

INTERIM REPORT

January - June, 2019

Q2



REDSENSE
medical

Financial Summary

Financial information – 1st half-year, 2019 (January 1st - June 30th)

Sales for the period January - June amounted to 4 721 kSEK a growth of 30% compared with the same period 2018. Earnings before interest and taxes (EBIT) were -2 507 kSEK or -0,23 SEK per share.

The number of shares outstanding per June 30th was 11 019 765 (June 30th 2018: 10 490 733 shares).

Financial information - Second Quarter 2019

Sales for the period April - June amounted to 2 758 kSEK, a revenue growth of 12% compared with the same period 2018. Earnings before interest and taxes (EBIT) were -2 403 kSEK, which is an improvement versus same period 2018.

Second Quarter 2019 (April 1st - June 30th)

Redsense Medical Group

- Sales amounted to 2 758 kSEK (2 461) with an increase by 12% compared to 2018
- Earnings before interest and taxes amounted to -1 388 kSEK (-2 060)

Redsense Medical AB

- Sales amounted to 2 060 kSEK (-1 373)
- Earnings before interest and taxes amounted to -1 346 kSEK (-1 249)

1st half-year 2019 (January 1st - June 30th)

Redsense Medical Group

- Sales amounted to 4 721 kSEK (3 634) with an increase by 30% compared to 2018
- Earnings before interest and taxes amounted to -2 507 kSEK (-3 199)
- Total equity amounted to 1 270 kSEK at the end of the period
- Available liquid assets at the end of the period were 657 kSEK

Redsense Medical AB

- Sales amounted to 3 466 kSEK (2 163)
- Earnings before interest and taxes amounted to -2 131 kSEK (-1 990)
- Total equity amounted to 45 423 kSEK at the end of the period
- Available liquid assets at the end of the period were 586 kSEK

Highlights

Summary and Highlights

Significant Events during Second Quarter

- Redsense Medical has signed a collaboration agreement with Physidia, a French dialysis company focusing on the home hemodialysis market
- Dr. Maria Alquist was elected to the Board of Directors
- Redsense Medical received patent approval in Sweden for its smart wound care technology for optical measuring of blood and exudate
- Redsense Medical changed list for trading on May 3rd to Spotlight Stock Market
- In collaboration with the University Health Network in Toronto, an article was entitled - "A prototype line clamp for venous access bleeding in hemodialysis: A prospective cohort study", was published in the medical journal Hemodialysis International (2019; 23: 151–157)

Significant Events after Second Quarter

- Q3 started in the first week with Metro Medical Supply Inc., distribution partner of Redsense Medical, based in Nashville, USA booked an order of blood leakage alarms to a value of 1,5 MSEK
- Participating at the 2nd Annual Conference in IDEAS & Innovation in Dialysis in Seattle presenting a poster about a new innovation around Smart Needle Disconnect Alarm

The strongest result in the company's history

The first half of 2019 is the strongest yet in the company's history, with an increase of 30% versus same period last year. Q2 was up 12% versus same period last year and is the strongest quarter on record for the company; and we can already now estimate that Q3 will be even stronger.

Our growth is driven by sales to the US home hemodialysis market and we have already received an increase in order volume in July and August. With President Trump's recently announced initiative we expect a continued increase in the US. During this fall we will continue to build our US business with more partners and stay close to the development by the government. We have good relationships with user groups and care givers (nurses and physicians organisations). Further we will assess and develop our supply chain, particularly serving the US.

In Europe we see an increase in sales from the Netherlands and the UK. We are working close to our distributors with training of customers and exhibitions, and are awaiting the results of several tenders. This is a lengthy process, however, we expect to see more activity during late fall. In Germany we have worked intensely during this summer with introducing the products and training some clinics for evaluation. We hope to have some new customers to announce during the fall.

We have announced a collaboration with Physidia, a French dialysis company focusing on the home hemodialysis market. The collaboration includes a direct connection, using the PAS standard, with the Redsense blood leakage alarm with Physidia's new S3 dialysis monitor.

We are convinced that the home hemodialysis trend will continue as this modality gives a number of benefits for the patient as well as cost savings compared to treatments in clinic.

Building on our experiences with the PAS product and system we intent to develop a product that can stop the dialysis treatment when the device gives a blood leakage alarm without being connected to the dialysis machine. This project is in collaboration with the University Health Network in Toronto where we have tested the first prototype.

The result from this evaluation has been published in the medical journal Hemodialysis International (Kennedy et al 2019; 23:151–157).

CEO Message

We have presented a poster at IDEAS & Innovation in Dialysis in Seattle together with IEC/ imec showing our innovative technology and how we can help to change the industry and support an increase in home hemodialysis.

We continue to strengthen our position within our new business area – Wound Care. We already noticed a significant interest in the technology from major international players in the wound care sector. This technology and patent confirm that we have developed a unique solution that can help to improve wound care globally.

Our goal is to create a strong patent protection for the technology in all important regional markets in parallel with the ongoing product development.

Our smart wound care technology makes it possible to develop thin sensor layers for optical measurement of most physiological and biological parameters such as in blood and wound fluids.

Looking ahead we expect continued increased sales for the balance of the year. We continue to focus on sales as well as building and strengthening partnerships with distributors and healthcare stakeholders.



It is also important to maintain business continuity and consistency to keep delivering above expectations. With that in mind, I am very much looking forward to an exciting and busy remaining year 2019!

Halmstad, August 26th, 2019

A handwritten signature in blue ink, appearing to read 'Patrik Byhmer'.

Patrik Byhmer
CEO Redsense Medical AB

Financial Information in Summary

Redsense Medical Group - Income Statement

	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018
Net Sales	2 757 730	2 461 611	4 721 317	3 634 620
Capitalized R&D Cost		567 800		567 800
Other operating income	139 314		140 344	
Total operating income	2 897 044	3 029 411	4 861 661	4 202 420
Merchandise	-1 546 215	-1 468 099	-2 080 289	-1 689 707
Other external expenses	-1 462 951	-2 450 396	-2 874 361	-3 582 914
Personell costs	-1 137 521	-1 173 400	-2 202 588	-2 073 159
Depreciation and writedowns	-48 000	-48 000	-96 000	-96 000
Total operating costs	-4 194 687	-5 139 895	-7 253 238	-7 441 780
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	-1 297 643	-2 110 484	-2 403 260	-3 239 360
Interest income and currency profit		50 234	33 835	39 476
Interest expenses and currency loss	-90 301		-149 680	
Financial income and expenses	-90 301	50 234	-115 845	39 476
PROFIT/LOSS AFTER FINANCIAL ITEMS	-1 387 944	-2 060 250	-2 507 422	-3 199 884
PROFIT/LOSS FOR THE PERIOD	-1 387 944	-2 060 250	-2 507 422	-3 199 884

Financial Information in Summary

Redsense Medical AB - Income Statement

	APR-JUN 2019	APR-JUN 2018	JAN-JUN 2019	JAN-JUN 2018
Net Sales	2 059 856	1 373 154	3 465 964	2 163 333
Capitalized R&D Cost		567 800		567 800
Other operating income	139 314		140 344	
Total operating income	2 199 170	1 940 954	3 606 308	2 731 133
Merchandise	-1 546 215	-1 107 369	-2 080 289	-1 328 977
Other external expenses	-1 148 837	-1 341 190	-2 150 048	-2 088 862
Personell costs	-711 398	-743 936	-1 294 805	-1 247 540
Depreciation and writedowns	-48 000	-48 000	-96 000	-96 000
Total operating costs	-3 454 450	-3 240 495	-5 621 142	-4 761 379
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	-1 255 280	-1 299 541	-2 014 834	-2 030 246
Share profit in Group companies				
Interest income and currency profit		50 234	33 835	39 476
Interest expenses and currency loss	-90 301		-149 680	
Financial income and expenses	-90 301	50 234	-115 845	39 476
PROFIT/LOSS AFTER FINANCIAL ITEMS	-1 345 581	-1 249 307	-2 130 679	-1 990 770
PROFIT/LOSS FOR THE PERIOD	-1 345 581	-1 249 307	-2 130 679	-1 990 770

Financial Information in Summary

Balance sheet

	REDSENSE MEDICAL GROUP		REDSENSE MEDICAL AB	
	June, 2019	Dec, 2018	June, 2019	Dec, 2018
ASSETS				
FIXED ASSETS				
Intangible assets				
Capitalized R&D costs	3 140 758	2 848 258	3 140 758	2 825 758
LONG-TERM FINANCIAL ASSETS				
Shares in subsidiaries			30 050 000	30 000 000
Shares in associated companies			200 010	200 010
Trade receivables			15 999 895	15 497 346
Total Fixed Assets	3 140 758	2 848 258	49 390 663	48 523 114
CURRENT ASSETS				
Merchandies	1 323 701	702 181	1 268 220	652 616
Prepaid expenses to providers	75 000	75 000	75 000	75 000
Trade receivables	2 025 015	1 280 147	28 665	426 843
Other short-term assets	325 561	534 406	325 561	534 406
Prepaid expenses and accrued income	451 707	263 901	430 031	300 864
Cash equivalents	657 213	3 123 652	586 168	1 791 718
Total non-current liabilities	4 858 197	5 979 287	2 713 645	3 781 447
Total current assets	7 998 955	8 827 545	52 104 308	52 304 562
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share Capital	1 097 855	1 097 855	1 097 856	1 097 856
Restricted equity	13 704 158	13 606 648	13 554 148	13 554 148
Unrestricted equity				
Unrestricted equity	-51 156 359	-43 858 264	-7 229 844	-2 456 621
Share premium reserve	40 131 691	40 131 691	40 131 691	40 131 691
Profit/loss for the period	-2 507 422	-6 939 564	-2 130 679	-4 773 223
Total equity	1 269 923	4 038 366	45 423 172	47 553 851
LIABILITIES				
Long-term liabilities				
Long-term liabilities to credit institutions	2 934 113	3 043 916	2 934 113	3 043 917
Other liabilities				
Total long-term liabilities	2 934 113	3 043 916	2 934 113	3 043 917
Short-term liabilities				
Short-term liabilities	2 300 066	1 243 104	2 297 559	1 210 699
Other short-term liabilities	1 218 900	242 246	1 218 900	265 531
Accrued expenses and deferred income	275 953	259 913	230 564	230 564
Total non-current liabilities	3 794 919	1 745 263	3 747 023	1 706 794
Total liabilities	6 729 032	4 789 179	6 681 136	4 750 711
Total equity and liabilities	7 998 955	8 827 545	52 104 308	52 304 562

Financial Information in Summary

Cash flow statement

SEK thousand	JAN-JUN 2019	JAN-JUN 2018
Cash flow from operating activities before changes in working capital	-2 466 194	-2 593 323
Cash flow from operating activities	-3 210 652	484 025
Cash flow from investment activities	-461 000	-567 800
Cash flow from financing activities	-109 804	-101 689
Cash flow for the period	-3 781 456	-101 689
Liquid assets at the end of the period	657 213	2 139 423

Administration report

Audit review

This report has not been subject to review by the company's auditor.

Next report

The next financial report is the interim report for January - September 2019 and will be published on Nov 18th, 2019.

Assurance

The Board of Directors and the CEO have, to the best of their abilities, ensured that this Q2 Interim Report provides a true and fair view of the Company's operations, position and results.

Trading place

Redsense Medical's shares have been listed on the Spotlight Stock Market since May 3rd, 2019 and trading takes place under the ticket: REDS

During the period Oct. 2017 - May 2019, the Company was listed on Nasdaq Forth North.

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Publication

Redsense Medical AB (publ)
Company Identity No 556646-48620

Redsense Medical AB (publ) is obliged to make the information contained herein public pursuant to the EU market abuse regulation. The information was submitted for publication through the agency of the above contact person, at CET 08:30 on August 26th, 2019.

Other information

For further information on Redsense Medical AB's operations, please refer to the company's website: www.redsensemecical.com

