



Year End Report 2016

Results and financial position

Year-end Report - Summary:

Key Ratios				
Dignitana Group	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net revenues, TSEK	4 069	277	8 902	4 749
Total revenues TSEK	4 189	441	9 122	5 801
Net profit after financial items, TSEK	-11 622	-5 272	-32 269	-16 569
Cash and bank balances, TSEK	32 864	19 042	32 864	19 042
Earnings per share before and after dilution, SEK	-0,57	-0,31	-1,72	-1,08
Dignitana AB	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Net revenues, TSEK	3 460	277	7 767	4 749
Total revenues TSEK	3 580	731	7 986	5 801
Net profit after financial items, TSEK	-11 706	-5 263	-32 457	-16 570
Cash and bank balances, TSEK	31 744	18 622	31 744	18 622

Significant events during the year

- The first leasing agreements and deliveries to US customers took place early in the year. The most important contract so far is with Memorial Sloan Kettering Cancer Center for multiple sites in the New York area.
- Dignitana successfully introduced a new business model in US. The model consists of a fixed monthly leasing fee for the system and a pay-per-treatment fee.
- The Quality of Life data from the pivotal study was presented as a poster during the yearly held San Antonio Breast Cancer Symposium, SABCS, in December.
- Dignitana has continued to develop its US subsidiary, Dignitana Inc. Bill Cronin has been appointed CEO of Dignitana Inc. and new resources for sales, marketing and clinical support were added. The company has set up its office in Dallas, Texas.
- Dignitana AB appointed a new CEO during the fall and during the year new employees were added to QA and product development.
- During the year Dignitana successfully completed new share issues of 52,5 MSEK consisting of two private placements totaling 33,1 MSEK and a rights issue from existing shareholders of 19,4 MSEK.



Significant events after the end of the year

- Dignitana AB is launching the 17 systems to Memorial Sloan Kettering Cancer Center that were ordered in the end of 2016.
- Dignitana's pivotal study for FDA clearance was published in the February 14th issue of Journal of American Medical Association (JAMA).

Scheduled financial reports

Interim Financial Report Q1 – 2017	24 May 2017
Interim Financial Report Q2 – 2017	24 August 2017
Interim Financial Report Q3 – 2017	23 November 2017
Year-end report for 2017	22 February 2018

Information about operations

Dignitana operates in the field of medical technology. Dignitana has developed a patented medical cooling system, DigniCap®, which reduces chemotherapy-induced hair loss. DigniCap® provides continuous cooling with high efficacy, safety and acceptable patient comfort and contributes to the well-being of patients during very difficult period of their lives.

In the field of oncology, DigniCap® is being established as the market leader and de facto global standard for scalp cooling to prevent chemotherapy-induced hair loss.

Dignitana has offices in Lund, Sweden and Dallas, TX, USA.

Comments from Johan Ericsson, CEO, Dignitana AB (publ)

Dignitana AB successfully completed the first year on the US market and we are proud of what we have accomplished so far. During Q4, 2016 we signed contracts for 22 new sites giving us a total of 52 sites across the United States at the end of the year. An additional 5 sites have been signed thus far in Q1, bringing the current number of U.S. DigniCap sites to 57. The most important contract so far is with Memorial Sloan Kettering Cancer Center (MSKCC) for multiple sites in the New York area. MSKCC is ranked number two among US cancer centers.

The new business model that we introduced in the US market has proven to work well. The model consists of a fixed monthly leasing fee for the system and a pay-per-treatment fee. Reimbursement of the treatment will be essential for a full acceptance of DigniCap®. We are working on obtaining healthcare reimbursement for DigniCap. We must show that DigniCap has a positive effect on the



quality of life of patients and much of this information was collected during the clinical trial. The more DigniCap is used, the better the chances for a positive outcome of our efforts within this area. In the February 14th issue of Journal of American Medical Association (JAMA), the results of Dignitana's pivotal study for FDA clearance was published; Scalp Cooling Device May Help Reduce Hair Loss for Women with Breast Cancer Receiving Chemotherapy. JAMA is one of the highest ranked medicine and science journals and the most widely circulated medical journal in the world. Having the pivotal study published in such a renowned journal is an important piece when seeking reimbursement.

The company has spent significant time and effort with its' early partner sites in the US during the previous year to ensure outcomes are as good as possible for our mutual patients. By ensuring sites and their staff are properly trained and supported, we will ultimately ensure that our treatment numbers are as high as possible. The DigniCap system has never been about saving all hair on every scalp, but to make chemotherapy more tolerable by reducing hair loss. The result may vary depending on which chemotherapy is used or how well the staff have been able to receive the training. We are working on modifying the fitting process further and have entered into an exclusive partnership with Boa Technologies in order to optimize the cap fitting.

Dignitana participated at the annual Breast Cancer Symposium in San Antonio (SABCS) in December where the Quality of Life data from the US pivotal study was presented. The poster was entitled "Body image in women with breast cancer using a scalp cooling system to reduce chemotherapy induced alopecia". In summary, women with breast cancer receiving scalp cooling using DigniCap versus control during chemotherapy were significantly less likely to lose >50% of their hair, felt significantly more physically attractive, were significantly less dissatisfied with their appearance when dressed, and regarded the importance of hair significantly more.

The Dignitana presence at SABCS was bolstered by the announcement of our partnership with Boa Technologies, which drew the Fox TV reporters to the conference for interviews at the Dignitana booth resulting in more than 221 media pick-ups and over 89 million impressions through Yahoo Health, CNBC, and several online and broadcast channels.

Media interest in DigniCap remained strong throughout 2016 in the US with more than 837 media placements garnering more than 2,6 billion impressions through online, broadcast, and print media channels. Top national placements in 2016 include a lengthy feature on CBS This Morning, as well as positive coverage in Bustle, NY1, Crain's New York, Yahoo Health, Women's Health, Men's Health, Oncology Nursing News, and patient features on local television stations in more than 12 markets.

During the year, we have continued to develop the Swedish and the US organization. In Sweden, QA and product development resources have been added and in US we have added resources for sales, marketing and clinical support.

We are in the process of defining requirements of the next generation DigniCap. Input is being gathered from the US installations and the information gathered will result in a system better suited for the market.

At the moment, DigniCap® has US FDA clearance for female breast cancer patients, and we claim to know that the system will work with other forms of solid tumor cancers as well. We have subsequently started to work with FDA on an expanded indication for use. If our indicated usage is expanded to other solid tumor cancers, the total approachable market will increase significantly.

Deliveries to our European distributor, Sysmex Europe GmbH, was not following plan during the year, but recovered at the end of the year when Sysmex put new orders for 15 systems to be delivered in 2017.

Sales in China with our distributor Konica Minolta Medical & Graphic did not follow plan so we are looking for new solutions to approach this market more efficiently in the future.

Konica Minolta has selling rights in Japan as well and has, during the year since we got the FDA clearance, started the process to obtain regulatory approval in Japan.

With all the focus to be successful in the American market, less resources have been put into other markets such as the UK and the rest of the world where we do not have distributor agreements.

During the year, the company successfully completed new share issues of 52,5 MSEK consisting of two private placements totaling 33,1 MSEK and a rights issue of 19,4 MSEK from existing shareholders in order to finance further expansion in the US. The main investor in the private placement was Hodges Capital Management, a Dallas, TX based institutional investment firm.

Net revenues for the Group in Q4 increased from 277 TSEK in 2015 to 4,069 TSEK 2016, and by 45% compared to Q3, 2016. The whole year is up by 87 % compared to 2015. On the US market net revenue continues to increase quarter by quarter due to increasing number of installations and treatments. For the rest of the world we have delivered 10 systems to our European distributor Sysmex Europe GmbH in Q4.

Financial comments

- As of September 2015 Dignitana AB, the parent company of the Dignitana group, reports consolidated group financials, including the American subsidiary Dignitana, Inc. Costs related to the subsidiary are now being paid by Dignitana, Inc. Other costs such as regulatory, quality, FDA and product development will continue to be paid by the parent company.
- Every month Dignitana, Inc. will invoice the customers a fixed rental fee for DigniCap and a pay per treatment fee based on the number of completed treatments. Since Dignitana AB continues to own the systems, part of the revenue will be transferred to the parent company.
- A transfer pricing agreement has been established between Dignitana AB and Dignitana, Inc. to determine how the result will be shared between the companies. Other external expenses in Dignitana AB include costs related to the transfer price agreement between the companies.
- Fixed tangible assets in Dignitana AB continue to increase since systems leased to customers in the US will be capitalized as assets and depreciated over five years.

Staff

Company staff in Dignitana AB totaled 8 (7) people as of December 31, 2016. Dignitana Group totaled 17 (12) people as of December 31, 2016.

Future Prospects

Dignitana is in an intensive product launch phase in several markets, which may cause sales to differ from one quarter to the next. Future capitalization may become necessary to build the organization for successful penetration of selected markets.

The share

Shares in Dignitana AB (publ) were listed on the Nasdaq First North listing of the Stockholm Stock Exchange on 30 November 2011 after having been listed at Aktietorget since June 2009. Total shares in the company are 20,274,112 after the share issues during May-June 2016 and there is one class of share. Every share carries an equal right to shares of company assets and profit, and the right to a single vote at the annual general meeting of shareholders. There are 387,000 warrants issued in the company. The warrants carry the right to purchase 222,000 shares in the period June 1 to 30, 2018 and 165,000 shares in the period June 1 to 30, 2019 and will, on full exercise, increase the company share capital by SEK 387,000. Erik Penser Bank act as Certified Adviser for the company.

Related party shareholdings

	Shareholding	Warrants
Johan Stormby via Eurosund AB	4 130 726	
William Cronin	1 939 229	30 000
Semmy Rülff	380 654	
Magnus Nilsson	32 904	
Erik von Schenck	10 769	
Johan Ericsson	6 384	
Erika Bågeman	7 988	30 000
Madelaine Roos	6 909	20 000

Tobias Fritz	6 285	15 000
Susanne Ljungström	0	10 000

Review by auditors

This year-end report has not been subject to review by the company auditors.

Policies for preparation of the interim financial report

Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements (K3).

Submission of the year-end report

Lund, 23 February 2017

Dignitana AB (publ) - Board of Directors

Semmy Rulf	Chairman
Johan Stormby	Director
Magnus Nilsson	Director
Erik von Schenck	Director
William Cronin	Director



Dignitana AB, publ

Corporate registration number:
556730-5346

Dignitana Group

Income statement, SEK	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating income				
Net revenues	4 069 024	276 733	8 901 796	4 748 987
Own work capitalized	94 379	146 270	159 510	899 772
Other income	<u>25 145</u>	<u>17 751</u>	<u>60 441</u>	<u>152 031</u>
Total income	4 188 548	440 754	9 121 747	5 800 790
Operating expenses				
Goods for resale	1 496 665	256 764	3 417 238	2 820 735
Other external expenses	7 376 845	3 093 596	19 579 950	11 203 674
Personnel expenses	6 827 490	2 310 033	16 564 044	7 736 718
Depreciation of tangible and intangible assets	1 323 435	114 095	3 950 200	655 386
Other operating expenses	<u>39 754</u>	<u>12 401</u>	<u>214 643</u>	<u>179 681</u>
Total operating expenses	17 064 189	5 786 889	43 726 075	22 596 194
Operating profit/loss	-12 875 641	-5 346 135	-34 604 328	-16 795 404
Result from financial investments				
Interest income and similar items	1 253 908	-449	2 340 561	255 680
Interest expenses and similar items	<u>-485</u>	<u>74 606</u>	<u>-5 414</u>	<u>-29 108</u>
Total income from financial investments	1 253 423	74 157	2 335 147	226 572
Net profit after financial items	-11 622 218	-5 271 978	-32 269 181	-16 568 832
Results for the Period	-11 622 218	-5 271 978	-32 269 181	-16 568 832
Total shares at the period-end before and after dilution *	20 274 112	16 774 164	20 274 112	16 774 164
Average number of shares before and after dilution *	20 274 112	16 774 164	18 804 511	15 307 889
Earnings per share before and after dilution *	-0,57	-0,31	-1,72	-1,08

* No dilution during the period



Dignitana AB, publ

Corporate registration number: 556730-5346

Dignitana Group

Statement of Financial Position, SEK	2016-12-31	2015-12-31
Fixed assets		
<u>Intangible assets</u>		
Capitalized expenses for development	13 862 201	13 884 250
<u>Tangible assets</u>		
Equipment, tools, and installations	9 692 357	2 066 318
Total Fixed Assets	23 554 558	15 950 568
Current Assets		
<u>Inventories and similar</u>		
Finished goods and goods for resale	2 480 593	9 260 407
Advance payments to suppliers	<u>-</u>	<u>817 035</u>
	2 480 593	10 077 442
<u>Current receivables</u>		
Accounts receivable	3 061 351	325 291
Current tax assets	227 931	88 169
Other current receivables	790 987	1 634 700
Prepaid expenses and accrued income	<u>855 329</u>	<u>522 025</u>
	4 935 598	2 570 185
<u>Cash and bank balances</u>	32 864 372	19 042 062
Total Current Assets	40 280 563	31 689 689
Total Assets	63 835 121	47 640 257



Dignitana AB, publ

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Dignitana Group

Statement of Financial Position, SEK	2016-12-31	2015-12-31
Equity and Liabilities		
Equity		
<u>Restricted equity</u>		
Share Capital (20,274,112 shares par value SEK 1, Previous year 16,774,164)	20 274 112	16 774 164
Fund for development expenses	<u>2 180 475</u>	<u>-</u>
	22 454 587	16 774 164
<u>Non-restricted equity</u>		
Other paid-in capital	65 684 871	40 580 968
Results for the period	<u>-32 269 181</u>	<u>-16 568 832</u>
	33 415 690	24 012 136
Total Equity	55 870 277	40 786 300
Current liabilities		
Accounts payable	3 529 331	5 221 138
Other current liabilities	412 252	234 742
Accrued expenses and deferred income	<u>4 023 261</u>	<u>1 398 077</u>
Total current liabilities	7 964 844	6 853 957
Total Equity and Liabilities	63 835 121	47 640 257



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Dignitana Group

Changes in equity, SEK	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Opening balance	67 461 268	46 078 363	40 786 300	14 578 346
New share issue	-	-40 000	46 944 948	42 385 552
Subscribed warrants	-	-	358 050	380 890
Translation difference on consolidation	31 227	19 915	50 161	10 344
Results for the period	<u>-11 622 218</u>	<u>-5 271 978</u>	<u>-32 269 181</u>	<u>-16 568 832</u>
Closing balance	55 870 277	40 786 300	55 870 277	40 786 300



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Dignitana Group

Statement of cash flows, SEK	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating Activities				
Operating income before financial items	-12 875 641	-5 346 135	-34 604 328	-16 795 404
Adjustments for items not affecting cash flows	1 466 343	311 785	3 539 672	99 574
Interest received	139	-449	844	0
Interest paid	-485	74 606	-5 414	-15 932
Income tax paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from operating activities	-11 409 644	-4 960 193	-31 069 226	-16 711 762
Changes in inventories	-558 102	-4 866 970	-1 038 588	-7 399 552
Changes in other current receivables	-722 654	-296 445	-151 450	2 393 177
Changes in other current liabilities	<u>4 270 992</u>	<u>329 558</u>	<u>1 110 887</u>	<u>296 228</u>
Cash flows from operating activities	-8 419 408	-9 794 050	-31 148 377	-21 421 909
Investing activities				
Acquisition of fixed assets	<u>-1 089 460</u>	<u>-877 923</u>	<u>-2 382 472</u>	<u>-3 407 030</u>
Cash flows from investing activities	-1 089 460	-877 923	-2 382 472	-3 407 030
Financing activities				
New share issue of share capital	-	-	3 499 948	5 095 302
New share issue premium reserves	-	-	48 999 272	39 899 161
Subscribed warrants	-	-	358 050	380 890
Issuance costs	<u>-</u>	<u>-40 000</u>	<u>-5 554 272</u>	<u>-2 608 911</u>
Cash flows from financial activities	0	-40 000	47 302 998	42 766 442
Cash flows in the period	-9 508 868	-10 711 973	13 772 149	17 937 503
Cash and cash equivalents at start of the period	42 342 013	29 734 120	19 042 062	1 094 213
Translation difference on cash and cash equivalents	31 227	19 915	50 161	10 346
Cash and cash equivalents at period-end	32 864 372	19 042 062	32 864 372	19 042 062



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Parent Company

Income statement, SEK	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Operating income				
Net revenues	3 460 257	276 733	7 766 692	4 748 987
Own work capitalized	94 379	436 741	159 510	899 772
Other income	<u>25 023</u>	<u>17 751</u>	<u>60 138</u>	<u>152 031</u>
Total income	3 579 659	731 225	7 986 340	5 800 790
Operating expenses				
Goods for resale	1 435 314	256 764	3 265 760	2 820 735
Other external expenses	9 513 442	3 258 984	24 428 369	11 379 367
Personnel expenses	4 243 913	2 140 672	10 960 933	7 568 634
Depreciation of tangible and intangible assets	1 306 923	399 315	3 908 383	648 455
Other operating expenses	<u>39 754</u>	<u>12 401</u>	<u>214 643</u>	<u>179 681</u>
Total operating expenses	16 539 346	6 068 135	42 778 088	22 596 872
Operating profit/loss	-12 959 687	-5 336 910	-34 791 748	-16 796 082
Result from financial investments				
Interest income and similar items	1 253 908	-449	2 340 561	255 680
Interest expenses and similar items	<u>-485</u>	<u>74 606</u>	<u>-5 414</u>	<u>-29 108</u>
Total income from financial investments	1 253 423	74 157	2 335 147	226 572
Net profit after financial items	-11 706 264	-5 262 753	-32 456 601	-16 569 510
Results for the period	-11 706 264	-5 262 753	-32 456 601	-16 569 510



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Corporate registration number: 556730-5346

Parent Company

Statement of Financial Position, SEK	2016-12-31	2015-12-31
Fixed assets		
<u>Intangible assets</u>		
Capitalized expenses for development	13 862 201	13 884 250
<u>Tangible assets</u>		
Equipment, tools, and installations	9 471 099	2 010 934
<u>Financial assets</u>		
Participations in group companies	420 010	420 010
Receivables from group companies	<u>-</u>	<u>417 620</u>
	420 010	837 630
Total Fixed Assets	23 753 310	16 732 814
Current Assets		
<u>Inventories and similar</u>		
Finished goods and goods for resale	2 480 593	9 260 407
Advance payments to suppliers	<u>-</u>	<u>817 035</u>
	2 480 593	10 077 442
<u>Current receivables</u>		
Accounts receivable	1 896 467	325 291
Current receivables with group companies	905 162	-
Current tax assets	227 931	88 169
Other current assets	727 709	1 633 030
Prepaid expenses and accrued income	<u>321 420</u>	<u>522 025</u>
	4 078 689	2 568 514
<u>Cash and bank balances</u>	31 744 387	18 621 895
Total Current Assets	38 303 669	31 267 852
Total Assets	62 056 979	48 000 666



Dignitana AB, publ

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Parent Company

Statement of Financial Position, SEK	2016-12-31	2015-12-31
Equity and Liabilities		
Equity		
<u>Restricted equity:</u>		
Share Capital (20,274,112 shares par value SEK 1, previous year 16,774,164)	20 274 112	16 774 164
Fund for development expenses	<u>2 180 475</u>	<u>-</u>
	22 454 587	16 774 164
<u>Non-restricted equity:</u>		
Non-restricted equity	22 178 689	3 280 374
Share premium reserves	48 999 272	39 899 161
Issue expenses	-5 554 273	-2 608 911
Results for the Period	<u>-32 456 601</u>	<u>-16 569 510</u>
	33 167 087	24 001 114
Total Equity	55 621 674	40 775 278
Current liabilities		
Accounts payable	2 917 110	4 467 051
Current liabilities to group companies	-	1 132 402
Other current liabilities	412 252	227 858
Accrued expenses and deferred income	<u>3 105 943</u>	<u>1 398 077</u>
Total current liabilities	6 435 305	7 225 388
Total Equity and Liabilities	62 056 979	48 000 666



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