adjusted for the increased freight costs, the gross margin is slightly higher than for the first quarter last year.
- In connection with the transition to a function-based income statement, costs have been redistributed to the cost of goods sold, which has reduced the gross margin by approximately 3 percentage points. These costs consist of depreciation and supply costs. With increased sales and economies of scale, the effect of these costs on the gross margin will diminish.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled MSEK -8 (2), equivalent to an EBITDA margin of -18% (5%).
- Earnings before interest and taxes (EBIT) totalled MSEK -10 (0), equivalent to an EBIT margin of -23% (0%).
- Net profit for the period was MSEK -9 (2), and earnings per share before/after dilution were SEK -0.39 (-0.07).
- Cash flow from operating activities before changes in working capital totalled MSEK -9 (1).
- Cash flow from investing activities totalled MSEK -21 (-14).
- Cash flow totalled MSEK -33 (-23).
- Cash and cash equivalents at the end of the period totalled MSEK 344, against MSEK 376 at the start of the year.



Sedana Medical AB (publ) develops and sells the medical device AnaConDa for administration of volatile anaesthetics. Through a combination therapy of AnaConDa and the drug candidate Sedaconda (isoflurane), Sedana Medical provides inhaled sedation for mechanically ventilated intensive care patients.
Sedana Medical was established in 2005 and is listed on Nasdaq First North. The company's head office is in Danderyd, Stockholm.

CEO Comments

A quarter of launch preparations and continued increase in sales, lifted by the pandemic

Sedana Medical operates according to a clear strategy to develop inhaled sedation into a global standard therapy in intensive care. The first quarter of the year was notable for preparations ahead of our European launch of Sedaconda (isoflurane) during the second half of the year and ahead of our forthcoming expansion in the United States. Day-to-day operations and our sales continued to be dominated by the COVID-19 pandemic.

ICU sedation is precisely the treatment that severely ill COVID-19 patients very often need, and demand for AnaConDa and accessories was strong during the third wave of the pandemic that hit many countries during the first quarter. Sales in the quarter were SEK 45 million, up 40 percent on the previous year, at constant exchange rates. The trend in sales continued to be highly positive as a result of COVID-19. We are, however, seeing a further increase in freight costs compared with previously, as a result of the pandemic, which has a negative impact on our gross profit. Adjusted for the increased freight costs our underlying gross margin is now slightly higher than in previous quarters. In terms of sales, we now recognise Germany, our distribution markets and other direct sales markets, which show that demand rose sharply in our distribution countries, focused on Latin America. Germany was hit by a third wave during the quarter, contributing to an increase mainly at the end of the quarter. Since the end of the quarter, we have also succeeded in having our quality system approved under MDR 2017/745, which is a decisive milestone for the future.

Our strategic plan to achieve our vision of making inhaled sedation a new global standard therapy in intensive care is based on four steps: 1) Establish AnaConDa in as many markets as possible. 2) Apply for marketing authorisation for Sedaconda, initially in the EU and later in other markets. 3) Secure strong medical evidence. 4) Establish the therapy in guidelines as a first-line alternative. We made progress in all these steps during the quarter.

With regard to establishing AnaConDa in as many markets as possible, during the quarter we strengthened our presence in the Middle East and South America, where we are working closely with our distributors. In South America, demand additionally increased sharply as a result of the pandemic, and we launched the therapy at many new clinics via our distributor. By establishing AnaConDa in as many markets as possible, we are building experience at the clinics ahead of market approval for Sedaconda. In that way, we are building on a solid foundation for continued expansion.

With regard to the second step in our strategy, having the pharmaceutical product Sedaconda and inhaled sedation therapy approved, it was very pleasing to submit applications for marketing authorisation for Sedaconda in the United Kingdom and Switzerland during the quarter. As a result, the treatment will move from being off-label to fully approved, and we will be able to sell the whole therapy, that is to say both the medical device AnaConDa with accessories and the pharmaceutical product Sedaconda. We submitted an EU application at the end of last year, and if everything goes well we anticipate approval in 15 EU countries during the second half of 2021. We anticipate being able to launch during the first half of 2022 in the United Kingdom and during 2022 in Switzerland.

Now that we are approaching commercialisation in Europe, our work has been concentrated on launch activities. A key factor in successful commercialisation is acceptance by payers in healthcare systems, and during the quarter we worked intensively to establish good contacts and have devoted a large amount of time to preparing price, procurement and reimbursement processes in various countries.

The preparations ahead of our American registration were intensive during the quarter. We are working on several parallel processes ahead of the IND (Investigational New Drug) application which is required to enable us to initiate two pivotal phase 3 studies. Among other things, we have initiated processes to recruit our own staff in the United States, to take part in the study work there, and during the quarter we continued to work in particular on completing the tox studies and the human factors validations to enable us to submit the IND application.

Some processes have, however, been delayed by the pandemic, in particular the interaction with the FDA, which has significantly prolonged response times. As a consequence, we no longer anticipate being able to obtain IND approval after the summer but rather during the autumn, and we therefore anticipate including the first patient in the study concerned at the end of Q1 or the beginning of Q2 2022. We are doing what we can to speed up the processes while maintaining quality and to prepare the clinics to be involved in the studies in the best possible way, for efficient patient recruitment when it gets underway.

With regard to the third step in our strategy, securing medical evidence with the help of more studies showing that inhaled sedation is a better and more cost-effective treatment than the current standard therapy, it is very pleasing that during the quarter we were able to announce that the first patient had been included in our paediatric study IsoCOMFORT (SED002). This study is conducted to investigate if inhaled sedation with Sedaconda delivered via AnaConDa is a safe and more effective method of sedation than intravenously administered midazolam for children below 18 years of age. The study is expected to be completed during the second half of 2022 and is intended to lead to an approved paediatric indication for inhaled sedation.

IsoCOMFORT (SED002) is our first own 'superiority' study. This means a study performed to show that inhaled sedation with AnaConDa has characteristics superior to intravenous standard sedation. The investigator-initiated studies we support – INASED, SESAR and ISCA – are all superiority studies performed to demonstrate significant benefits, for example with regard to wake-up times, shorter time to extubation, fewer side effects such as delirium, higher proportion of spontaneous breathing in patients, better oxygen uptake, shorter ICU treatment times etc. As a result, the treatment will gain ground and be included in national and international recommendations, as well as gradually taking the position of a new standard therapy throughout the world.

Overall, we can look back on another intensive quarter. This is my twentieth quarter as CEO of Sedana Medical, and these are probably my last CEO Comments as the company's CEO. It has been highly enjoyable and exciting years, and it has been an honour to build up Sedana Medical along with all the incredibly professional employees. In view of how well Sedana Medical has developed, the time feels right to hand over the baton to a new CEO.

The company has developed superbly well over those years, with a multiple increase in sales, while we have marketing authorisation within reach later this year and establishment of a presence in the United States in years to come. Sedana Medical today has a very solid foundation on which to successfully develop inhaled sedation into a global standard.

Christer Ahlberg, President and CEO

Significant events during the period

- An application for market approval for the drug candidate Sedaconda (isoflurane), previously known as IsoConDa, for inhaled sedation in intensive care was submitted in Switzerland and the United Kingdom.
- The first patient was included in the company's paediatric study IsoCOMFORT (SED002), which is conducted to investigate if inhaled sedation with Sedaconda (isoflurane) delivered via AnaConDa is a safe and more effective method of sedation than intravenously administered midazolam, for children below 18 years of age.
- Sedana Medical's CEO, Christer Ahlberg, announced that he is stepping down as CEO to become the CEO of Cinclus Pharma AB.

Significant events after the period

- No significant events have occurred after the end of the period.

Financial targets

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

Impact of Covid-19

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

Business development

Development of registration

Registration of the pharmaceutical product Sedaconda® (isofluran) in Europe

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

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

The application marks the starting point for the review process for Sedaconda in 15 EU Member States, including Norway. If all goes well, the company anticipates authorisation during the second half of 2021. An application for a second group of EU Member States can then be submitted. It normally takes around six months to obtain authorisation for a second group of countries. During the first quarter of 2021, the application was also submitted to Switzerland and the United Kingdom with expected approval and launch in 2022.

Registration study SED-001

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

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

The results for some of the secondary endpoints in the phase 3 study (SED-001) were presented at the ESICM congress in December 2020. The secondary endpoints show that Sedaconda (isoflurane) enables significantly faster and more controlled wake up, a significantly reduced need for opiates and a significantly higher proportion of spontaneous breathing compared with propofol. A high proportion of spontaneous breathing is important as it improves the prospects of lung function being maintained during and after ventilator therapy. The full results of the study will be published in a scientific journal in 2021.

Pediatric study SED-002

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

Work on registration of Sedaconda and AnaConDa in the US

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

Since the pharmaceutical substance isoflurane has been in existence for decades, the FDA has agreed to Sedana Medical following a pathway to registration, 505 (b) (2), which, somewhat simplified, permits the use of previously collected data. As the registration requirements have been tightened over the years since isoflurane was first registered, Sedana Medical needs

to supplement current documentation and add more data to be approved by the FDA, including toxicity studies and a human factors[1] validation.

Sedana Medical will also need to conduct two randomised double-blind clinical trials to confirm and ensure efficacy and safety. The number of patients needed for both studies together is the same as Sedana Medical initially had as a requirement in the European study, that is to say 300–550 patients. These patients will also be included in a safety database of 500 isoflurane patients requested by the FDA. Work on human factors validation is ongoing with the Beth Israel Deaconess Medical Center (BIDMC) at Harvard Medical School in the United States. The toxological work is in full progress together with a specialist CRO and are progressing according to plan. The company is working towards obtaining IND approval during the autumn of 2021 and including the first patients in the studies at the turn of the quarter Q1/Q2 2022. The process of selecting a CRO has been completed, and the company is currently putting all its efforts into preparing a study protocol and recruiting clinical units to take part in the studies. The company aims to include approximately 30–40 American centres nationwide for the two forthcoming clinical trials.

Work on registration of Sedaconda and AnaConDa in Japan

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

Building the market

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

Efforts aimed at increasing awareness and use of AnaConDa technology and establishing a presence in several countries in Europe are continuing. The plan is to be represented in several European markets with established networks and reference clinics when the company receives approval of Sedaconda, in order to be able to penetrate the market quickly. As a result of clarification in the registration process in the United States and the scheduling for Europe, as well as the success in Asia, we are now able to carry on working at a fast pace according to an established plan for Europe, the United States and Asia. We intend to establish a company in the United States so that we can carry out the work on studies, registration and market access on our own. Around 2022 we will decide whether we intend to launch by ourselves or together with a local partner.

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

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

We are also making active efforts to establish closer ties with key opinion leaders and the academy to better understand regional differences and gain a deeper understanding of the clinical processes in each country.

From a market point of view, we regularly attend national and international scientific intensive-care conferences and congresses, where we often arrange well-attended scientific symposia in the field of inhaled sedation.

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

Financial summary

	Jan-Mar		Jan-Dec
(KSEK)	2021	2020	2020
Net sales	45,000	33,832	141,770
Gross profit	28,605	22,639	88,903
Gross margin %	64%	67%	63%
EBITDA	-8,308	1,708	-14,294
EBITDA margin %	-18%	5%	-10%
Operating income (EBIT)	-10,362	96	-21,359
Operating margin %	-23%	0%	-15%
Income after net financial items	-8,858	2,232	-24,103
Net income	-8,963	1,700	-27,138
Net income margin %	-20%	5%	-19%
Total assets	587,799	596,703	600,097
Equity	543,596	570,087	551,094
Equity ratio %	92%	96%	92%
Quick ratio %	952%	1,801%	929%
Debt to equity ratio %	8%	5%	9%
Average number of employees for the period	68	46	55
Number of employees at balance date	72	51	69
Number of employees and consultants at balance date	85	57	83
Average number of shares before dilution	23,046,740	22,736,591	22,891,666
Average number of shares after dilution	23,165,002	23,135,825	23,141,135
Number of shares at balance date before dilution	23,046,740	22,736,591	23,046,740
Number of shares at balance date after dilution	23,183,558	23,135,825	23,146,445
Earnings per share before dilution, sek[1)]	-0.39	0.07	-1.19
Earnings per share after dilution, sek[1)]	-0.39	0.07	-1.19

1) Based on average number of shares for the period

Group performance

This interim report has been prepared in accordance with IFRS with income statement by function, compared with income statement by nature of expense as previously. For converted comparative periods in 2020, see pages 16–18.

Net sales

Net sales during the first quarter totalled KSEK 45,000 (33,832), equivalent to an increase of 33 percent. Adjusted for currency effects, the increase was 40 percent. The majority of Group sales are in Europe, principally Germany. Among other countries with direct sales, Spain in particular has shown an increase in comparison with previous years, and in terms of distribution markets we have seen a sharp increase in Latin America. The increase is largely attributable to the third wave of the COVID-19 pandemic.

	Jan-Mar			Jan-Dec
(KSEK)	2021	2020	%	2020
Germany	28,601	26,802	7%	103,063
Other direct sales	4,968	4,370	14%	22,209
Distributor markets	11,431	2,660	330%	16,498
Total net sales	**45,000**	**33,832**	**33%**	**141,770**

Gross profit and cost of goods sold

Cost of goods sold during the first quarter totalled KSEK 16,395 (11,193), equivalent to an increase of 46 percent. The increase is principally due to increased sales. Gross margin for the quarter was 64 (67) percent, and the decrease is principally an effect of the continued high costs of transport due to the COVID-19 pandemic, but also a mixed effect with increased sales in some distribution markets with somewhat lower margins. Adjusted for the increased freight costs, margin is slightly higher than previous quarters.

Operating income

Operating income for the quarter totalled KSEK -10,362 (96). The decrease is principally due to increased costs compared with the same period of the previous year, primarily due to larger organisation in all functions, with a total increase of 27 persons in average number of employees and consultants. This has also led to overlapping of resources as a result of changes of personnel in certain management positions and a change from consultant to employee in several positions, as well as higher office rent after the company moved to larger premises in August 2020. In this quarter there were, in addition, a number of non-recurring expenses in connection with our successful change of logistics partner in the quarter to be ready for drug distribution and the MDR. Expenses otherwise increased during the quarter as a result of intensified work on launch preparations in the sales unit and a somewhat lower degree of activation in research and development.

Net financial items and earnings per share

Net financial items for the quarter was KSEK 1,504 (2,135) and consists principally of unrealised gain/loss on foreign exchange.
Group tax expense for the quarter was KSEK -105 (-532) and principally consists of current tax in Germany.
Earnings per share was consequently SEK -0.39 (0.07) for the quarter.

Equity and debt

Equity at 31 March was KSEK 543,596, compared with KSEK 551,094 at the start of the year, equivalent to SEK 23.59 (23.91) per share. Equity/assets ratio was 92 percent, compared with 92 percent at the start of the year.
Debt/equity ratio at 31 March was 8 percent, compared with 9 percent at the start of the year. The Group had no non-current liabilities at 31 March.

Cash position and cash flow

Cash and cash equivalents fell by KSEK 32,552 during the quarter and at 31 March totalled KSEK 343,619, compared with KSEK 376,171 at the start of the year. Cash flow from operating activities before change in working capital for the quarter was KSEK -8,851 (648). Cash flow from change in working capital was KSEK -4,459 (-8,558). The lower working capital tied up is principally due to payments of accounts receivable. Cash flow from operating activities thus totalled KSEK -13,310 (-7,910).
Cash flow from investing activities totalled KSEK -21,078 (-14,243). The investments mostly consist of intangible assets, principally development expenses for the clinical study SED-001, registration work for AnaConDa and Sedaconda in the United States and expenses related to the AnaConDa paediatric study in the EU.
Cash flow from financing activities totalled KSEK 946 (-546) and relates to premiums paid for warrants in a new programme 2020/2024 and repayment of lease liabilities.
Cash flow per share for the quarter was SEK -1.45 (1.00).

Parent company

The Parent Company's net sales amounted to KSEK 44,967 (3,123) for the quarter, of which intra-group sales amounted to KSEK 1,308 (0). The increase compared with the same period last year is due to the Parent Company taking over the majority of sales in the Group as of the third quarter of 2020. Operating income for the quarter amounted to KSEK -9,782 (-5,535). Net financial items were KSEK 1,861 (2,579) and mainly pertain to unrealized exchange rate gains on internal loans. Equity in the Parent Company amounted to KSEK 555,339 as of March 31, 2021, compared with KSEK 561,600 at the beginning of the year, which corresponds to a decrease of KSEK 6,261. The share capital amounted to KSEK 2,305, which is unchanged compared with the beginning of the year. Cash and cash equivalents amounted to KSEK 329,969, compared with KSEK 365,113 at the beginning of the year, corresponding to a decrease of KSEK 35,144.

The Sedana Medical share

Sedana Medical shares are listed on Nasdaq First North Growth Market Stockholm. Market capitalisation at the end of the quarter was MSEK 7,571.

The price paid for Sedana Medical shares at the start of the year was SEK 343.00, and at the end of the first quarter was SEK 328.50. The lowest closing price for the period was recorded on 19 March and was SEK 308.00. The highest closing price was recorded on 16 February and was SEK 393.50.

Share information

	Jan-Mar		Jan-Dec
	2021	2020	2020
Net income, KSEK	-8,963	1,700	-27,138
Cash flow, KSEK	-33,442	-22,699	-86,678
Number of shares at balance date	23,046,740	22,736,591	23,046,740
Average number of shares	23,046,740	22,736,591	22,891,666
Outstanding warrants at balance date	136,818	399,234	99,705
Average number of warrants	118,262	399,234	249,470
Share capital at balance date, KSEK	2,305	2,274	2,305
Equity at balance date, KSEK	543,596	570,087	543,596
Earnings per share before dilution, SEK	-0.39	0.07	-1.19
Earnings per share after dilution, SEK	-0.39	0.07	-1.19
Equity per share, SEK	23.59	25.07	23.91
Cash flow per share, SEK	-1.45	-1.00	-3.79

Largest shareholders at the end of the period

	No of shares	Share
Handelsbanken Funds	2,198,763	9,5%
Swedbank Robur Funds	2,110,895	9,2%
Linc AB	1,899,701	8,2%
Anders Walldov direct and indirect (Brohuvudet AB)	1,740,000	7,5%
Sten Gibeck	1,219,944	5,3%
Ola Magnusson direct and indirect (Magiola AB)	1,153,432	5,0%
Öhman Funds	772,659	3,4%
Berenberg Funds	609,440	2,6%
Avanza Pension	529,629	2,3%
Tredje AP-fund	475,000	2,1%
Tedsalus AB (Thomas Eklund)	416,616	1,8%
Nordnet Pensionsförsäkring	409,756	1,8%
Highclere International Investors LLP	364,376	1,6%
Philip Earle	260,500	1,1%
Christer Ahlberg	259,000	1,1%
Fifteen largest shareholders	14,419,711	62,6%
Others	*8,627,029*	*37,4%*
Totalt	**23,046,740**	**100,0%**

Facts about the share

Trading place	Nasdaq First North Growth Market Sweden
No of shares*	23,046,740
Market Cap	7,571 SEK milion
Ticker	SEDANA
ISIN	SE0009947534
LEI-code	549300FQ3NJRI56LCX32

* As per 2021-03-31

Financial calendar

AGM 2021	10 May 2021
Interim report Jan-Jun, 2021	12 August 2021
Interim report Jan-Sep, 2021	4 November 2021

Certification from the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer certify that this interim report presents a true and fair view of the operations, financial position and earnings of the parent company and the Group and describes material risks and uncertainties faced by the parent company and the companies forming part of the Group.

Danderyd 6 May 2021

Thomas Eklund
Chairman of the Board

Sten Gibeck
Board member

Bengt Julander
Board member

Ola Magnusson
Board member

Eva Walde
Board member

Christoffer Rosenblad
Board member

Christer Ahlberg
President and CEO

This report has not been the object of review by the company's auditors.
This document has been prepared in Swedish and English versions. In the event of any discrepancies between the Swedish and English versions, the Swedish version will take precedence.

Contacts and invitation to presentation

Christer Ahlberg, President and CEO, +46 70 675 33 30
Susanne Andersson, CFO, +46 73 066 89 04
ir@sedanamedical.com

Sedana Medical is listed on Nasdaq First North Growth Market in Stockholm.
The companys Certified Adviser is Erik Penser Bank, +46 8 463 83 00, certifiedadviser@penser.se

Presentation of the interim report Jan-Mar 2021

Sedana Medical presents the interim report to investors, asset managers, analysts and media on 6 May 2021 at 13.30. The presentation will be held in English and takes place via telephone conference and audio webcast. More information is available at: https://financialhearings.com/event/13793

After the presentation, a recorded version of the webcast will be available at : Investors - Sedana Medical

Consolidated income statement, summary

	Jan-Mar		Jan-Dec
(KSEK)	2021	2020	2020
Net sales	45,000	33,832	141,770
Cost of goods sold	-16,395	-11,193	-52,867
Gross profit	**28,605**	**22,639**	**88,903**
Selling expenses	-18,942	-13,908	-65,123
Administrative expenses	-13,611	-8,527	-37,296
Research and development expenses	-6,084	-1,071	-7,859
Other operating income	2,272	1,193	3,654
Other operating expenses	-2,602	-229	-3,637
Operating income	**-10,362**	**96**	**-21,359**
Financial items			
Financial income	1,651	2,260	2,845
Financial expenses	-147	-125	-5,590
Net financial items	**1,504**	**2,135**	**-2,745**
Income before taxes	**-8,858**	**2,232**	**-24,103**
Tax	-105	-532	-3,035
Net income	**-8,963**	**1,700**	**-27,138**
Earnings per share, based on earnings attributable to the parent company's ordinary shareholders:			
Before dilution	-0,39	0,07	-1,19
After dilution	-0,39	0,07	-1,19
EBITDA	**-8,308**	**1,708**	**-14,294**
Amortisation of intangible assets	-425	-446	-1,756
Depreciation of tangible assets	-1,629	-1,165	-5,309
Operating income (EBIT)	**-10,362**	**96**	**-21,359**

Consolidated statement of other comprehensive income, summary

	Jan-Mar		Jan-Dec
(KSEK)	2021	2020	2020
Net income	**-8,963**	**1,700**	**-27,138**
Other comprehensive income			
Items that can later be reclassified to the income statement:			
Translation differences from foreign operations	-295	-971	624
Other comprehensive income, net after tax	**-295**	**-971**	**624**
Total comprehensive income	**-9,258**	**729**	**-26,514**
Total comprehensive income as a whole attributabe to the parent company's shareholders	**-9,258**	**729**	**-26,514**

Consolidated balance sheet, summary

(KSEK)	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Intangible assets			
Capitalised development expenditure	184,591	109,214	166,378
Concessions, patents, licenses, etc.	2,718	4,054	2,998
Tangible assets			
Machinery and other technical facilities	7,151	4,527	5,711
Equipment, tools and installations	1,149	483	1,213
Rights of use	9,067	2,628	8,792
Financial assets			
Other long term assets	42	45	41
Deferred tax assets	*83*	*1,742*	*45*
Total fixed assets	**204,801**	**122,693**	**185,178**
Inventory	11,739	6,035	9,087
Tax receivables	464	6	453
Accounts receivable	17,525	18,418	19,484
Prepayments and accrued income	6,364	4,511	5,609
Other receivables	3,287	2,487	4,115
Cash and cash equivalents	343,619	442,553	376,171
Total current assets	**382,998**	**474,010**	**414,919**
TOTAL ASSETS	**587,799**	**596,703**	**600,097**

(KSEK)	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	2,305	2,274	2,305
Other contributed capital	615,683	605,702	613,923
Translation difference	211	-1,088	506
Retained earnings including net profit	-74,603	-36,801	-65,640
Equity attributable to the parent company's shareholders	**543,596**	**570,087**	**551,094**
Non-current liabilities			
Leasing liabilities	5,224	629	5,324
Total non-current liabilities	**5,224**	**629**	**5,324**
Current liabilities			
Leasing liabilities	3,355	1,646	2,967
Accounts payable	10,288	5,862	16,371
Tax debt	2,705	1,296	2,718
Other liabilities	9,432	5,897	7,668
Accrued expenses and deferred income	13,199	11,286	13,955
Total current liabilities	**38,979**	**25,987**	**43,679**
Total liabilities	**44,203**	**26,616**	**49,003**
TOTAL EQUITY AND LIABILITIES	**587,799**	**596,703**	**600,097**

Consolidated statement of changes in equity, summary

	Equity attributable to parent company shareholders				
(KSEK)	Share capital	Other contributed capital	Translation difference	Retained earnings including net profit	Total
Opening equity at Jan 1, 2020	2,274	605,702	-117	-38,501	569,358
Net income	-	-	-	1,700	1,700
Other comprehensive income	-	-	-971	-	-971
Total comprehensive income	**-**	**-**	**-971**	**1,700**	**729**
Transactions with the Group's owners					
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Received premium for warrant subscription	-	-	-	-	-
Expenses for warrant program	-	-	-	-	-
Total transactions with the Group's owners	**-**	**-**	**-**	**-**	**-**
Closing equity at Mar 31, 2020	2,274	605,702	-1,088	-36,801	570,087

(KSEK)	Share capital	Other contributed capital	Translation difference	Retained earnings including net profit	Total
Opening equity at Jan 1, 2021	2,305	613,923	506	-65,640	551,094
Net income	-	-	-	-8,963	-8,963
Other comprehensive income	-	-	-295	-	-295
Total comprehensive income	**-**	**-**	**-295**	**-8,963**	**-9,258**
Transactions with the Group's owners					
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Received premium for warrant subscription	-	1,760	-	-	1,760
Expenses for warrant program	-	-	-	-	-
Total transactions with the Group's owners	**-**	**1,760**	**-**	**-**	**1,760**
Closing equity at Mar 31, 2021	2,305	615,683	211	-74,603	543,596

Consolidated cash flow statement, summary

(KSEK)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating activities			
Operating income	-10,362	96	-21,359
Adjustments for non-cash items			
Depreciations and amortisations	2,054	1,611	7,065
Exchange rate differences	-1,435	-1,197	-363
Other non-cash items	1,131	295	7,411
Interest received	-	1	25
Interest paid	-50	-96	-189
Taxes paid	-189	-63	-869
Cash flow from operating activities before changes in working capital	**-8,851**	**648**	**-8,279**
Cash flow from changes in working capital			
Cash flow from inventories	-2,942	1,223	-1,158
Cash flow from operating receivables	4,053	-10,641	-15,292
Cash flow from operating liabilities	-5,570	860	16,883
Cash flow from operating activities	**-13,310**	**-7,910**	**-7,846**
Investing activities			
Investments in intangible assets	-18,096	-13,362	-72,175
Investments in tangible assets	-2,982	-881	-12,444
Cash flow from investing activities	**-21,078**	**-14,243**	**-84,619**
Financing activities			
New share issue	-	-	7,862
Issue expenses	-	-	-68
Amortisation of leasing liabilities	-814	-546	-2,464
Received premium for warrant subscription	1,760	-	515
Expenses for warrant program	-	-	-58
Cash flow from financing activites	**946**	**-546**	**5,787**
Cash flow for the period	**-33,442**	**-22,699**	**-86,678**
Cash and cash equivalents at the beginning of the period	**376,171**	**464,560**	**464,560**
Translation difference	890	692	-1,711
Cash and cash equivalents at the end of the period	**343,619**	**442,553**	**376,171**

Consolidated quarterly summary, income statement

(KSEK)	2020 Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	2021 Jan-Mar
Net sales	33,832	40,509	21,432	45,997	45,000
Cost of goods sold	-11,193	-14,524	-8,210	-16,464	-16,395
Gross profit	**22,639**	**25,985**	**13,222**	**29,533**	**28,605**
Gross margin	*67%*	*64%*	*62%*	*64%*	*64%*
Selling expenses	-13,908	-13,976	-12,962	-24,277	-18,942
Administration costs	-8,527	-10,210	-9,636	-11,399	-13,611
Research and development costs	-1,071	-2,683	-1,848	-2,257	-6,084
Other operating income	1,193	341	311	1,809	2,272
Other operating expenses	-229	-1,359	-769	-1,280	-2,602
Operating income	**96**	**-1,902**	**-11,682**	**-7,871**	**-10,362**
Operating margin	*0%*	*-5%*	*-55%*	*-17%*	*-23%*
Financial income	2,260	86	469	30	1,651
Financial expenses	-125	-2,394	-206	-2,865	-147
Net financial items	**2,135**	**-2,308**	**263**	**-2,835**	**1,504**
Income before taxes	**2,232**	**-4,210**	**-11,419**	**-10,706**	**-8,858**
Tax	-532	616	-2,007	-1,113	-105
Net income	**1,700**	**-3,594**	**-13,426**	**-11,819**	**-8,963**
Operating income (EBIT)	**96**	**-1,902**	**-11,682**	**-7,871**	**-10,362**
Whereof depreciation of intangible assets	-446	-446	-433	-431	-425
Whereof depreciation of tangible assets	-1,165	-1,188	-1,270	-1,686	-1,629
EBITDA	**1,708**	**-268**	**-9,979**	**-5,754**	**-8,308**
EBITDA margin	*5%*	*-1%*	*-47%*	*-13%*	*-18%*

The above quarterly figures relating 2020 have been converted in accordance with IFRS and adjusted from previous cost-based income statement to function-based income statement to create comparability. In connection with the transition to a function-based income statement, costs have been redistributed to the cost of goods sold, which has reduced the gross margin by approximately 3 percentage points (given above sales volumes).

For Q4 2020, a minor adjustment has been made, which increased the cost of goods sold by approximately MSEK 1 compared with previously published figures.

Consolidated quarterly summary, balance sheet

(KSEK)	2020 Mar 31	Jun 30	Sep 30	Dec 31	2021 Mar 31
ASSETS					
Intangible assets					
Capitalised development expenditure	109,214	124,019	141,148	166,378	184,591
Concessions, patents, licenses, etc.	4,054	3,487	4,247	2,998	2,718
Tangible assets					
Machinery and other technical facilities	4,527	5,099	5,627	5,711	7,151
Equipment, tools and installations	483	696	877	1,213	1,149
Rights of use	2,628	2,094	8,665	8,792	9,067
Financial assets					
Other long term assets	45	43	43	41	42
Deferred tax assets	*1,742*	*2,371*	*1,093*	*45*	*83*
Total fixed assets	**122,693**	**137,809**	**161,700**	**185,178**	**204,801**
Inventory	6,035	8,730	12,186	9,087	11,739
Tax receivables	6	6	6	453	464
Accounts receivable	18,418	11,909	9,469	19,484	17,525
Prepayments and accrued income	4,511	6,207	6,119	5,609	6,364
Other receivables	2,487	3,503	5,456	4,115	3,287
Cash and cash equivalents	442,553	433,537	406,346	376,171	343,619
Total current assets	**474,010**	**463,892**	**439,582**	**414,919**	**382,998**
TOTAL ASSETS	**596,703**	**601,701**	**601,282**	**600,097**	**587,799**
EQUITY AND LIABILITIES					
Equity					
Share capital	2,274	2,305	2,305	2,305	2,305
Other contributed capital	605,702	613,927	613,923	613,923	615,683
Translation difference	-1,088	-630	-40	506	211
Retained earnings including net profit	-36,801	-40,396	-53,821	-65,640	-74,603
Equity attributable to the parent company's shareholders	**570,087**	**575,206**	**562,367**	**551,094**	**543,596**
Non-current liabilities					
Leasing liabilities	629	540	5,336	5,324	5,224
Total non-current liabilities	**629**	**540**	**5,336**	**5,324**	**5,224**
Current liabilities					
Leasing liabilities	1,646	1,237	2,890	2,967	3,355
Accounts payable	5,862	6,444	7,954	16,371	10,288
Tax debt	1,296	853	1,985	2,718	2,705
Other liabilities	5,897	4,821	7,750	7,668	9,432
Accrued expenses and deferred income	11,286	12,600	13,000	13,955	13,199
Total current liabilities	**25,987**	**25,955**	**33,579**	**43,679**	**38,979**
Total liabilities	**26,616**	**26,495**	**38,915**	**49,003**	**44,203**
TOTAL EQUITY AND LIABILITIES	**596,703**	**601,701**	**601,282**	**600,097**	**587,799**

For comparison purpose, the above quarterly figures relating 2020 have been converted in accordance with IFRS

Consolidated quarterly summary, cash flow statement

(KSEK)	2020 Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	2021 Jan-Mar
Operating activities					
Operating income	96	-1,902	-11,682	-7,871	-10,362
Adjustments for non-cash items					
Depreciations and amortisations	1,611	1,633	1,703	2,117	2,054
Exchange rate differences	-1,197	889	479	-534	-1,435
Other non-cash items	295	582	2,350	4,184	1,131
Interest received	1	49	-23	-1	-
Interest paid	-96	-14	-21	-59	-50
Taxes paid	-63	-13	-860	67	-189
Cash flow from operating activities before changes in working capital	**648**	**1,224**	**-8,054**	**-2,098**	**-8,851**
Cash flow from changes in working capital					
Cash flow from inventories	1,223	-2,556	-3,296	3,471	-2,942
Cash flow from operating receivables	-10,641	3,217	823	-8,690	4,053
Cash flow from operating liabilities	860	46	5,901	10,076	-5,570
Cash flow from operating activities	**-7,910**	**1,932**	**-4,626**	**2,759**	**-13,310**
Investing activities					
Investments in intangible assets	-13,362	-15,321	-18,268	-25,223	-18,096
Investments in tangible assets	-881	-2,389	-3,763	-5,411	-2,982
Cash flow from investing activities	**-14,243**	**-17,710**	**-22,031**	**-30,635**	**-21,078**
Financing activities					
New share issue	-	7,862	-	-	-
Issue expenses	-	-65	-3	-	-
Amortisation of leasing liabilities	-546	-465	-716	-737	-814
Received premium for warrant subscription	-	515	-	-	1,760
Expenses for warrant program	-	-56	-2	-	-
Cash flow from financing activites	**-546**	**7,791**	**-721**	**-737**	**946**
Cash flow for the period	**-22,699**	**-7,988**	**-27,378**	**-28,612**	**-33,442**
Cash and cash equivalents at the beginning of the period	**464,560**	**442,553**	**433,537**	**406,346**	**376,171**
Translation difference	692	-1,028	187	-1,563	890
Cash and cash equivalents at the end of the period	**442,553**	**433,537**	**406,346**	**376,171**	**343,619**

For comparison purpose, the above quarterly figures relating 2020 have been converted in accordance with IFRS

Parent company income statement, summary

(KSEK)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales	44,967	3,123	121,238
Cost of goods sold	-14,935	-2,832	-38,707
Gross profit	**30,032**	**291**	**82,531**
Selling expenses	-10,317	-6,989	-72,666
Administration costs	-27,825	-7,113	-38,668
Research and development costs	-4,309	-122	-3,953
Other operating income	3,514	8,577	7,790
Other operating expenses	-877	-179	-2,611
Operating income	**-9,782**	**-5,535**	**-27,577**
Financial items			
Financial income	1,958	2,572	1,778
Financial expenses	-97	7	-2,959
Net financial items	**1,861**	**2,579**	**-1,181**
Income after net financial items	**-7,921**	**-2,956**	**-28,758**
Group contribution	-	-	-9
Income before tax	**-7,921**	**-2,956**	**-28,767**
Income tax	-	-	-
Net income	**-7,921**	**-2,956**	**-28,767**

Parent company statement of other comprehensive income, summary

(KSEK)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net income	**-7,921**	**-2,956**	**-28,767**
Other comprehensive income			
Items that can later be reclassified to the income statement:			
Translation differences from foreign operations	-100	-378	200
Other comprehensive income, net after tax	**-100**	**-378**	**200**
Total comprehensive income	**-8,021**	**-3,334**	**-28,567**

Parent company balance sheet, summary

(KSEK)	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
ASSETS			
Intangible assets			
Capitalised development expenditure	173,800	100,707	156,261
Tangible assets			
Machinery and other technical facilities	5,964	943	4,334
Equipment, tools and installations	609	228	638
Financial assets			
Shares in group companies	395	395	395
Non-current receivables, group companies	39,755	44,151	38,539
Total fixed assets	**220,523**	**146,424**	**200,167**
Inventory	11,788	268	9,245
Tax receivables	5	4	4
Accounts receivable	16,072	1,931	17,925
Receivables, group companies	117,970	31,116	2,239
Prepayments and accrued income	6,350	4,185	5,575
Other receivables	2,207	1,971	3,202
Cash and cash equivalents	329,969	426,014	365,113
Total current assets	**484,361**	**465,489**	**403,303**
TOTAL ASSETS	**704,884**	**611,913**	**603,470**

(KSEK)	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	2,305	2,274	2,305
Fund for capitalised development expenses	171,921	100,707	154,405
Non-restricted equity			
Share premium fund	615,683	605,702	613,923
Retained earnings	-226,649	-127,146	-180,266
Net income	-7,921	-2,956	-28,767
Equity attributable to the parent company's shareholders	**555,339**	**578,581**	**561,600**
Current liabilities			
Accounts payable	9,835	1,633	15,469
Liabilities to group comapnies	122,281	22,884	10,095
Tax liabilities	1,201	680	1,387
Other liabilities	5,453	1,897	4,707
Accrued expenses and deferred income	10,775	6,238	10,212
Total current liabilities	**149,545**	**33,332**	**41,870**
Total liabilities	**149,545**	**33,332**	**41,870**
TOTAL EQUITY AND LIABILITIES	**704,884**	**611,913**	**603,470**

Parent company statement of changes in equity, summary

	Equity attributable to the parent company's shareholders				
	Restricted equity		Non-restricted equity		Total
(KSEK)	Share capital	Fund for capitalised development expenses	Share premium fund	Retained earnings including net income	Total equity
Opening equity at Jan 1, 2020	**2,274**	**88,047**	**605,702**	**-114,108**	**581,915**
Net income	-	-	-	-2,956	-2,956
Other comprehensive income	-	-	-	-378	-378
Total comprehensive income	**-**	**-**	**-**	**-3,334**	**-3,334**
Transactions with the parent company's owners					
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Received premium for warrant subscription	-	-	-	-	-
Expenses for warrant program	-	-	-	-	-
Total transactions with the parent company's owners	**-**	**-**	**-**	**-**	**-**
Reallocation between items in equity					
Capitalised development expenses	-	12,660	-	-12,660	-
Total reallocations	**-**	**12,660**	**-**	**-12,660**	**-**
Closing equity at Mar 31, 2020	**2,274**	**100,707**	**605,702**	**-130,102**	**578,581**

(KSEK)	Share capital	Fund for capitalised development expenses	Share premium fund	Retained earnings including net income	Total equity
Opening equity at Jan 1, 2021	**2,305**	**154,405**	**613,923**	**-209,033**	**561,600**
Net income	-	-	-	-7,921	-7,921
Other comprehensive income	-	-	-	-100	-100
Total comprehensive income	**-**	**-**	**-**	**-8,021**	**-8,021**
Transactions with the parent company's owners					
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Received premium for warrant subscription	-	-	1,760	-	1,760
Expenses for warrant program	-	-	-	-	-
Total transactions with the parent company's owners	**-**	**-**	**1,760**	**-**	**1,760**
Reallocation between items in equity					
Capitalised development expenses	-	17,516	-	-17,516	-
Total reallocations	**-**	**17,516**	**-**	**-17,516**	**-**
Closing equity at Mar 31, 2021	**2,305**	**171,921**	**615,683**	**-234,570**	**555,339**

Parent company cash flow statement, summary

	Jan-Mar		Jan-Dec
(KSEK)	2021	2020	2020
Operating activities			
Operating income	-9,782	-5,535	-27,577
Adjustments for non-cash items			
Depreciations and amortisations	523	148	969
Exchange rate differences	-2,347	-1,102	629
Other non-cash items	432	-	473
Interest received	-	346	1,336
Interest paid	-	-3	-8
Taxes paid	-188	-	-
Cash flow from operating activities before changes in working capital	**-11,362**	**-6,146**	**-24,178**
Cash flow from changes in working capital			
Cash flow from inventories	-2,831	715	-8,262
Cash flow from operating receivables	-5,191	-9,825	396
Cash flow from operating liabilities	1,646	-199	8,380
Cash flow from operating activities	**-17,738**	**-15,455**	**-23,664**
Investing activities			
Investments in intangible assets	-17,539	-12,660	-68,213
Investments in tangible assets	-2,264	-248	-4,893
Investments in financial assets	-	-858	-283
Cash flow from investing activities	**-19,803**	**-13,766**	**-73,389**
Financing activities			
New share issue	-	-	7,862
Issue expenses	-	-	-68
Received premium for warrant subscription	1,760	-	515
Expenses for warrant program	-	-	-58
Cash flow from financing activites	**1,760**	**-**	**8,251**
Cash flow for the period	**-35,781**	**-29,221**	**-88,802**
Cash and cash equivalents at the beginning of the period	**365,113**	**455,206**	**455,206**
Translation difference	637	29	-1,291
Cash and cash equivalents at the end of the period	**329,969**	**426,014**	**365,113**

Other information

General information

Sedana Medical (publ), with corporate identity number 556670-2519, is a limited company registered in Sweden with registered office in Danderyd. The address of the head office is Vendevägen 89, SE-182 32 Danderyd, Sweden. The object of the company's operations is to develop, manufacture and sell medical devices. Sedana Medical AB is the Parent Company of the Sedana Medical Group. Unless otherwise indicated, all amounts are stated in thousands of Swedish kronor (KSEK). All amounts, unless otherwise indicated, are rounded to the nearest thousand. Figures in brackets relate to the comparative year.
For the Group's financial assets and liabilities, their carrying amount is considered to be a reasonable estimate of fair value as they essentially refer to current receivables and liabilities, so that the discounting effect is insignificant.

Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company interim report has been prepared in accordance with the Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2. Applied accounting policies agree with those described in the 2020 Annual Report of Sedana Medical.

Important estimates

Estimates and judgements are evaluated regularly and based on historical experience and other factors, including expectations of future events considered reasonable under prevailing circumstances. For further information, see the Group's 2020 Annual Report.

Risk

Sedana Medical's operations, earnings and financial position are affected by a number of risk factors. These are principally related to demand for medical devices, fluctuating exchange rates and access to funding. More information about Sedana Medical's risks and management of these risks can be found in the 2020 Annual Report on pages 56–58. For information concerning our view of COVID-19 and its possible impacts on Sedana Medical, see page 5 and the CEO's Comments on pages 3–4.

Personnel

During the quarter, the Group had an average of 68 (46) employees and 11 (6) consultants, representing a total increase of 27 on the same period in 2020. At the end of the quarter, the number of employees was 72 and the number of consultants was 13, compared with 69 and 14 respectively at the start of the year. The main reason for the increase in personnel costs is a build-up of functions such as sales, marketing, medical affairs and regulatory and quality functions prior to the registration and subsequent launch of Sedaconda.

Transactions with related parties

Transactions with related parties take place on market terms. During the first quarter, Sedana Medical bought goods to a value of KSEK 4,860 (2,355) and services to a value of KSEK 37 (0) from Lismed Ltd. This company is related to Ron Farrell, who during the first quarter was a member of the Board of the Group's Irish subsidiary. At the end of the year, there was an outstanding liability to Lismed Ltd of KSEK 261. During the quarter, Sedana Medical issued a loan in the amount of KSEK 300 to Stefan Krisch. Stefan has been a member of the Sedana Medical management team since the beginning of March 2021.

Warrant programme

At the end of the period Sedana Medical had 136,818 outstanding warrants where 1 warrant equals 1 share at conversion.

Programme	Position	Number of acquired warrants at the beginning of the period	Number of acquired warrants during the period	Number of exercised warrants during the period	Number of acquired warrants at the end of the period	Terms *	Strike price (SEK)
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**
Exercise period ***1 July 2022 – 30 November 2022***							
2020/2023	CEO	0	0	0	0	1:1	334,60
2020/2023	Senior management	4000	0	0	4,000	1:1	334,60
2020/2023	Other employees	6620	0	0	6,620	1:1	334,60
2020/2023	**Total**	**10,620**	**0**	**0**	**10,620**	**1:1**	**334,60**
Exercise ***1 June 2023 – 30 September 2023***							
2020/2024	CEO	0	0	0	0	1:1	495,52
2020/2024	Senior management	0	0	0	0	1:1	495,52
2020/2024	Other employees	0	37,113	0	37,113	1:1	495,52
2020/2024	**Total**	**0**	**37,113**	**0**	**37,113**	**1:1**	**495,52**
Exercise ***1 February 2024 – 31 May 2024***							
Totalt	CEO	0	0	0	0		
Totalt	Senior management	30,293	0	0	30,293		
Totalt	Other employees	69,412	37,113	0	106,525		
	Total	**99,705**	**37,113**	**0**	**136,818**		

* 1:1 = 1 warrant = 1 share at conversion.

Explanations regarding transition to IFRS

This financial report for the Group is the second prepared in accordance with IFRS. The accounting principles stated on page 23 have been applied in the preparation of the Group's financial reports for the financial year 2020 and for the comparison year 2019 and for the Group's opening balance on 1 January 2019. In preparing the Group's opening balance sheet, amounts reported in accordance with previously applied accounting principles have been adjusted in accordance with IFRS. Explanations of how the transition from previous accounting principles to IFRS has affected the Group's financial position and financial results are set out in the following tables and explanations of the same.

What was done during the transition to accounting in accordance with IFRS

The transition to IFRS is reported in accordance with IFRS 1 First time adoption. The main rule is that all applicable IFRS and IAS standards, which have come into force and been approved by the EU as of 31 December 2020, shall be applied with retroactive effect. IFRS 1, however, contains transitional regulations that give companies a certain choice. The exceptions permitted by IFRS from full retroactive application that the company has chosen to apply in the transition from previously applied accounting principles to IFRS are listed below.

Exceptions for accumulated translation differences

IFRS 1 allows accumulated translation differences reported in equity to be reset at the time of transition to IFRS. This is a relief compared with determining accumulated translation differences in accordance with IAS 21, Effects of Changes in Foreign Exchange Rates, from the time the company's subsidiaries were formed. The company has chosen to reset all accumulated translation differences in the translation reserve and reclassify these to retained earnings at the time of the transition to IFRS as of January 1, 2019.

IFRS 16 Leasing Agreement

The Group applies IFRS 16 from 1 January 2019. The Group applies the simplified transition method, which means that rights of use are valued at an amount corresponding to the lease liability as of 1 January 2019 (adjusted for prepaid and accrued lease fees). Furthermore, the Group has made the following choices at the time of transition:

- To exclude leasing agreements whose leasing period ends within twelve months from the time of transition to IFRS (2019-01-01) and leasing agreements for which the underlying asset is of low value.
- To use estimates made retrospectively when determining the leasing period in cases where the agreement contains opportunities to extend or terminate the leasing agreement.

Reconciliation between previously applied cost-based income statement and function-based income statement

The summary below shows the effects on the income statement when changing from a cost-based income statement to a function-based one.

Change of layout form: Group income statement Jan-Mar 2020

(KSEK)	Cost-based	Other operating income	Cost of goods sold	Other external costs	Personnel costs	Depreciation	Function-based	
Net sales	33,832						33,832	Net sales
Other operating income	2,199	-2,199					0	
			-10,207	-29	-333	-624	-11,193	Cost of goods sold
	36,031	**-2,199**	**-10,207**	**-29**	**-333**	**-624**	**22,639**	**Gross Profit**
							0	
Cost of goods sold	-10,207		10,207				0	
Other external costs	-10,868			10,868			0	
Personnel costs	-12,516				12,516		0	
Depreciation	-1,122					1,122	0	
				-4,980	-8,254	-674	-13,908	Selling expenses
				-4,694	-3,540	-307	-8,541	Administrative expenses
				-662	-389	-20	-1,071	Research and development expenses
		2,199					2,199	Other operating income
Other operating expenses	-1,236						-1,236	Other operating expenses
Operating income	**82**	**0**	**0**	**503**	**0**	**-503**	**82**	**Other operating income**
Financial income	2,260						2,260	Financial income

Financial expenses	-108						-108	Financial expenses
Income after financial items	**2,234**	**0**	**0**	**503**	**0**	**-503**	**2,234**	**Income after financial items**
Income before tax	**2,234**	**0**	**0**	**503**	**0**	**-503**	**2,234**	**Income before tax**
Income tax	-532						-532	Tax
Net income	**1,702**	**0**	**0**	**503**	**0**	**-503**	**1,702**	**Net income**

Reconciliation between previously applied accounting principles and IFRS

According to IFRS 1, the Group must present a reconciliation between equity and total comprehensive income reported in accordance with previously applied accounting principles and equity and total comprehensive income in accordance with IFRS. The tables below show the reconciliation between previously applied accounting principles and IFRS.

Effects on income statement, balance sheet and equity

The following summaries show the above effects on the income statement, balance sheet and equity as if IFRS had been applied in 2020.

Group income statement Jan-Mar 2020

(KSEK)	According to previous principles	Effect of IFRS 1	Effect of IFRS 16 - Leasing	According to IFRS
Net sales	33,832			33,832
Cost of goods sold	-11,193			-11,193
Gross Profit	**22,639**	**0**	**0**	**22,639**
Selling expenses	-13,908			-13,908
Administrative expenses	-8,541		14	-8,527
Research and development expenses	-1,071			-1,071
Other operating income	2,199			1,193
Other operating expenses	-1,236			-229
Operating income	**82**	**0**	**14**	**96**
Financial items				
Financial income	2,260			2,260
Financial expenses	-108		-17	-125
Net financial items	**2,152**	**0**	**-17**	**2,135**
Income before tax	**2,234**	**0**	**-2**	**2,232**
Tax	-532		0	-532
Net income	**1,702**	**0**	**-2**	**1,700**

Group's other comprehensive income Jan-Mar 2020				
Net income	1,702	0	-2	1,700
Other comprehensive income				
Items that can later be reclassified to the income statement:				
Translation differences from foreign operations	0	-971	0	-971
Other comprehensive income, net after tax	**0**	**-971**	**0**	**-971**
Total comprehensive income	**1,702**	**-971**	**-2**	**729**
Total comprehensive income as a whole attributabe to the parent company's shareholders	**1 702**	**-971**	**-2**	**729**

Group's balance sheet March 31 2020

(KSEK)	K3 2020-03-31	Effect of IFRS 1	Effect of IFRS 16 - Leasing	IFRS 2020-03-31
Assets				
Intangible assets				
Capitalised development expenditure	109,214			109,214
Concessions, patents, licenses, etc.	4,054			4,054
Tangible assets				
Machinery and other technical facilities	4,527			4,527
Equipment, tools and installations	483			483
Rights of use	0		2,628	2,628
Other long term receivables	45			45
Deferred tax assets	1,735		7	1,742
Total fixed assets	**120,058**	**0**	**2,635**	**122,693**
Inventory	6,035			6,035
Tax receivables	6			6
Accounts receivable	18,418			18,418
Prepaid expenses and accrued income	4,894		-383	4,511
Other receivables	2,487			2,487
Cash and cash equivalents	442,553			442,553
Total current receivables	**474,393**		**-383**	**474,010**
Total assets	**594,451**	**0**	**2,252**	**596,703**
Equity and liabilities				
Equity				
Share capital	2,274			2,274
Other contributed capital	605,702			605,702
Translation difference	0	-1 088	0	-1 088
Retained earnings including net profit	-37 865	1 088	-24	-36 801
Equity attributable to the parent company's shareholders	**570 111**	**0**	**-24**	**570 087**
Non-current liabilities				
Non-current liabilities	0		629	629
Total non-current liabilities	**0**	**0**	**629**	**629**
Current liabilites				
Leasing liabilities	0		1,646	1,646
Accounts payable	5,862			5,862
Tax liabilities	1,296			1,296
Other liabilities	5,897			5,897
Accrued expenses and prepaid income	11,286			11,286
Total current liabilities	**24,340**	**0**	**1,646**	**25,987**
Total liabilities	**24,340**	**0**	**2,276**	**26,616**
Total equity and liabilities	**594,451**	**0**	**2,252**	**596,703**

Definitions

Average number of full-time employees during the period
Number of full-time employees at the end of each period divided by number of periods

Balance sheet total
Total assets

Cash flow per share
Cash flow for the period divided by average number of shares before dilution

Debt to equity ratio
Total liabilities divided by total equity

EBIT
Operating income/Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation

EBITDA margin
EBITDA divided by net sales

Equity to assets ratio
Total equity divided by total assets

Equity per share
Equity divided by number of shares at the end of the period, before dilution

Gross margin
Gross profit divided by net sales

Net income margin
Net income divided by net sales

Operating margin
Operating income divided by net sales

Quick ratio
Current assets excluding inventories divided by current liabilities

Tax rates for the parent company
2021: 20.6%
Before 2021: 21.4%