

SEDANA MEDICAL

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Press release June 7, 2017

Publication of prospectus in connection with a new share issue and listing of Sedana Medical's shares on Nasdaq First North

Sedana Medical AB (publ) ("Sedana Medical" or the "Company"), a medical technology company on its way to also become a pharmaceutical company, announced on the 31 May, 2017 its intention to launch an initial public offering and list its shares on Nasdaq First North (the "Offering"). Today the Company publishes the prospectus for the Offering.

- The Offering comprises 5,128,205 new shares, corresponding to a dilution of 31.5 percent.¹
- In order to cover any overallotment, the Company has committed to, upon Pareto Securities' request, issue a maximum of an additional 769,230 new shares in the Company, corresponding to up to 15 percent of the total shares offered in the Offering.
- If the overallotment option is fully utilized, the Offering will comprise a maximum of 5,897,435 new shares, corresponding to a dilution of 34.5 percent.¹
- The Offering will be conducted at a fixed price of SEK 19.50 per share, corresponding to a total value of the Company's outstanding shares of approximately SEK 206 million, before the Offering.²
- The new share issue being conducted as a part of the Offering is expected to render proceeds of SEK 100–115 million to the Company before transaction costs, depending on the extent of the exercise of the overallotment option.
- The Offering is directed to the general public in Sweden and institutional investors in Sweden and internationally.
- Sedana Medical has applied for listing of the Company's shares on Nasdaq First North in Stockholm. Expected first day of trading of Sedana Medical's share is June 21, 2017, under the ticker "SEDANA" and expected settlement day is June 22, 2017.
- A prospectus with the full terms and conditions of the Offering is published today June 7, 2017 and is available on Sedana Medical's and Pareto Securities' website.
- Pareto Securities is acting as sole manager and bookrunner, Setterwalls is the Company's legal advisor and Roschier is Pareto Securities legal advisor in connection with the Offering.
- Cornerstone investors, shown in the table below, have, against the Company and Pareto Securities agreed to, on certain terms and to the same price as other investors, acquire shares in the Offering. Cornerstone investors are committed to acquiring shares in the Offering for a total of SEK 55 million, corresponding to 47.8–55.0 percent of the shares in the Offering. The interval indicates the cornerstone investors' share in the Offering at fully or no utilization of the overallotment option respectively.

¹ The dilution is based on the total number of outstanding shares after the Offering adjusted for the convertibles and shareholder loan that will be converted to shares in conjunction with the Offering. In total, the conversions will result 2,495,103 new shares (convertibles 1,881,509 and conversion of shareholder loan 613,594), which will be issued in addition to the new share issue exercised in conjunction with the Offering. This gives a total number of outstanding shares after the completion of the Offering of 16,303,308 or 17,072,538 at no or fully utilized overallotment option respectively.

² The valuation is based on the number of outstanding shares before the Offering, adjusted for the Company's convertibles that will be converted into 1,881,509 new shares in conjunction with the Offering (strike price of SEK 2.50), which gives a total of 10,561,509 outstanding shares before the new share issue that is expected to take place in conjunction with the Offering. The value of the Company's outstanding shares, before the Offering but including 1,040,000 outstanding warrants (strike price of SEK 2.50) amounts to SEK 226 million. In addition, the Company has an outstanding shareholder loan, which will be converted into 613 594 new shares in conjunction with the Offering (at a price equivalent to the offering price), as well as a new warrant program, which entitles the holders to subscribe for 310 149 new shares at 130 percent of the offering price.

	Subscription undertakings (MSEK)	Number of shares	Share of the Offering (%) ³
HealthInvest Partners AB	15.0	769,230	15.0%
Alto Invest SA	15.0	769,230	15.0%
Brohuvudet AB	10.0	512,820	10.0%
Nyenburgh Holding B.V.	10.0	512,820	10.0%
Alfred Berg Kapitalförvaltning AB	5.0	256,410	5.0%
Total	55.0	2,820,510	55.0%

Background to the Offering

Sedana Medical is a medical technology company active within the field of sedation (treatment with sedative drugs). The Company has for a long time sold the medical device AnaConDa, which for the first time enables inhalation sedation in the intensive care setting. The therapy is widely supported by medical literature showing its many advantages over the current standard intravenous sedation. No pharmaceutical company has up until now applied for registration of the indication of inhalation sedation in the intensive care and use for this indication is thus considered off label and may currently not be marketed.

The main rationale for pursuing the Offering is to fund the ongoing clinical registration study for Sedana Medical's drug candidate IsoConDa in Europe. The study is a non-inferiority study, in which the study has to demonstrate that IsoConDa (isoflurane) is not inferior to propofol, which is currently the standard of care. The study, which will include up to 550 patients, was initiated in the fourth quarter of 2016 and is scheduled to end in the fourth quarter of 2018. The aim of the study is initially to obtain marketing approval for IsoConDa in Europe, which is expected to occur in the fourth quarter of 2019. Subject to obtaining marketing approval, Sedana Medical is expected to be the first company in the world to offer an approved solution for inhalation sedation in the intensive care. In addition, the Company is planning to use part of the proceeds from the Offering to fund clinical trials and registration processes for IsoConDa and AnaConDa in the United States, a process scheduled to start in 2017.

Sedana Medical's board of directors and management believe that the Offering and listing constitute an important step in the Company's development and is expected to increase awareness among current and potential partners, customers and opinion leaders in the medical technology and pharmaceutical industry. The Offering and listing is also expected to benefit Sedana Medical's future growth by improving the Company's access to Swedish and international capital markets, which in turn is expected to support the Company's continued development plan and studies. For these reasons, Sedana Medical's board of directors has applied to list the Company's shares on Nasdaq First North.

Prospectus and application form

Prospectus and application forms are published on Sedana Medical's website www.sedanamedical.com and on Pareto Securities' website www.paretosec.se/emissioner. Applications can also be made through Avanza's internet service www.avanza.se.

Preliminary timetable

Application period for the general public:	June 8, 2017–June 16, 2017
Application period for institutional investors:	June 8, 2017–June 19, 2017
Notification about allotment:	June 20, 2017
First day of trading on Nasdaq First North:	June 21, 2017
Settlement day:	June 22, 2017

The market in brief

Sedana Medical's market consists primarily of mechanically ventilated intensive care patients. The market for sedation of mechanically ventilated intensive care patients today consists of established drugs that are administered intravenously. The target group that the Company focuses on are those patients who are ventilated for more than 24 hours, a target group that globally amounts to between two and four million patients per year. In total, the Company consider this to be an addressable market of SEK 10-20 billion per year, of which Europe accounts for about SEK 6 billion.

Financial overview and targets

³ Excluding the overallotment option.

The Company has experienced strong financial development in recent years and has grown with an average annual growth rate of about 30 percent since 2010. In 2016, the Company showed, for the first time in its history, a positive full-year result.

During the period up until the approval of IsoConDa is obtained, the Company's target is to increase sales with an average of over 20 percent per year while maintaining an operating profit before depreciation and amortization (EBITDA) that is not materially negative, in parallel to building up a larger sales and market organization.

Provided that an approval of IsoConDa in Europe is obtained by the end of 2019, the Company's target is to reach a turnover exceeding SEK 500 million and an EBITDA margin of 40 percent in 2022.

	2017-01-01 2017-03-31	2016-01-01 2016-03-31	2016-01-01 2016-12-31	2015-01-01 2015-12-31
Net sales, KSEK	9,892	8,538	32,155	28,113
EBITDA	408	1,140	994	-1,175
Operating profit, KSEK	270	1,078	618	-1,387
Profit for the period, KSEK	-542	1,063	1,286	-1,205
Gross margin (%)	68.4%	71.2%	69.7%	64.7%
EBITDA-margin (%)	4.1%	13.4%	3.1%	-4.2%
Operating margin (%)	2.7%	12.6%	1.9%	-4.9%
Quick ratio (%)	74.2%	135.2%	80.2%	131.8%
Equity ratio (%)	2.4%	9.5%	5.5%	3.6%
Average FTE during the period	16	16	16	11

* Gross margin is defined as (total income - cost of goods sold) / total income

Advisers

Pareto Securities AB is acting sole manager and bookrunner in connection with the Offering. Setterwalls Advokatbyrå AB is legal adviser for the Company and Roschier Advokatbyrå AB is legal adviser for Pareto Securities AB.

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