

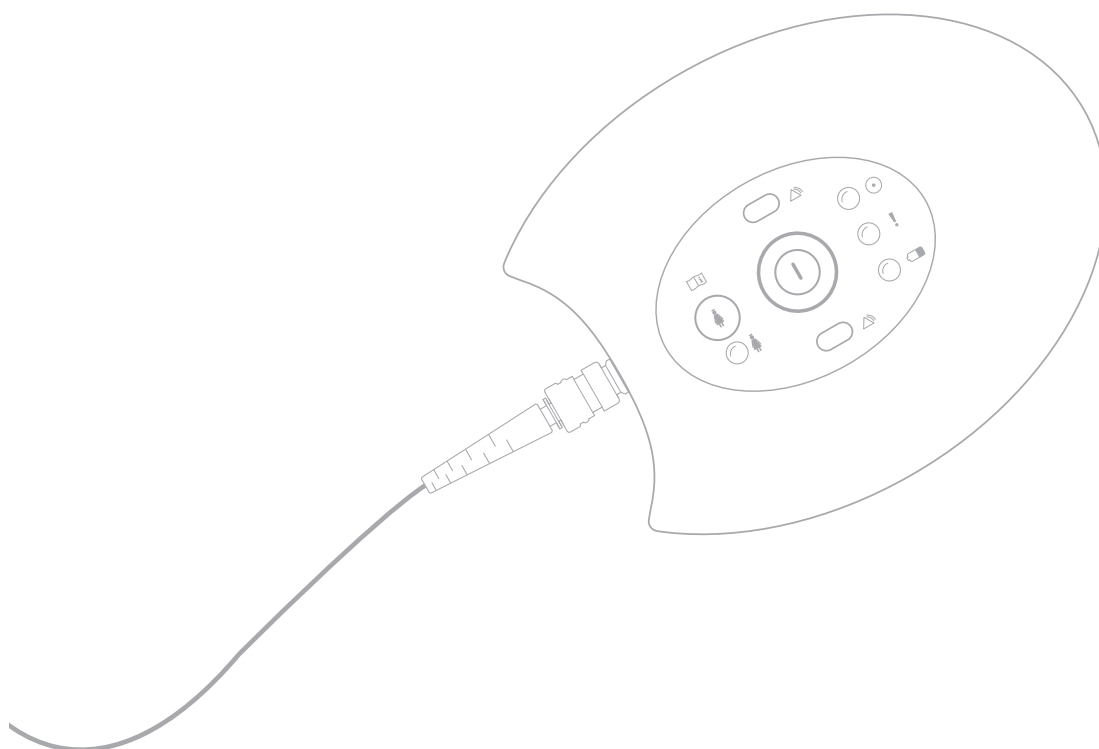


REDSENSE
medical

YEAR-END REPORT

2019





OPERATIONS

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13.9

TOTAL OPERATING
INCOME 2019, MSEK

59%

GROWTH 2019

-3.7

EBIT 2019

neg

EPS 2019

45%

SOLIDITY, %

8.6

CASH BALANCE,
MSEK

FULL YEAR, 1 JANUARY – 31 DECEMBER 2019

The Group

- Total operating income for the financial year amounted to kSEK 13,863 (8,702).
- Net sales for the financial year amounted to kSEK 13,265 (7,006).
- Operating result (EBIT) amounted to kSEK -3,742 (-6,829).
- Total equity amounted to kSEK 8,694 at the end of the period (4,288).
- Cash and cash equivalents amounted to kSEK 8,645 at the end of the period (3,439).

The Parent Company

- Total operating income for the financial year amounted to kSEK 10,228 (6,734).
- Operating result (EBIT) amounted to kSEK -4,002 (-4,712).
- Total equity amounted to kSEK 51,258 at the end of the period.
- Cash and cash equivalents amounted to kSEK 5,845 at the end of the period.

FOURTH QUARTER, 1 OCTOBER - 31 DECEMBER 2019

The Group

- Net sales for the fourth quarter amounted to kSEK 3,967 (1,767).
- Operating result (EBIT) amounted to kSEK -973 (-2,728).

The Parent Company

- Net sales for the fourth quarter amounted to kSEK 2,907 (1,002).
- Operating result (EBIT) amounted to kSEK -1,100 (-2,184).

SIGNIFICANT EVENTS IN 2019

RESULT AND POSITION

The Group's result for the financial year 2019 amounted to kSEK -4,016 before taxes, or SEK -0.33 per share. The number of shares outstanding was 12,174,914 as of 31 December 2019. Cash and cash equivalents at the end of the period amounted to kSEK 8,645.

Proposed appropriations of profit or loss

The Board of Directors and Chief Executive Officer proposes that no dividend shall be paid for the financial year 1 January to 31 December 2019.

SIGNIFICANT EVENTS 1 JANUARY - 31 MARCH 2019

- PCT approval of the Redsense Catheter Patch, detecting blood leakage from the central bloodline.
- Offset of loans raised in connection with directed new share issue.
- Announced the development of a prototype for Redsense's novel smart wound care technology, where blood and exudate is measured optically with a thin sensor layer.
- Patent approval in Sweden for the smart wound care technology.
- Major US dialysis provider successfully completed evaluation of the Redsense blood leakage alarm.

SIGNIFICANT EVENTS 1 APRIL - 30 JUNE 2019

- Collaboration agreement with Physidia, a French dialysis company focusing on the home hemodialysis market – Physidia commits to integrate Redsense, enabling automatic stop when blood leakage is detected.
- Dr. Maria Alquist elected to the Board of Directors.
- Changed list for trading to Spotlight Stock Market.
- Patent approval in Canada for the blood leakage alarm.
- Article published in Hemodialysis International in collaboration with the University Health Network in Toronto.

SIGNIFICANT EVENTS 1 JULY - 30 SEPTEMBER 2019

- PCT application based on Swedish patent for smart bandage submitted.
- Orders exceeding MSEK 4 in value obtained from the USA in July and August.
- Submitted patent application for new technology derived from the existing smart bandage and stand-alone, applicable in different industries.
- Targeted share issue of 8,5 MSEK to accelerate expansion, meet increased demand, as well as develop and commercialize previously evaluated blood clamp prototype.
- Increased use of Redsense among top dialysis providers in the USA.
- Initiative to facilitate reporting of venous needle dislodgement presented together with European Nurses Association.

SIGNIFICANT EVENTS 1 OCTOBER - 31 DECEMBER 2019

- Received kSEK 500 funding from Vinnova to develop AI-driven wound monitoring software.
- Received international patent opinion regarding the Company's first smart wound care invention, with all claims found to be novel and have "inventive step".
- Redsense offsets loan raised in connection with directed share issue.
- Ann-Marie Eriksson recruited as the Company's new Chief Technology Officer, responsible for R&D, quality systems and securing supply chain input.
- Supply chain optimizations to increase production capacity, improve efficiency and improve response time.

SIGNIFICANT EVENTS AFTER THE PERIOD

- Offset of loans raised in connection with directed new share issue.
- Influx of new orders to a combined value of more than MSEK 1.5 during the first days of January.

Redsense Medical AB's mission is to improve the safety and quality of life for dialysis patients worldwide. The company has developed the Redsense System, an innovation that improves patient safety in connection with hemodialysis treatment by continuously monitoring the blood access site for Venous Needle Dislodgement (VND) – a potentially life-threatening complication, that according to studies affect 2,100 patients around the world every day and causes the unnecessary death of 21 patients per week.

Globally, the number of patients undergoing hemodialysis treatment several times per week due to chronic kidney disease is approaching four million and is projected to keep growing by six percent annually, driven by ageing population and other factors. Every hemodialysis treatment carry the risk of VND – and this is what Redsense has set out to avoid, by establishing the blood loss alarm as a standard component in dialysis care.

About the product

The system uses patented fibre optic sensors to detect blood leakage during hemodialysis and trigger alarms to alert caregivers. The system can also be integrated with the dialysis machine to stop the blood pump automatically when blood leakage is detected.

The sensors, incorporated into sensor patches, are designed to be applied either to the venous needle or the central venous catheter. Redsense is the first and so far the only product on the market able to reliably safeguard against VND; there are no other adequate alarm systems available for hemodialysis.

Today the company is offering the second generation of the product, and more than 500,000 treatments with the Redsense system have been conducted in total.

Focus markets

Redsense Medical is a corporate group with operations mainly in Europe and the United States. The focus is on both clinical and home use for daily as well as nocturnal treatments. The absolute majority of hemodialysis treatments are conducted in clinics today, but the rate of home hemodialysis is expected to increase substantially over the coming years, thanks to lower cost, political initiative and improvements in technology; naturally, Redsense can make an important contribution to such a development.

Product development

Currently under development is the Redsense Clamp, an accessory to the company's blood leakage alarm that enables automatic stop of the blood flow by clamping the blood line, independent of the type of dialysis machine.

In addition, it is the company's long-term strategy to expand the use of the Redsense technology to new areas; building on the fiber optics technology platform, the company is now developing a smart monitoring system aimed at a new market segment – Chronic Wound Care. This system, a prototype of which has been developed and tested, consists of a low-cost, disposable and safe sensor layer that can measure blood and exudate optically. The sensor layer can be easily integrated into existing wound dressings, from where it can connect to a microprocessor and in real time report the physiological parameters relevant to the wound healing process.

As the technology enables very cost- and resource-effective individual wound care, it has the potential to revolutionize the global wound care market. Contacts with global wound care operators are underway, a Swedish patent has been approved, and a favorable first international patent opinion has been received.



A near-explosive growth in sales

As we close the book on 2019, the strong level of sales and the significant build-up of commercial momentum feels like the most characteristic feature of the year. The pace has continued to increase throughout the year, and we have marked new record levels quarter by quarter; our sales during the last two quarters doubled compared to the corresponding period the preceding year, and sales for the fourth quarter increased by no less than 150 percent compared to Q4 2018.

United States is leading the way

Our current sales growth is primarily driven by the US home hemodialysis market. To a large extent, this can be attributed to the surge in nocturnal home hemodialysis treatments. In turn, this is facilitated by the US government's focus on the matter, with larger US dialysis providers following suit and communicating the intention to step up their home dialysis operations. We are convinced that this trend will continue, as it provides a number of benefits for the patients as well as cost savings for society. Furthermore, there is still a vast market potential waiting to be unleashed when doctors and caregivers embrace the advantages fully.

Demand from caregivers is rising rapidly as well; awareness is spreading that Redsense provides a cost-efficient life insurance as well as a mean to free resources for more qualified care tasks.

Europe coming into place

In the European market, the sales and marketing structure is steadily falling into place, and we are strengthening our partnerships with distributors and healthcare providers. Sales from the Netherlands and the UK are increasing, and our distributors are promoting and evaluating needs across the continent.

A very important development is that we have obtained a new PAS 63023 integration. We have entered into a cooperation agreement with the French home hemodialysis machine manufacturer Physidia, which will become the second monitor manufacturer to include a direct connection to Redsense in accordance with the standard.

We have also announced a new project with the EDTNA to create a tool for nurses and other care-givers, making it easy to report VND events

Novel wound care progresses

Work on the new smart wound care technology platform is continuing effortlessly. Promising lower costs of care and more individual treatment, this product specifically puts the advanced wound care and burn wound care markets within the Company's reach. A prototype with fully functional optical measuring has been developed and tested during the year.

We aimed from the start to create a strong patent protection in parallel with the development effort, and received patent

approval in Sweden during Q1. Based on this, a PCT application for the Smart Bandage was submitted in August, and in Q3, we received the written patentability opinion with all claims found to be novel and non-obvious. The invention was also deemed industrially applicable – thus an entirely positive result. We will proceed to nationalize the PCT application in regions of interest.

There has been significant interest in the technology from major international players in the wound care segment, and we are engaging in discussions with them while we continuously look at how to develop the method and device into new technology areas. We have received a grant from Vinnova, Sweden's government agency for innovation, to develop an AI-driven wound monitoring software to process sensor data.

Meticulously preparing for further growth

In early May, the share was re-listed on the Spotlight Stock Market. The rationale for this decision was that it allows us to better allocate resources to where they matter most - the company's growth.

In January, Ann-Marie Eriksson joined the Redsense team in the role as new Chief Technology Officer. She will lead the R&D projects, a pivotal task as the smart wound care platform is developed into a comprehensive solution. She will also manage the quality systems, and will be a great asset in our preparations to meet the upcoming European regulatory requirements that will enter into force in mid 2020.

The higher-than-projected orders have put quite some stress on our supply chain, and we have responded with a set of measures to strengthen it. Sensor production has been streamlined, resulting in a doubling of capacity, and other optimizations will allow us to quickly scale up production capacity to cover peak demand.

Future outlook

At this point, we are looking to the future with great optimism and confidence. Demand is looking solid moving forward, and we are proactively strengthening our supply chain to keep up, in an ongoing effort. Meanwhile, we are proceeding to pursue our patent strategy, develop the technology, and strengthen the integration with hemodialysis providers. We are also looking forward to the international patent opinion regarding our second invention, due in March. We have come a long way towards establishing the Redsense alarm system as a standard protection measure in hemodialysis care.

Patrik Byhmer
CEO, Redsense Medical



OUR MARKET

The primary functions of the kidneys are to purify the blood by removing toxic waste products and to remove excess fluid from the body.

Chronic kidney disease is commonly divided into five stages. The fifth and final stage is the most critical; when the disease has progressed this far, more than 85 percent of the patients' kidney function has been lost. At this stage, often referred to as End-Stage Kidney Disease (ESKD), the patient is forced to undergo regular and usually life-long treatment with hemodialysis or peritoneal dialysis, or to receive a kidney transplant. Hemodialysis is currently the most common therapy.

In 2018, 3.4 million people were receiving treatment for ESKD globally. In 2020, this number is calculated to exceed 3.8 million.

The number of dialysis patients worldwide was approximately 3 million in 2018, and it is projected to keep rising at a relatively constant rate of around 6 percent annually.

The most efficient method of treatment is a successful kidney transplant. A new kidney can come from either a living donor (since it is possible to live a healthy and normal life with just one kidney) or from a deceased person. However, there is a shortage of organs available for transplantation to meet the demand. Furthermore, not every patient is a good candidate for transplant; there may, for example, be medical reasons to avoid the procedure. In such cases, chronic dialysis treatment is the remaining option.

Our target market

Our product has garnered a lot of interest from different kinds of clinics and hospitals, in Sweden, in other European countries as well as in the US.

Redsense Medical is specifically targeting the US and German markets, and has established its own sales and marketing organizations in these countries. The company's strategy is to utilize distributors for the remaining markets. In a global perspective, the most important

market is the US, which is dominated by two major dialysis operators. DaVita and Fresenius Medical Care, together controlling more than two thirds of the market.

Outside of the US, there are three large operators of dialysis clinics not owned by machine manufacturers: KfH (Germany), PHV (Germany), and Diaverum (Europe, the Middle East and South America). These customers will be addressed by Key Account Managers



OUR PRODUCT

The Redsense system consists of two parts: a blood sensor incorporated into a disposable patch, and an alarm unit. The device monitors the venous needle access point continuously, checking for blood leakage using fiber optic technology. If blood reaches the patch and comes into contact with the sensor, an alarm is triggered, immediately alerting caregivers. This occurs if the needle is accidentally dislodged during dialysis.

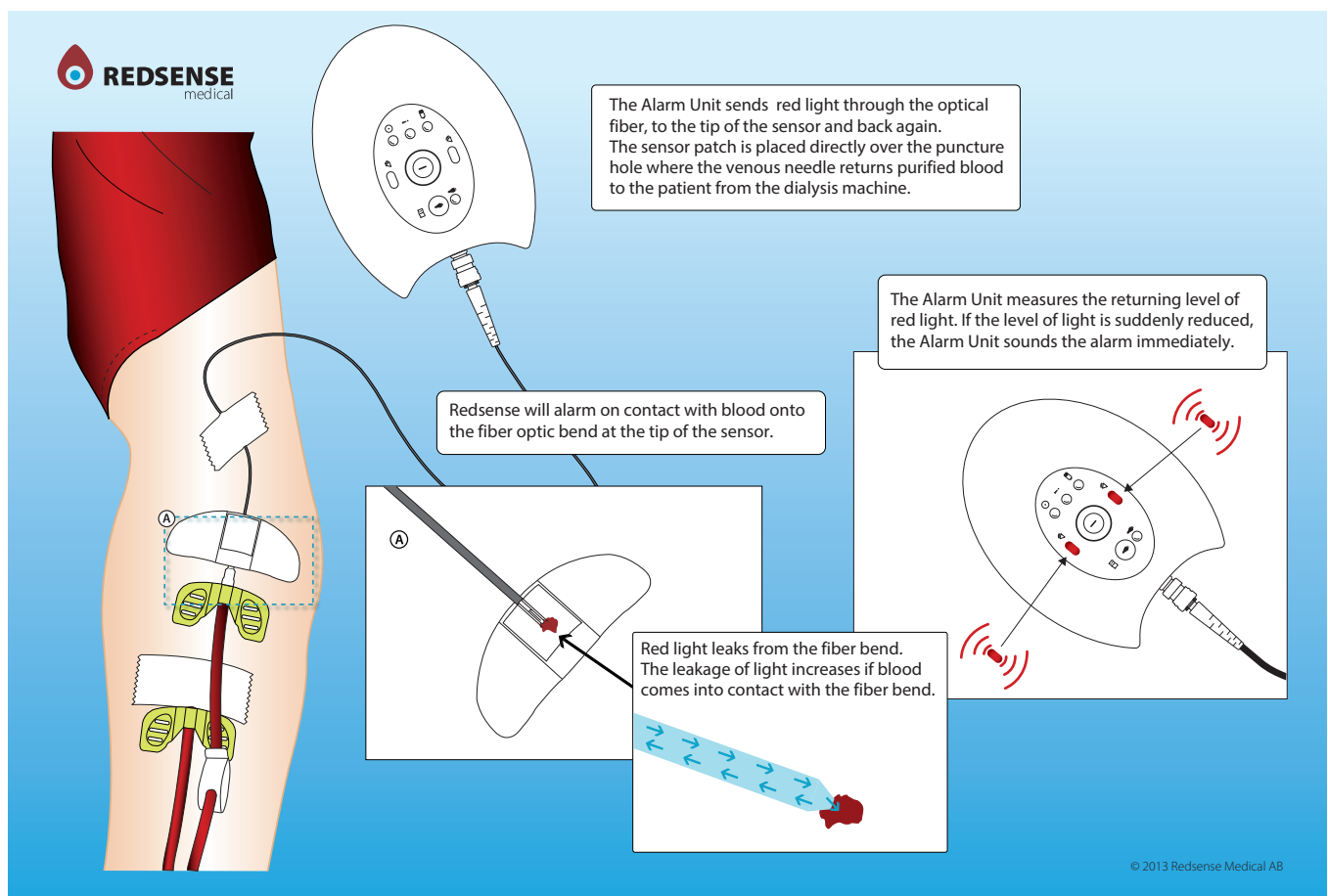
Redsense has several advantages:

- The sole function of the system is to detect blood loss.
- No electronic circuits are present in the vicinity of the open wound.
- The sensor patch used in the system is entirely plastic based, which reduces overall cost.
- The product promotes patient safety, and can both prevent suffering and save lives, as well as improve the cost-efficiency of healthcare.

One of the major advantages of Redsense is that the product is designed to allow integration with almost every dialysis machine on the market. The product is easily connected to a port on the dialysis machine with a cable.

The alarm unit can even be fully integrated into the dialysis machine. Redsense is currently integrated with the Nikkiso's dialysis machine through a direct connection in accordance with the PAS 63023 standard. As of 2019, the machine manufacturer Physidia has also committed to integrate with Redsense in the same manner; this means that the machine's blood pump will automatically stop when the Redsense device detects that blood leakage has occurred, which effectively minimizes the risk of severe blood loss.

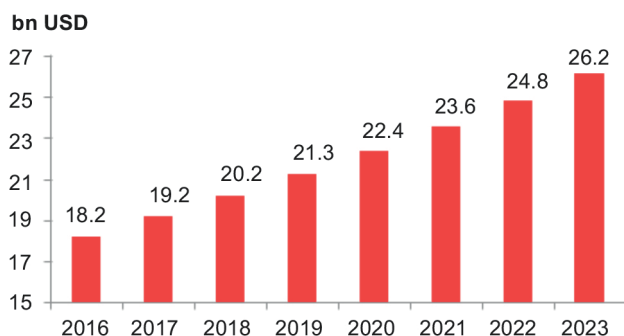
Where dialysis machines cannot be integrated with the Redsense System, the new Redsense Clamp product, an accessory to the company's blood leakage alarm, will be an option. The Redsense Clamp will prompt the machine's blood pump to stop automatically when blood leakage is detected, regardless of which dialysis machine is used. Commercialization should be able to commence in Canada and Europe by late 2020



WOUND CARE – A NOVEL MARKET AREA

The wound care market had a turnover of approximately USD 18.2 billion in 2016, and it is projected to grow at a compound annual growth rate (CAGR) of 5.3 percent up to 2023. The important drivers behind the estimated 2023 market value of USD 26.2 billion are expected to be an ageing population, increased prevalence of diabetes, and growing investments in R&D resulting in more innovations within the field.¹ Chronic wounds are expected to comprise most of the wound market up to 2023.

Wound market, market value 2016-2023 (bn USD)



Source: Orbis Research: Global Wound Care Market Research Report and Forecast to 2018-2023.

Two primary wound types

The wound market can broadly be divided into two categories. The first category, which represents the majority of the market, is Chronic Wounds. These are wounds that take a long time to heal. One example of a chronic wound would be a diabetic foot ulcer, an open wound, often on the bottom of the foot, occurring in 15 percent of patients with diabetes. This type of wounds is increasing in numbers. The second category is Acute Wounds, which contains such wounds that appear suddenly, for instance after an accident. As opposed to chronic wounds, wounds in this category heal relatively quickly.

Wound care can be divided into five primary segments. Basic, Advanced, Traditional, Bioactive and Therapy. Advanced Wound Care represents the majority of the market today; the estimated value in 2017 was USD 10.4 billion, and it is projected to grow with a CAGR of 4.6 percent up to 2022.

The global market for burns amounted to approximately USD 1.7 billion in 2016, with a projected CAGR of 6.8 percent up to 2021.² One of the challenges in management and treatment of burn wounds is the dressing and bandages; the purpose of the dressing

is to absorb fluid from the wounds, but it is difficult to assess when the dressing is filled and in need of replacement. Often the dressing is removed from the wound before it is fully healed. This can tear up the wound and prolong the healing process unnecessarily. It also increases the number of bandages used and hence cost.

The North American market

The North American market is the biggest part of the wound market today, and according to estimates, it will remain to be so in 2022. About 6.5 million people in the US are currently suffering from chronic wounds, many of them diabetes-related.³ Some studies have documented patient cases where the cost of a single wound treatment has exceeded USD 18,000.⁴ The associated medical costs amount to approximately USD 50 billion annually.⁴ To put this number in perspective, it is more than tenfold the annual budget of the World Health Organisation.

The European market

One of the most common health problems in Europe is related to wounds. About 4 out of 1,000 people in Europe are estimated to suffer from chronic wounds, which corresponds to between 1.5 and 2 million people affected.⁵ The treatment of this kind of wounds is very costly. In Germany, the European country that has the highest spending on wound care, the cost of treating a chronic leg wound is upwards of 9,000 euros per year.^{6,7} Many European insurance companies fail to cover wound care

1. Orbis Research: Global Wound Care Market Research Report and Forecast to 2018-2023.
2. Markets and Markets: Burn Care Market worth 2,33 Billion USD by 2021.
3. Euroonitor International: Wound Care in the US.
4. Wound Care Outcomes and Associated Cost Among Patients Treated in US Outpatient Wound Centers: Data From the US Wound Registry
5. Europe Wound Management Market - Segmented by Product, Wound Healing Therapy and Geography - Growth, Trends, and Forecast (2018 - 2023)
6. Purwins S, Herberger K, Debus ES, Rustenbach SJ, Pelzer P, Rabe E, Schäfer E, Stadler R, Augustin M (2010). Cost-of-illness of chronic leg ulcers in Germany. *Int Wound J* 7(2):97-102.
7. Augustin M, Brocatti LK, Rustenbach SJ, Schäfer I, Herberger K (2014). Cost-of-illness of leg ulcers in the community. *Int Wound J* 11(3):283-92

REDSENSE'S WOUND CARE TECHNOLOGY

The new smart wound care technology improves on the blood leakage platform for hemodialysis, and performs optical measuring of blood and exudate with a thin sensor layer which easily can be integrated in smart bandages and plasters.

Redsense employs 3D printing at micrometer scale to construct optical switches with capacity to handle multiple inputs through the same fiber. Our product is effectively an add-on to existing wound care products. We hold it to be much easier to make use of already established sales channels, and offer them an additional product to sell to their existing customers. Compared to allocating resources of our own to conduct the entire market processing, such a Go-To-Market strategy will result in a more cost-efficient expansion

A market with vast potential

We are aiming to address the market for advanced wound care with an estimated market size of SEK 100 billion. When looking specifically at burn wounds, we estimate that the part of the market where we see a strong interest in our product is worth approximately SEK 20 billion, but even a smaller market share would result in significant revenue from sales.

Our OEM business model

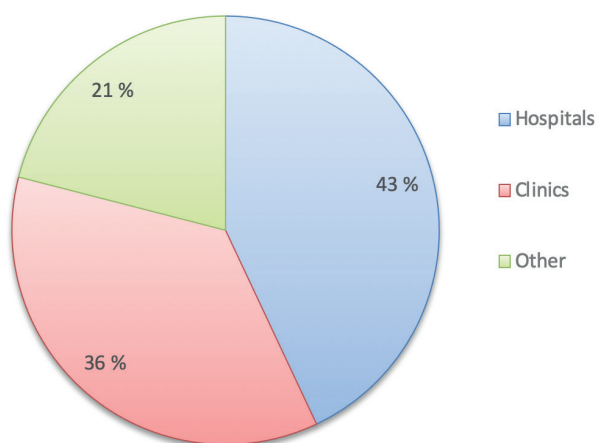
The sales strategy we currently are considering takes the approach of working through the existing sales channels of already established external partners.

In a simplified scheme, our responsibility is to manufacture the component that will be used with the external operator's device, while the external operator takes care of the marketing. This entails that we will adopt a revenue sharing model, where the sales revenue is split between us and our partners. The specifics of the distribution model will be a matter for negotiation.

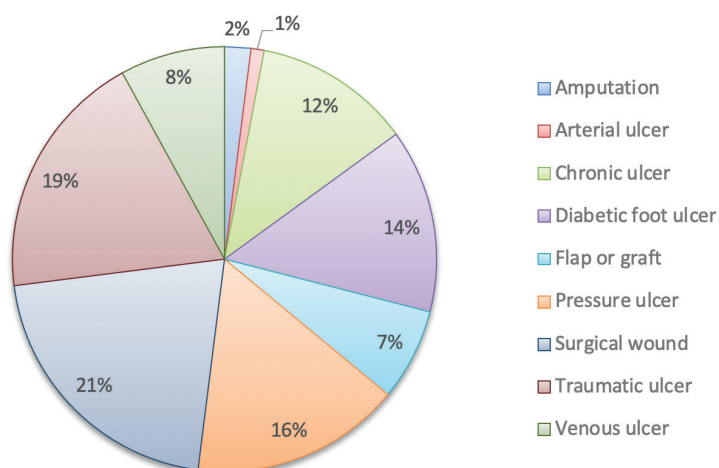
Financing of the novel product area

We are considering to separate this project from Redsense Medical and raise capital directly through a new company. This would have several advantages and would relieve Redsense Medical from needing additional capital injections. As for the actual initiation of sales, the company has already established contact with global wound care operators. It is our assessment that this will serve to accelerate the market launch.

The global burn wound care market by end user (2019)



Wound category





MANAGING BODY AND BOARD



Patrik Byhmer
Chief Executive Officer

Patrik has extensive experience in leading global businesses and managing staff, distribution networks, agents and production outside Europe. He has worked in marketing at Procter & Gamble, and has held positions as BU Director for medical technology companies with global distribution (Etac AB). He has also set up new technology business operations in mobile technology (Global V.P. Sales & Marketing at gigaAnt, Perlos (now Lite-On) and Antenova). This kind of experience will be especially valuable to Redsense Medical when the company is ready to scale up sales. Patrik holds a BA in Behavioral Science from Lund University as well as a Master of Science in Engineering Physics from the Institute of Technology at Lund University. He is also an officer of the reserve, with education from the Swedish Infantry Officers' College in Halmstad.

Patrik holds 1,701,480 shares and 72,463 stock options in Redsense Medical, through Pacar Holding AB and Nesterio Medical AB.



Brendan Kane
US Director of Sales

Brendan has more than 25 years of renal industry experience, and his career has encompassed various sales, sales management, and business development positions with National Medical Care, Fresenius Medical Care, American Renal Associates and other renal equipment and pharmaceutical manufacturers.

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals undergoing dialysis due to chronic kidney failure. The company maintains a network of 3,250 dialysis clinics worldwide.

Brendan holds no shares in Redsense Medical.



Bo Unéus
Chairman of the Board

Bo has held senior positions at Nordstjernan and Skåne-Gripen, and has worked at an international level for many years. He has managed change processes for larger companies and groups, including Fiat in Turin, and has acted as adviser and consultant for a number of large international business networks. For several years, Bo has lived and worked in Berlin. The German market is essential for Redsense Medical, and Bo's knowledge of the German business world is therefore of critical importance. His solid experience with the German market also provides value for operations in other German speaking countries. Bo is the CEO and founder of Hügöth AB, an international business consultancy firm that assists companies with internationalization by using the German market as the stepping stone to the global market. Previously, Bo was Sales Manager at BTS and other companies.

Bo holds 26,500 shares and 72,463 stock options in Redsense Medical, through his own company Hügöth AB.



Jane Hurst
US Clinical Director

Jane started out as a nurse in 1980. Her experience covers a wide range of medical specialties including nephrology, hemodialysis, burns and oncology. In 2002, Jane Hurst obtained a certification to consult in nursing issues in the judiciary. She currently provides medical-legal knowledge to prosecutors, insurance companies, businesses and governments, and in addition to her work as a consultant, Hurst teaches in a national certification program for consultants in legal-medical issues in the United States. She also mentors others in the field.

Jane holds 105,000 shares in Redsense Medical

MANAGING BODY AND BOARD



Klas Arildsson
Member of the board

Klas has held several leading positions within Ericsson Telecom, such as Quality Manager and Plant Manager. His previous positions include VP of Operations at Cardo Door, where he handled R&D, production, purchases and logistics and served as a member of the business area management team, Senior VP of Global Supply Chain at Gambro Renal Products, and Vice President of Gambro Lundia AB, where he also was a member of the business area management team. He has also been the VP of Supply Chain Manufacturing at Baxter Inc., where he was a member of the management team for the business area with USD 4.2 billion revenue. He also was the Senior VP of Operations at Getinge Infection Control AB. Klas holds an education in Mechanical Engineering and has a seat in Lund University's Business Council.

Klas holds 15,000 shares and 72,463 stock options in Redsense Medical



Jörgen Hegbrant
Member of the board

Dr. Jörgen Hegbrant, MD, PhD, is an Associate Professor in Nephrology at Lund University. With more than 35 years of experience in the field of nephrology and internal medicine and more than 25 years of experience in senior positions in global companies in the nephrology & dialysis business, he currently serves as CEO and Chief Medical Officer of JBA Medical AB and as Senior Scientific Advisor to Triomed AB. He previously served as Senior Vice President and Chief Medical Officer at Diaverum AB, one of the biggest global renal service providers with 10,000 employees and 35,000 patients in over 20 countries. Prior to Diaverum, he also held leading positions in Gambro as Chief Medical Officer at Gambro Healthcare International and Senior Medical Director at Corporate Research, Gambro AB.

Jörgen holds 8,186 shares and 72,463 stock options in Redsense Medical



Susanne Olausson
Member of the board

Susanne has over twenty years of sales experience in the pharmaceutical industry, the medical technology industry and life science. This includes positions as VP of Commercial Operations, European Congress Manager, Director of Sales & Marketing Development, and as Product Specialist and Product Manager in medical technology and pharma. She holds a Degree of Bachelor in Marketing from Växjö University.

Susanne holds 1,818,419 shares and 72,463 stock options through the company Red One And Red Two AB.



Maria Alquist
Member of the board

Dr. Maria Alquist, MD, was elected to the board in 2019. She has held leading positions as VP Global Medical & Scientific, Senior Medical Director Research and Medical Safety at Gambro. Her experience from global kidney care and dialysis companies is extensive. She serves as an expert in assessment committees within the Medtech area of the Foundation for Strategic Research, which annually awards around MSEK 600 to strategic research in the natural sciences, technology and medicine.

Maria holds 2000 shares and 72,463 stock options in Redsense Medical

MANAGING BODY AND BOARD



Ann-Marie Eriksson
Chief Technology Officer

Joining the Company as new CTO in January 2020, Anne-Marie is the most recent addition to the Company's executive management. Ann-Marie Eriksson holds a Master of Science in Electrical Engineering with specialization in signal processing and telecommunications from the Chalmers University of Technology. Her most recent position was at the Halmstad branch of Etteplan Sweden AB, Swedish subsidiary of the international engineering group Etteplan, where she has lead the team successfully as Department Manager, Area Manager and Teamleader. She has solid experience of project management and quality systems management, with particular expertise in medical devices.

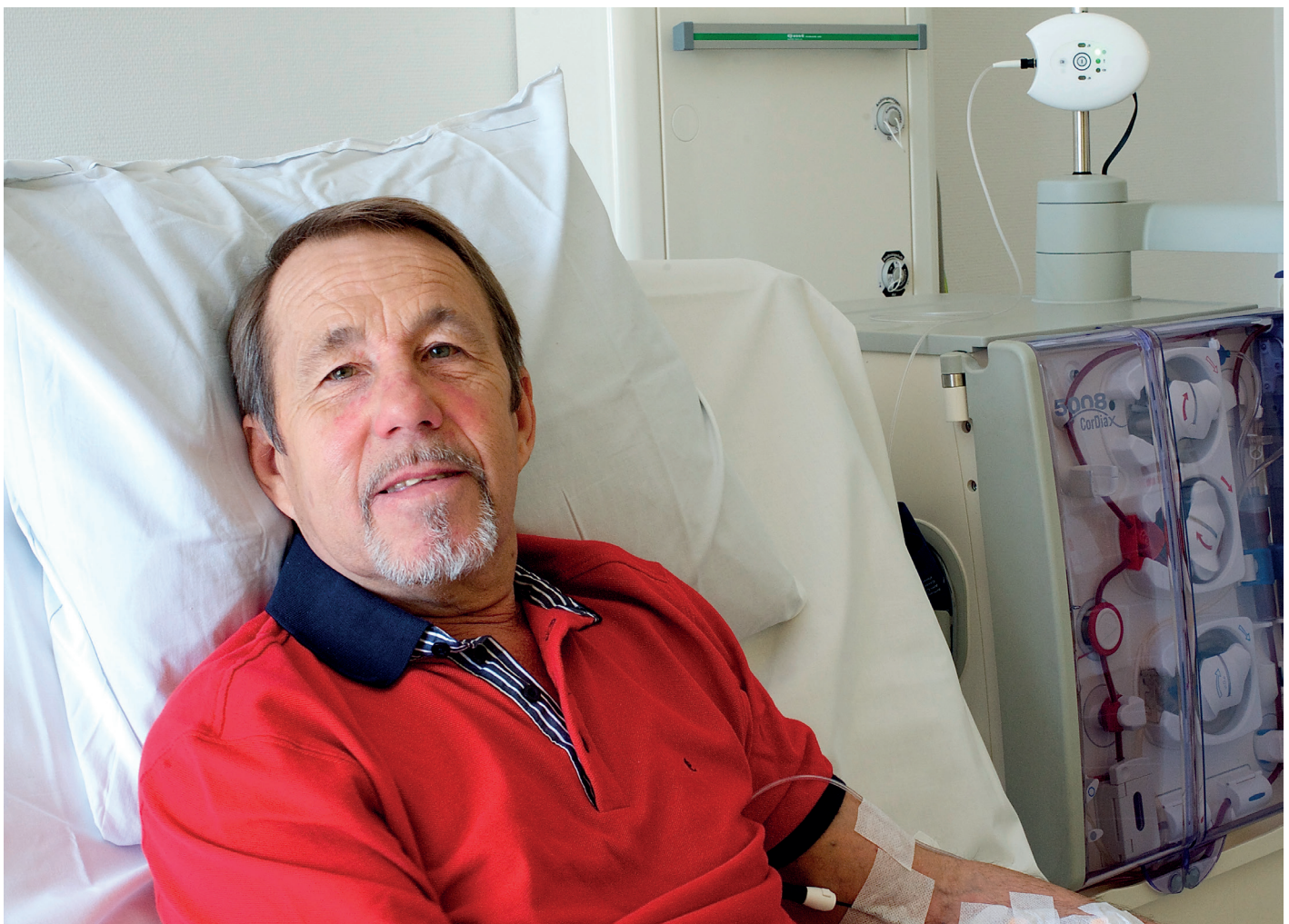
Ann-Marie holds no shares in Redsense Medical.



Sebastien Bollue
Director Commercial Operations

Sebastien joined the Company in 2016, first in the role as Commercial Operations Manager and currently serving as the Director of Commercial Operations. He has solid experience of developing and managing distribution relations, and his primary task at the Company is to oversee the day-to-day commercial operations as well as to coordinate marketing, supply and clinical evaluations.

Sebastien holds 72,463 stock options in Redsense Medical.



Redsense Medical's share was listed on the AktieTorget exchange (now called the Spotlight Stock Market) on 5 June 2015, and moved to Nasdaq First North Stockholm on 2 October 2017. As of 3 May 2019, the Redsense Medical share is once again listed on the Spotlight Stock Market. The Company's market capitalization on 31 December 2019 was MSEK 169.

The IPO price of Redsense Medical's share in 2015 was SEK 5 per share. On the last day of trading in December 2019, the share price ended at SEK 13.9. The total shareholder return is therefore 178 percent since the IPO. In 2019, Redsense Medical's share price rose by 14.9 percent.

Share turnover

In total 2.3 million shares were traded since the listing on Spotlight Stock Market on 3 May 2019, for a total value of MSEK 34.

Share capital

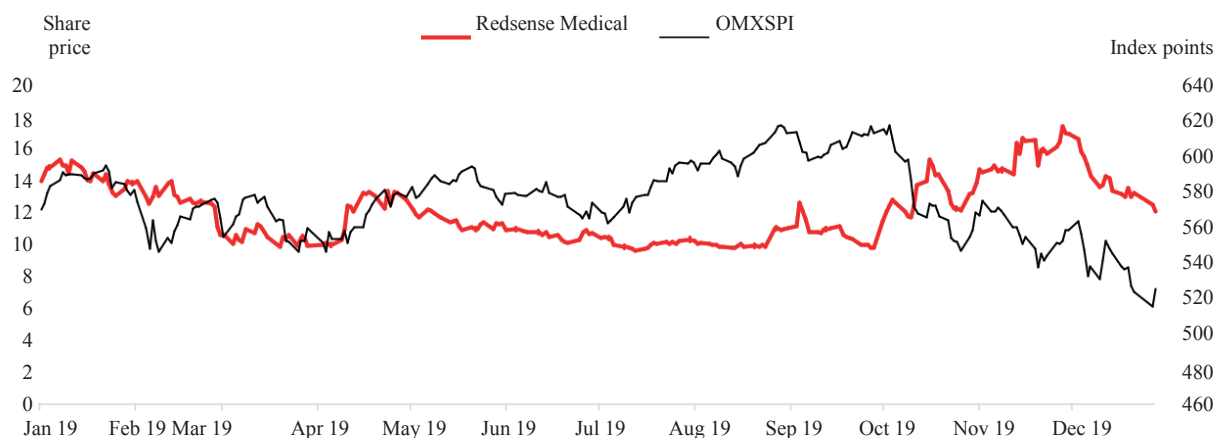
On 31 December 2019, the share capital of Redsense Medical amounted to SEK 1,217,491, divided on 12,174,914 shares, each with a quota value of SEK 0.10. All shares carry the same voting

rights. On two occasions during 2019, Redsense has carried out directed share issues to offset loans. On 10 January 2019, a directed new share issue increased the number of outstanding shares from 10,978,556 to 11,019,765. A directed issue announced on 31 October 2019 increased the number of shares further, to 12,174,914 (registered 7 Feb. 2020). A third issue announced on 30 December 2019 increased the number of shares to 12,540,810 (registered 7 Feb. 2020).

Ownership

At the turn of the year, the ten major owners represented 50.9 percent of the share capital and voting rights. The largest individual shareholder at the end of the year was Red One And Red Two AB with 14.9 percent ownership.

SHARE PRICE DEVELOPMENT, 2019-01-01–2019-12-31



THE TEN MAJOR OWNERS ON 2019-12-31

Susanne Olausson ¹	14.94 %
Patrik Byhmer ²	14.00 %
Avanza Pension	5.95 %
Nordnet Pensionsförsäkring	3.71 %
Oscar Duvik	3.08 %
Recall Capital Nordic AB	2.46 %
Martin Olausson	2.44 %
Gunvald Berger	1.75 %
Nestero Medical AB	1.31 %
Gerhard Dal	1.28 %

1. Red One And Red Two AB is owned by Susanne Olausson, member of the board of Redsense Medical AB (publ).
2. Pacar Holding AB is fully owned by Patrik Byhmer, CEO of Redsense Medical AB (publ). Patrik Byhmer owns 50 percent of Nestero Medical AB through Pacar Holding AB

The Managing body and Board holds approximately 32 percent of the shares in Redsense Medical AB (publ).

Holdings of Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar and Finansinspektionen.

CONSOLIDATED INCOME STATEMENT

	2019-10-01 – 2019-12-31	2018-10-01 – 2018-12-31	2019-01-01 – 2019-12-31	2018-01-01 – 2018-12-31
Net Sales	3 966 982	1 767 103	13 265 440	7 005 732
Capitalized development work		615 123		1 696 973
Other operating income	447 508		598 156	
Total operating income	4 414 490	2 382 226	13 863 596	8 702 705
Goods for resale	-1 706 384	-2 012 357	-6 058 333	-3 846 262
Other external charges	-2 323 995	-2 116 415	-6 846 066	-7 450 178
Personnel costs	-1 303 174	-930 320	-4 502 960	-4 039 717
Depreciation/amortization	-53 791	-51 600	-197 791	-195,600
Total operating costs	-5 387 344	-5 110 692	-17 605 150	-15 531 757
OPERATING RESULT	-972 854	-2 728 466	-3 741 554	-6 829 052
Interest income/ foreign exchange gains				78 586
Interest costs/ foreign exchange losses	-152 251	-41 507	-274 854	-139 935
Result from financial items	-152 251	-41 507	-274 854	-61 349
PROFIT OR LOSS BEFORE TAX	-1 125 105	-2 769 973	-4 016 408	-6 890 401
PROFIT OR LOSS FOR THE PERIOD	-1 125 105	- 2 769 973	-4 016 408	-6,890,401

THE PARENT COMPANY'S INCOME STATEMENT

	2019-10-01 – 2019-12-31	2018-10-01 – 2018-12-31	2019-01-01 – 2019-12-31	2018-01-01 – 2018-12-31
Net Sales	2 907 264	1 002 428	9 629 777	5 037 265
Capitalized development work		615 123		1 696 973
Other operating income	447 508		598 156	
Total operating income	3 354 772	1 617 551	10 227 933	6 734 238
Goods for resale	-1 706 384	-1 610 072	-6 058 333	-3 846 265
Other external charges	-1 846 305	-1 648 998	-5 274 238	-5 085 347
Personnel costs	-848 024	-490 676	-2 699 467	-2 318 900
Depreciation/amortization	-53 791	-51 600	-197 791	-195 600
Total operating costs	-4 454 504	-3 801 346	-14 229 829	-11 446 112
OPERATING RESULT	- 1 099 732	-2 183 795	-4 001 896	-4 761 037
Participations in group companies	-1 178 801		-1 178 801	78 586
Interest income/ foreign exchange gains				
Interest costs/ foreign exchange losses	-152 251	-41 507	-274 854	-139 935
Result from financial items	-1 331 052	-41 507	-1 453 655	-61 349
PROFIT OR LOSS BEFORE TAX	-2 430 784	-2 225 302	-5 455 551	-4 773 223
PROFIT OR LOSS FOR THE PERIOD		-2 296 966		-4 822 386

BALANCE SHEET

	THE GROUP		THE PARENT COMPANY	
	2019-12-31	2018-12-31	2019-12-31	2018-12-31
ASSETS				
FIXED ASSETS				
Intangible assets				
Capitalized development costs	4 019 856	2 825 758	4 019 856	2 825 758
Tangible fixed assets	24 470		24 470	
Financial fixed assets				
Shares in subsidiaries			30 050 000	30 000 000
Shares in associated companies	200 010	200 010	200 010	200 010
Receivables from group companies			20 073 220	15 497 346
Total Fixed Assets	4 316 336	3 025 768	50 323 230	48 523 114
CURRENT ASSETS				
Goods for resale	569 616	702 181	483 666	652 616
Advances to suppliers	75 000	75 000	75 000	75 000
Accounts receivable	4 721 799	965 130	5 297	426 843
Other short-term receivables	474 137	534 406	461 681	534 406
Prepayments and accrued income	382 013	358 850	325 662	300 864
Cash and cash equivalents	8 645 155	3 438 669	5 844 953	1 791 718
Total current assets	14 867 720	6 074 236	7 196 259	3 781 447
TOTAL ASSETS	19 184 056	9 100 004	61 635 816	52 304 562
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital	1 217 491	1 097 856	1 217 491	1 097 856
Restricted reserves/ statutory reserve	13 554 148	13 554 148	10 073 543	13 554 148
Non-restricted equity				
Non-restricted reserves/ retained earnings	-51 182 848	-43 605 754	-7 229 844	-1 966 115
Share premium reserve	49 172 051	40 131 691	52 652 656	39 641 185
Profit or loss for the period	4 016 408	-6 890 400	-5 455 551	-4 773 223
Total Equity	8 694 434	4 287 540	51 258 295	47 553 851
LIABILITIES				
Long-term liabilities				
Long-term liabilities to credit institutions	8 215 186	1 432 797	8 215 186	1 432 797
Other liabilities		111,120		111,120
Total long-term liabilities	8 215 186	1 543 917	8 215 186	1 543 917
Short-term liabilities				
Accounts payable	1 494 457	1 243 104	1 494 457	1 210 699
Other short-term liabilities	299 992	1 738 060	299 992	1 738 060
Accruals and deferred income	479 987	287 383	367 886	258 034
Total short-term liabilities	2 274 436	3 268 547	2 162 335	3 206 793
Total liabilities	10 489 622	4 812 464	10 377 521	4 750 711
TOTAL LIABILITIES & EQUITY	19 184 056	9 100 004	61 635 816	52 304 562

CASH FLOW STATEMENT

SEK thousand	2019-01-01 – 2019-12-31	2018-01-01 – 2018-12-31
Cash flow from operating activities before changes in working capital	-3 234 106	-6 946 074
Cash flow from operating activities	-7,586,419	-6,574,663
Cash flow from investment activities	-1,538,359	-1,896,983
Cash flow from financing activities	14,331,264	9,585,428
Cash flow for the period	5,206,486	1,113,782
Liquid assets at the end of the period	8,645,155	3,438,669

CONTACT INFORMATION

Auditor's review

This year-end report has not been reviewed by the company's auditors.

Upcoming publication dates

Quarterly Report Q1-20	2020-05-04
Half-yearly Report Q2-20	2020-08-24
Quarterly Report Q3-20	2020-11-09
Year-end Report Q4-20	2021-02-22

Annual General Meeting	2020-05-04
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Redsense Medical's shares have been listed on the Spotlight Stock Market since 3 May 2019, where they are traded under the ticker REDS. Between October 2017 and May 2019, the Company was listed on Nasdaq First North.



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