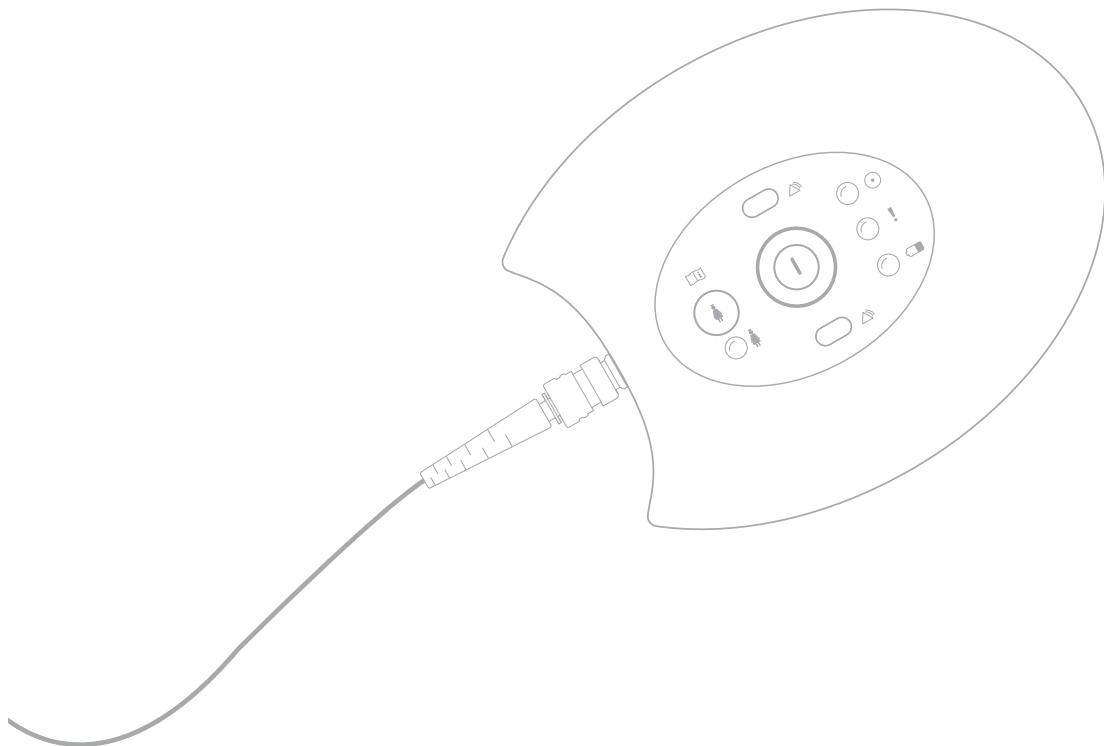




# YEAR-END REPORT 2020



# TABLE OF CONTENTS



## OPERATIONS

Indicators 2020	3
Significant events in 2020	4
Redsense Medical in brief	5
Comments from our CEO	6
Our market	8
Our product	9
The wound care market area	10
Redsense's wound care technology	11
Managing body and Board	13
The share	16

## FINANCIAL STATEMENTS

Consolidated income statement	17
The Parent Company's income statement	18
Balance sheet	19
Cash flow statement	20
Contact information	21



## FULL YEAR, 1 JANUARY – 31 DECEMBER 2020

### The Redsense Group

- Total operating income for the financial year amounted to KSEK 18,159 (14,828).
- Net sales for the financial year amounted to KSEK 13,902 (13,265).
- Operating result (EBIT) amounted to KSEK -8,024 (-4,594).
- Total equity amounted to KSEK 73,166 at the end of the period (14,947).
- Cash and cash equivalents amounted to KSEK 29,007 at the end of the period (3,439).

### The Swedish Parent Company

- Total operating income for the financial year amounted to KSEK 12,383 (11,192).
- Operating result (EBIT) amounted to KSEK -7,457 (-6,678).
- Total equity amounted to KSEK 118,820 at the end of the period.
- Cash and cash equivalents amounted to KSEK 24,691 at the end of the period.

## FOURTH QUARTER, 1 OCTOBER – 31 DECEMBER 2020

### The Redsense Group

- Net sales for the fourth quarter amounted to KSEK 1,945 (3,967).
- Operating result (EBIT) amounted to KSEK -3,927 (-973).

### The Swedish Parent Company

- Net sales for the fourth quarter amounted to KSEK 1,341 (2,907).
- Operating result (EBIT) amounted to KSEK -3,676 (-1,100).

# SIGNIFICANT EVENTS IN 2020

## About the share

The Group's result for the financial year 2020 amounted to KSEK -8,796 before taxes, or SEK -0.63 per share. The number of shares outstanding was 14,040,810 as of 31 December 2020. Cash and cash equivalents at the end of the period amounted to KSEK 29,007.

## Proposed appropriations of profit or loss

The Board of Directors and the Chief Executive Officer propose that no dividend shall be paid for the financial year 1 January to 31 December 2020.

## SIGNIFICANT EVENTS 1 JANUARY–31 MARCH 2020

- An influx of more than MSEK 1.5 in new orders in early January brought the total order book value up to approximately MSEK 2.
- Redsense Medical AB presented the company and its operations at Life Science-dagen in Gothenburg and at the Bolagsdagen investor meet in Stockholm.
- In early March, a positive Final Notice was received from The Swedish Patent and Registration Office regarding the Company's patent application for a second smart wound care related invention; patent approval will be obtained provided that minor corrections are submitted.
- Announced that the COVID-19 outbreak is not expected to have a direct impact neither on Redsense's operations nor its demand, and that the Company's US organization and supply chain remain intact and without disruptions.
- Announced the postponement of the 2020 Annual General Meeting to June 22, 2020, in an effort to contribute to social distancing and reduce the impact of the COVID-19 outbreak.

## SIGNIFICANT EVENTS 1 APRIL–30 JUNE 2020

- Announced that order intake across the European markets continued without significant impact from the corona crisis.
- NHS Oxford University Hospitals in the UK included Redsense as a precautionary measure against Venous Needle Dislodgement in their patient safety guidelines and patient information.
- Redsense obtained MDR registration on the new legislation's original date of application. (Application of the EU's revised legal framework for medical devices will be mandatory from May 26, 2021, following a one-year postponement due to COVID-19.)
- Growing US dialysis provider Sanderling Renal Services, headquartered in Tennessee, announced that it had selected the Redsense system.
- Munson Healthcare, serving more than 500,000 residents in northern Michigan, adopted the Redsense system in its home dialysis services.
- In early June, the Company announced its largest single order in company history, from one of its US distributors.
- In cooperation with the distributor Dirinco, an evaluation programme launched in the Netherlands to test a new version of the Redsense Alarm that enables a direct connection into the nurse call system of a clinic approved, and a favorable first international patent opinion has been received.

## SIGNIFICANT EVENTS 1 JULY–30 SEPTEMBER 2020

- Two members of Redsense Medical's senior sales management acquired shares in the Company under a personal incentive programme adopted in 2016 through an agreement between them and the CEO.
- Redsense Medical commented that a new proposed CMS rule, which would expand the financial incentives to use innovations related to dialysis equipment, was a "very positive prospect".
- The University Health Network in Toronto, Canada, approved Redsense's application to conduct a follow-up study of the Redsense Clamp prototype.
- Redsense received an order for Redsense Alarms from a new U.S. customer, the CHRISTUS St. Michael Health System.
- The development project related to AI-driven wound monitoring software, initiated in November 2019, was concluded; while the project failed to finalize a proof-of-concept software, valuable experience was gained and the method was deemed feasible and promising.
- Redsense presented on the investor meet Aktiedagen Digitalt.
- It was announced that all of the five largest dialysis care providers in the U.S. as well as three of the top five hospitals in nephrology now use the Redsense Alarm.
- Redsense presented on the investor meet Erik Penser Banks Bolagsdag.

## SIGNIFICANT EVENTS 1 OCTOBER–31 DECEMBER 2020

- Redsense presented on the investor meet Aktiespararnas Kvinnokvällen.
- Redsense Medical completed a directed new share issue of 1,500,000 shares to selected Swedish and international institutional investors, raising approximately MSEK 73 before issuance costs. The Company's largest shareholder, Susanne Olausson, sold shares in connection with the issue.
- The U.S. dialysis provider Somatus Kidney Care partnered with Redsense to use the Redsense Alarm in five acute programs in Northern Virginia.
- The Board of Directors resolved to create a business unit around the wound care project for subsequent distribution to shareholders, and convened an extraordinary general meeting to consider the proposal.
- On December 18, 2020, the extraordinary general meeting resolved in accordance with the Board's proposal.

## SIGNIFICANT EVENTS AFTER THE PERIOD

- The United States Patent and Trademark Office (USPTO) issued a Notice of Allowance for Redsense's patent application "A device for monitoring hose connectors and body fluid leakage".
- Member of the board Klas Arildsson was appointed CEO for the new wound care subsidiary.

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 carries 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 fiber 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 during hemodialysis. Using light allows the ability to distinguish between blood and other fluids.

Today the company is offering the second generation of the product, and more than 300,000 treatments are conducted with the RedSense system yearly. The technology is approved by FDA for both in-center and at-home use.

## 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 increasing rapidly, thanks to lower cost, increased convenience for the patient and improvements in technology. In the U.S., policy is a particularly important driver: the Advancing American Kidney Health Initiative, adopted in 2019, has restructured Medicare payments models to offer financial incentives to choose home therapy over in-center modalities, with treatment providers expanding their home operations in response. As RedSense offers the key to ensuring patient safety with less resources, the company can play a significant role in this development.

## Product development

Currently under development is the RedSense Clamp, an accessory to the company's blood leakage alarm. The Clamp, currently in prototype testing, empowers the alarm to stop the blood flow automatically by clamping the blood line, independent of the type of dialysis machine in use; a clamped line forces the dialysis machine's pump to stop immediately. A new version of the RedSense Alarm, enabling a direct connection into the nurse call system of a clinic to facilitate faster intervention, is also in the pipeline, currently in clinical evaluation.

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 various parameters in 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. In 2020, AI processing of wound monitoring data was explored. In 2021, the wound care business unit will be split off and distributed to shareholders to ensure a transparent and independent environment for the future product development.



# COMMENTS FROM OUR CEO

The year-end can best be summarized as a time of preparation and a longing for normalcy. The clench of COVID-19 has been holding back normal health care operations and slowing training, even more so than in Q3, and it will continue to do so during Q1.

Nevertheless, while we all wait for the multiple vaccine approvals and ongoing rollout to turn things around for the better, Redsense has been accelerating the third quarter's successful transition to virtual sessions through Q4, finding a string of efficiencies along the way. Furthermore, as the result of concentrated effort, the spin-off of our wound care project is now well underway, and we are confident it will lay the best possible foundation for the further product development of the revolutionary smart wound care solution, with funding ensured through the directed share issue carried out during the quarter.

In addition, the more and more pronounced need for distancing during the pandemic has acted as a highly effective catalyst for home therapy acceptance. Our interests in that regard now align with both the political reality and the major providers in the industry, and we are positioning to harvest the fruits of that breakthrough for a long time to come.

## **The absence on the other side of the table continues, sales remain under pressure**

Overall, Q4 has developed much in line with what we predicted and expected in the third quarter report. Under the mounting pressure of the pandemic, most of health care remains in disarray, and the emergency measures to cope with the COVID-19 burden continue to occupy the time, assets and attention of our counterparties and clinics. As such, they are left with little or no room to engage in the very things that otherwise would drive our sales growth, such as business negotiations, finding and implementing new innovations and partaking of product demonstrations and training. The result of this business void and lack of normalcy is that our sales remain at roughly the same level as the previous quarter, an underperformance compared with the previous year, and, naturally, a frustrating temporary delay on our journey of growth.

The impact of COVID-19 has escalated throughout the quarter. Since September, the United States is in its thus far largest wave of the epidemic with unprecedented numbers of hospitalized patients. In Europe, the surge has prompted the return of lockdowns and border closures to con-

tain mutated variants. In its recent 2021 outlook, Fresenius Medical Care's assessment was that the industry will see the COVID-19-related impact on revenue continue to accumulate over the first half of the year; driven by the high mortality of dialysis patient in the pandemic. Fortunately, a growing array of vaccines are being authorized and rolled out and dialysis patients are a prioritized group.

## **We continue to nurture our success factors**

Our effort to prepare sales digitally, connect virtually with customers and perform online training of nurses continues, with many virtual meetings conducted as well as trouble shooting with nurses and patients over Teams and Zoom. As this transition evolves, we are uncovering a range of benefits: Not having to travel to customer locations to present live training saves time, cuts travel expenses and has also allowed us to increase our direct availability.

Furthermore, the effectiveness of troubleshooting customer and patient issues has been improved, as the customers can easily schedule a video conference at a time when the nurse is in the patient's home to show how the Redsense unit has been set up, how it is used and what problems they may be experiencing. In the end, both we, the carers and the patients experience less hassle and better time management. We are currently assessing the possibility to draw on these experiences to develop an online training center with instructional videos and other materials as a comprehensive resource hub for customers and patients.

## **Industry-wide focus on home treatment accelerates adoption**

As the clinical reality restricts more patients to staying home, the many advantages of telehealth are becoming more broadly apparent, and the actual practices refine over time. Restrictions thus build a strong demand for home treatment that will remain once the restrictions are lifted. The new U.S. reimbursement models that entered into force on January 1 are also making home dialysis much more financially attractive, and major providers such as Fresenius Medical Care and DaVita are well motivated to reach the home patient goals, as they see dire challenges to their revenue lines in early 2021 and are eager to develop the modalities that are more robust against virus spread.

What we now see is therefore a situation where the new U.S. administration, the industry giants and the patients all share

## COMMENTS FROM OUR CEO

the same goal and work in the same direction, wanting to boost the proportion of at-home therapy. This puts Redsense in a favorable position, as our product very much is the missing piece of the puzzle in that setting; the benefits of treatment at home are overwhelming in terms of cost, convenience, clinical results, etc., but may only be harvested if the safety of the patient can be guaranteed in a resource-efficient manner.

### **The development projects move forward**

During the quarter, the planned separation of the wound care development has assumed concrete form. A new business area has been created around the project, and the extraordinary general meeting held on December 18 resolved in accordance with the Board's proposal to spin-off the business area; the new subsidiary, Odinwell, will be distributed to the shareholders in quarter two 2021, and a public listing is expected during the first half of the year. The aim is to have a finished product ready within two years.

The basis of our wound care technology is the splitting of a single light signal across a network of multiple integrated sensors, to keep track of a multitude of parameters that are useful to assess the state of the wound and the healing process in real-time. Ease of use, ease of distribution and low cost will be key, so a cost-efficient and scalable production of the sensor layers will prove essential. Given the scale of the task at hand, it is our firm assessment that giving Odinwell the freedom to identify and pursue its own strategy at this time represents the best possible way of continuing the development in terms of shareholder value, chance of success, and, ultimately, benefit for patients. Higher transparency is an added benefit.

The company's funding is well secured by the directed share issue of 1,500,000 shares to selected Swedish and international institutional investors that was completed during the quarter, raising approximately MSEK 73 before issuance costs. In addition, the directed issue has achieved a healthy diversification of the shareholder base, indicating future and long-term stability.

In the Redsense Clamp System development project, we are continuing to finalize the design and functionality of our add-on device, which will expand the capabilities of the Redsense Alarm to allow it to stop all types of hemodialysis machines when blood leakage is detected. Our ongoing nurse call evaluation in the Netherlands is also continuously progressing.

To sum up, what we lost in sales due to the prevailing circumstances, we have gained in a solid groundwork for future improvements, by means of organizational restructuring, focused development, and a strategically promising market position where we hold the key to home treatment safety. In that sense, Q4 was a quarter well spent, and we look forward to the fruit thereof. We believe that the scales will have tipped towards normalcy by the end of summer, and that normalcy, in turn, is all that it takes to convert our many built-up opportunities to once again increase growth.

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 was receiving treatment for ESKD worldwide. In 2020, this number was 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.

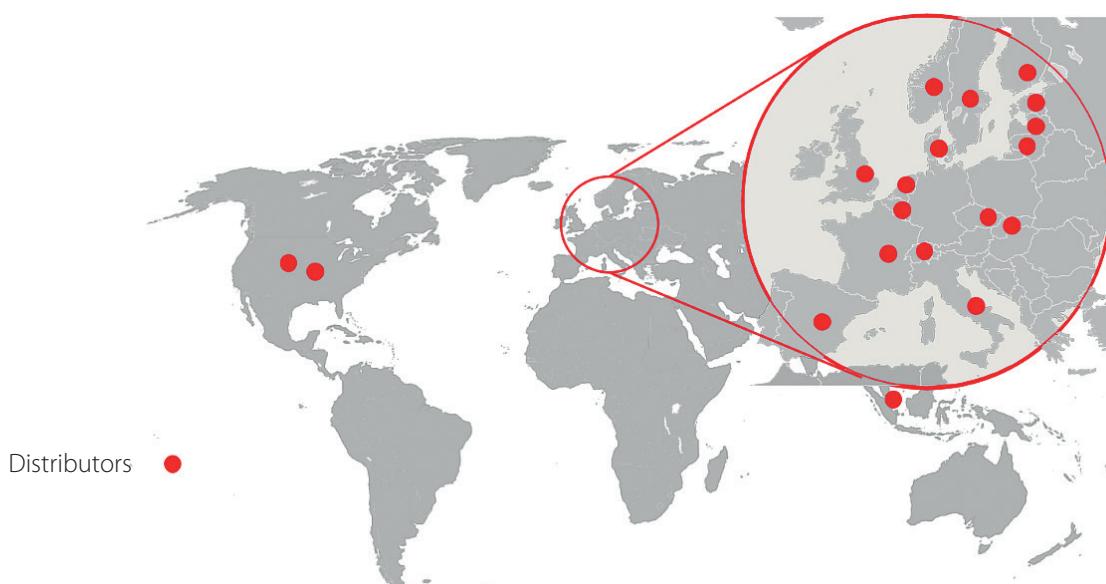
The most efficient method of treatment is a successful kidney transplant. A new kidney can come from either a living donor (since it is possible to live a healthy and normal life with just one kidney) or from a deceased person. However, there is a shortage of organs available for transplantation to meet 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 clinics, hospitals and patients in Sweden, other European countries and the U.S. As of 2020, the five largest dialysis care providers in the U.S. as well as three of the top five U.S. hospitals in nephrology are using the RedSense Alarm in clinical practice. The RedSense Alarm's constant supervision and immediate reaction are particularly beneficial in connection with home and nocturnal therapy, where fewer eyes may be watching, and it is our objective to establish the RedSense Alarm as the standard of care with regard to patient safety during hemodialysis.

RedSense Medical is specifically targeting the U.S. 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 U.S., which is dominated by two major dialysis operators. DaVita and Fresenius Medical Care, together controlling more than two thirds of the market.



# 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 patients and caregivers. This occurs if the needle is accidentally dislodged during dialysis.

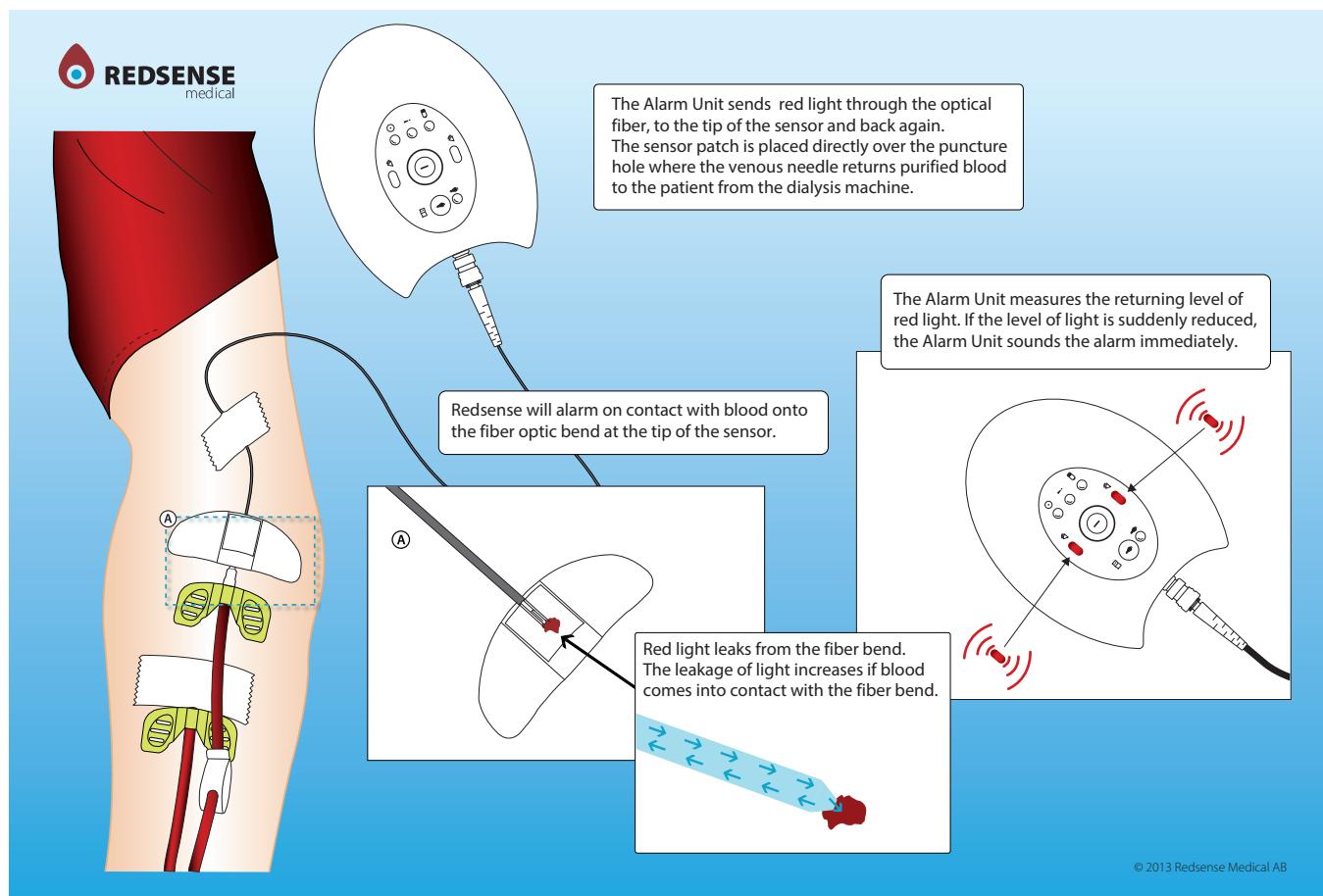
## Redsense has several advantages:

- 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 makes it easier to dispose of.
- 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.

Redsense can already communicate with Nikkiso's DBB-EXA dialysis machine through a direct connection in accordance with public available specification (PAS) 63023. Home dialysis machine manufacturer Physidia has also committed to following PAS 63023 to connect and communicate with Redsense in the same manner; this means that the machine's blood pump will automatically stop when the Redsense device has detected blood leakage, which effectively minimises the risk of severe blood loss.

Where dialysis machines cannot connect 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, currently in prototype testing, will prompt the machine's blood pump to stop automatically when blood leakage is detected, regardless of which dialysis machine is used.



# REDSENSE'S WOUND CARE TECHNOLOGY

The new smart wound care technology developed by RedSense 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.

The technology involves 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 generate significant revenue.

## Our business model

Both sales strategies currently considered allow the opportunity of working through existing sales channels of already established external partners.

We are considering a licensing approach where we receive royalties, and an OEM approach where we provide the components that will be used in the external operator's device and is based on a revenue sharing model. In both approaches the external partner takes care of marketing their own product.

## Financing of the novel product area

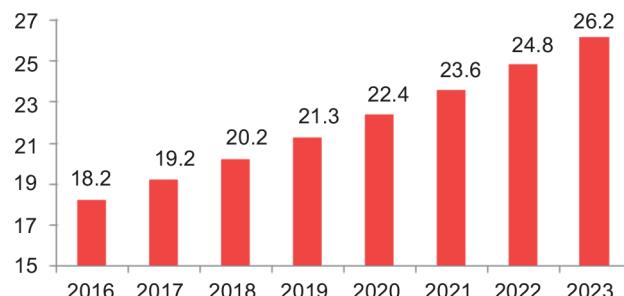
A directed share issue to institutional investors carried out during Q4 2020 has ensured the capital requirements for the initial stages of product development. As resolved by the extraordinary general meeting of shareholders in December 2020, the wound care project will be separated from RedSense Medical and placed in a new subsidiary, Odinwell, which will be distributed to the shareholders. As communicated in November 2020, a public listing of Odinwell is planned during the first half of 2021. The aim is to have a finished product ready within two years. RedSense will continue to provide updates and more detailed information about Odinwell, the upcoming procedure and the planned listing.

## 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.<sup>1</sup> Chronic wounds are expected to comprise most of the wound market up to 2023.

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

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, or due to surgery. 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.<sup>2</sup> One of the challenges in the 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.

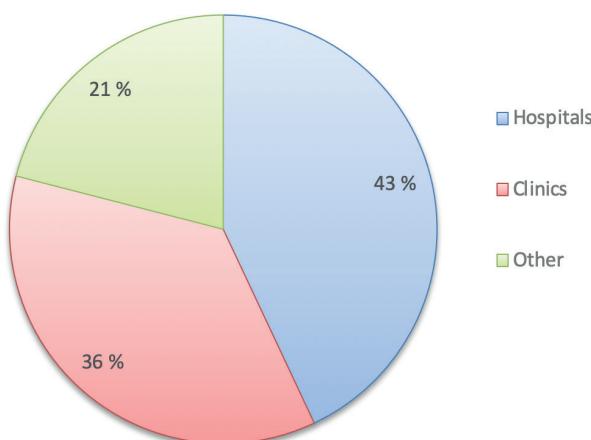
# WOUND CARE – A NOVEL MARKET AREA

## 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.<sup>3</sup>

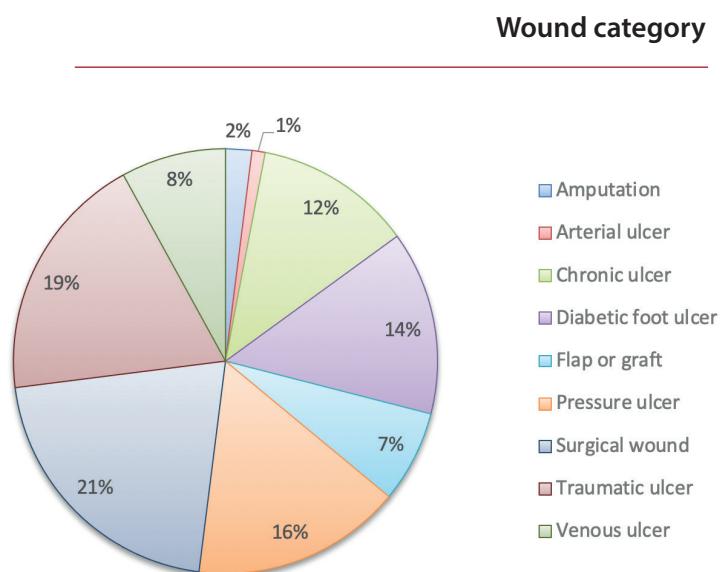
Some studies have documented patient cases where the cost of a single wound treatment has exceeded USD 18,000.<sup>4</sup> The associated medical costs amount to approximately USD 50 billion annually.<sup>4</sup> To put this number in perspective, it is more than tenfold the annual budget of the World Health Organisation.

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



## 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.<sup>5</sup> 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.<sup>6,7</sup> 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. Euromonitor 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. Purwinski 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



# 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.



**Bo Unéus**  
*Chairman of the Board*

Bo has held senior positions at Nordstjernan and SkåneGripen, 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 Hügoth 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.



**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.



**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.

# 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.



**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. 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.



**Susanne Olausson**  
*Member of the board*

Susanne has over twenty years of sales & marketing experience in the pharmaceutical industry, the medical technology industry and life science. This includes positions as Global VP of Commercial Operations, European Congress Manager, Manager, Global 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.



**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.

## MANAGING BODY AND BOARD



**Ann-Marie Eriksson**  
*Chief Technology Officer*

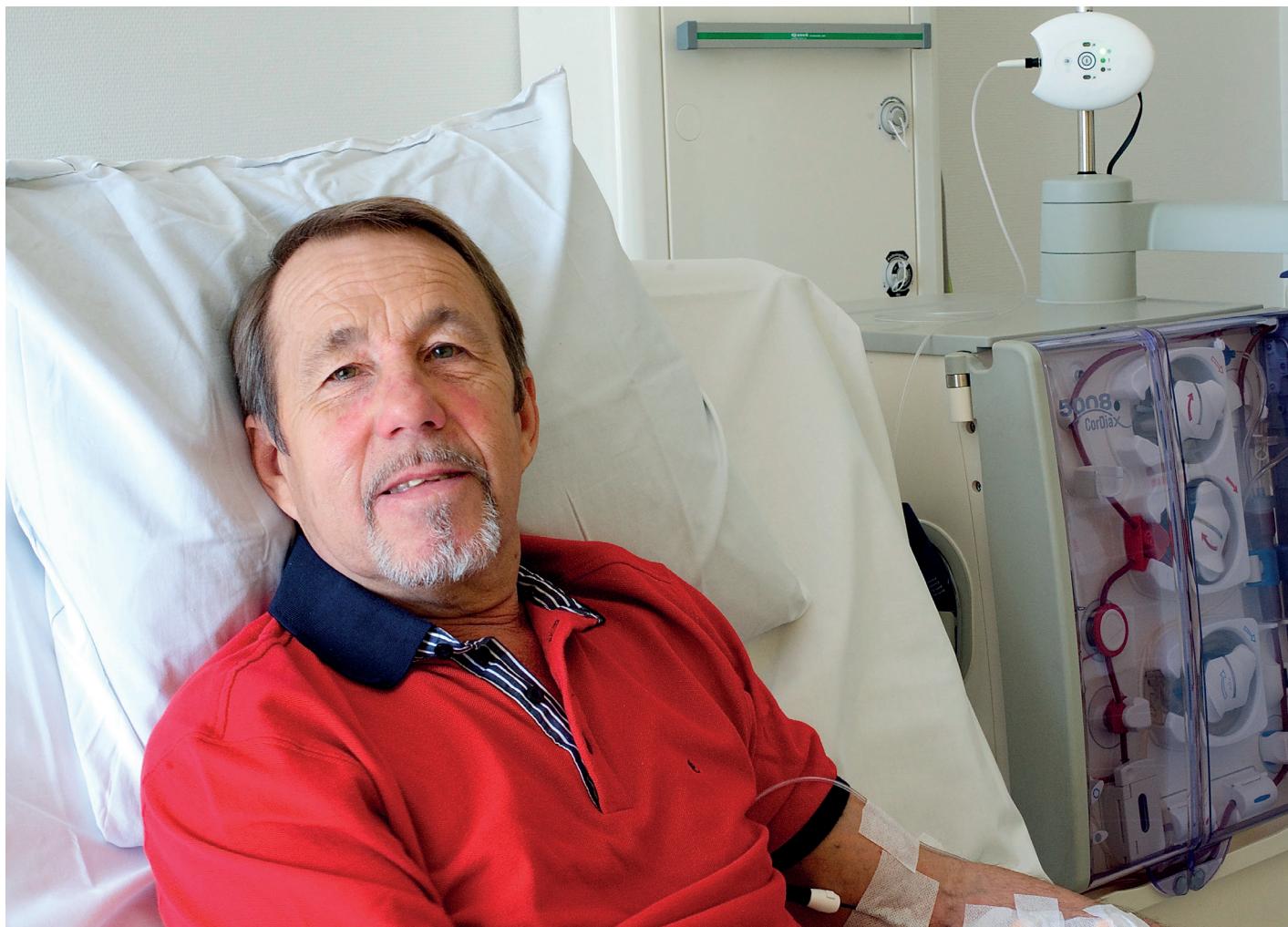
Joining the Company as new CTO in January 2020, Ann-Marie is the most recent addition to the Company's executive management. Ann-Marie Eriksson holds a Master of Science in Electrical Engineering with specialization in signal processing and telecommunications from the Chalmers University of Technology. 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.



**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 a Bachelor of Business Administration in International Business and Master of Science in International Sales and Marketing.



# THE SHARE

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 May 3, 2019, the Redsense Medical share is once again listed on the Spotlight Stock Market. The Company's market capitalization on December 31, 2020 was MSEK 628.

The IPO price of Redsense Medical's share in 2015 was SEK 5 per share. On the last day of trading in December 2020, the share price ended at SEK 44.7. The total shareholder return is therefore 794 percent since the IPO. In 2020, Redsense Medical's share price rose by 221 percent.

## Share turnover

In total, 11,3 million shares have been traded since the listing on Spotlight Stock Market on 3 May 2019, for a total value of MSEK 322.

## Share capital

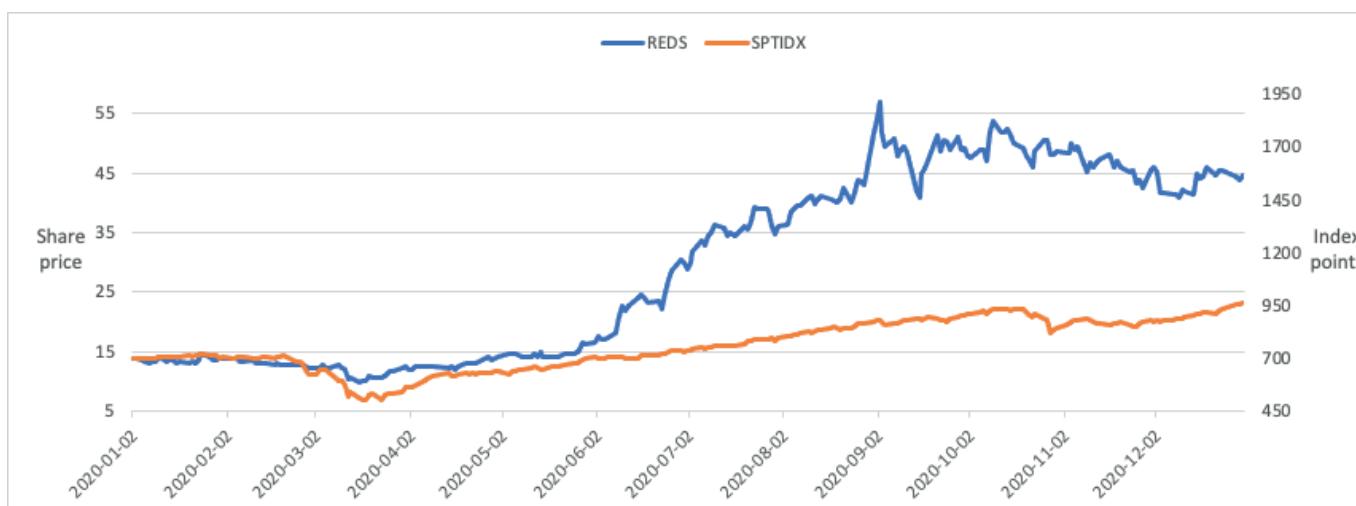
On 31 December 2020, the share capital of Redsense Medical amounted to SEK 1,404,081, divided on 14,040,810 shares, each with a quota value of SEK 0.10. All shares carry the same voting rights.

During 2020, Redsense Medical completed a directed new share issue of 1,500,000 shares to selected Swedish and international institutional investors, raising approximately MSEK 73 before issuance costs. The issue increased the number of outstanding shares from 12,540,810 to 14,040,810.

## Ownership

At the turn of the year, the ten major owners represented 46.84 percent of the share capital and voting rights. The largest individual shareholder at the end of the year was Patrik Byhmer with a 14.03 percent ownership.

## SHARE PRICE DEVELOPMENT, 2020-01-02–2020-12-31



## THE TEN MAJOR OWNERS ON 2020-12-31

Patrik Byhmer <sup>1</sup>	14.03 %
Avanza Pension	5.88 %
Handelsbanken Fonder	4.91 %
Swedbank Robur Fonder	4.56 %
TIN Fonder	4.27 %
ÖstVäst Capital Management	3.67 %
Nordnet Pensionsförsäkring	3.01 %
Aktia Asset Management	2.21 %
Martin Olausson	2.16 %
Andra AP-fonden	2.14 %

1. *Seventh Sense Adventures AB is fully owned by Patrik Byhmer, CEO of Redsense Medical AB (publ). Patrik Byhmer owns 50 percent of Nesterö Medical AB through Seventh Sense Adventures Holding AB*

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

# CONSOLIDATED INCOME STATEMENT

	2020-10-01 -2020-12-31	2019-10-01 -2019-12-31	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales	1,945,432	3,966,982	13,901,814	13,265,443
Capitalized development work	3,401,552		4,207,452	964,190
Other operating income		447,508	49,483	598,156
<b>Total operating income</b>	<b>5,346,984</b>	<b>4,414,490</b>	<b>18,158,749</b>	<b>14,827,789</b>
Goods for resale	-2,445,757	-1,706,384	-8,808,804	-6,295,133
Other external charges	-4,937,968	-2,323,995	-10,767,472	-7,866,424
Personnel costs	-1,810,827	-1,303,174	-6,379,977	-5,061,986
Depreciation/Amortization	-79,312	-53,791	-226,012	-197,791
<b>Total operating costs</b>	<b>-9,273,864</b>	<b>-5,387,344</b>	<b>-26,182,265</b>	<b>-19,421,334</b>
<b>OPERATING RESULT</b>	<b>-3,926,880</b>	<b>-972,854</b>	<b>-8,023,514</b>	<b>-4,593,545</b>
Securities trading	-616,527		-616,527	
Interest income/foreign exchange gains	40,746			
Interest costs/foreign exchange losses	-136,523	-152,251	-155,588	-477,827
<b>Result from financial items</b>	<b>-712,304</b>	<b>-152,251</b>	<b>-654,829</b>	<b>-477,827</b>
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>-4,639,184</b>	<b>-1,125,105</b>	<b>-8,795,631</b>	<b>-5,071,372</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>-4,639,184</b>	<b>-1,125,105</b>	<b>-8,795,631</b>	<b>-5,071,372</b>

# THE PARENT COMPANY'S INCOME STATEMENT

	2020-10-01 -2020-12-31	2019-10-01 -2019-12-31	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales	1,340,916	2,907,264	10,677,299	9,629,780
Capitalized development work	850,638		1,656,539	964,190
Other operating income		447,508	49,483	598,156
Total operating income	2,191,554	3,354,772	12,383,321	11,192,129
Goods for resale	-781,595	-1,706,384	-7,144,642	-6,058,336
Other external charges	-3,573,314	-1,846,305	-8,249,417	-8,914,737
Personnel costs	-1,449,934	-848,024	-4,236,581	-2,699,467
Depreciation/amortization	-62,998	-53,791	-209,698	-197,791
<b>Total operating costs</b>	<b>-5,867,841</b>	<b>-4,454,504</b>	<b>-19,840,338</b>	<b>-17,870,328</b>
<b>OPERATING RESULT</b>	<b>-3,676,287</b>	<b>-1,099,732</b>	<b>-7,457,017</b>	<b>-6,678,202</b>
Sales of developed products		0	2,695,087	0
Securities trading	-616,527	0	-616,527	0
Participations in group companies		-1,178,801	0	
Interest income/ foreign exchange gains	40,746			
Interest costs/ foreign exchange losses	-136,523	-152,251	-155,588	-477,827
<b>Result from financial items</b>	<b>-712,304</b>	<b>-1,331,052</b>	<b>1,922,972</b>	<b>-477,827</b>
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>-4,388,591</b>	<b>-2,430,784</b>	<b>-5,534,045</b>	<b>-7,156,029</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>-4,388,591</b>	<b>-2,430,784</b>	<b>-5,534,045</b>	<b>-7,156,029</b>

# BALANCE SHEET

	The Group 2020-12-31	2019-12-31	The Parent Company 2020-12-31	2019-12-31
<b>ASSETS</b>				
FIXED ASSETS				
Intangible fixed assets				
Patents			32,600,000	
Capitalized development costs	5,413,087	3,594,348	2,750,374	3,594,348
Tangible fixed assets	2,002,264	24,470	36,786	24,470
Financial fixed assets				
Shares in subsidiaries			60,050,000	30,050,000
Shares in associated companies	200,010	200,010	200,010	200,010
Receivables from group companies				
<b>Total fixed assets</b>	<b>7,615,361</b>	<b>3,818,828</b>	<b>113,930,837</b>	<b>52,606,488</b>
CURRENT ASSETS				
Goods for resale	2,262,159	569,616	1,914,700	483,666
Advances to suppliers	75,000	75,000	75,000	75,000
Accounts receivable	1,799,105	4,721,799	89,915	5,297
Other short-term receivables	890,959	474,137	729,468	442,445
Prepayments and accrued income	397,214	636,153	338,069	1,661,222
Short-term deposits	36,016,089		36,016,089	
Cash and cash equivalents	29,006,865	8,695,153	24,690,720	5,844,952
<b>Total current assets</b>	<b>70,477,391</b>	<b>15,171,858</b>	<b>63,853,961</b>	<b>8,531,818</b>
<b>TOTAL ASSETS</b>	<b>78,062,752</b>	<b>18,990,686</b>	<b>177,784,798</b>	<b>61,138,306</b>
<b>EQUITY AND LIABILITIES</b>				
EQUITY				
<b>Restricted equity</b>				
Share capital	1,404,081	1,254,081	1,404,081	1,217,491
Restricted reserves/statutory reserve	16,029,678	14,322,738	13,478,764	14,359,328
<b>Non-restricted equity</b>				
Non-restricted reserves/retained earnings	-59,253,911	-51,896,443	-14,310,489	-7,998,434
Share premium reserve	123,781,529	56,338,430	123,781,529	56,338,430
Profit or loss for the period	-8,795,629	-5,071,372	-5,534,045	-7,156,029
<b>Total equity</b>	<b>73,165,478</b>	<b>14,947,434</b>	<b>118,819,840</b>	<b>56,760,786</b>
LIABILITIES				
<b>Long-term liabilities</b>				
Long-term liabilities to credit institutions	0	1,187,394	0	1,187,394
Other liabilities				
<b>Total long-term liabilities</b>	<b>0</b>	<b>1,187,394</b>	<b>0</b>	<b>1,187,394</b>
<b>Short-term liabilities</b>				
Accounts payable	3,219,740	1,494,457	3,219,740	1,494,457
Other short-term liabilities	688,643	327,784	55,081,599	298,676
Accruals and deferred income	988,621	1,033,617	663,619	1,396,993
<b>Total short-term liabilities</b>	<b>4,897,004</b>	<b>2,855,860</b>	<b>58,964,958</b>	<b>3,190,126</b>
<b>Total liabilities</b>	<b>4,897,004</b>	<b>4,043,254</b>	<b>58,964,958</b>	<b>4,377,520</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>78,062,752</b>	<b>18,990,686</b>	<b>177,784,798</b>	<b>61,138,306</b>

# CASH FLOW STATEMENT

SEK thousand	Jan-Dec 2020	Jan-Dec 2019
Cash flow from operating activities before changes in working capital	-9,099,005	-5,528,299
Cash flow from operating activities	-41,492,294	-9,759,106
Cash flow from investment activities	-4,022,545	-990,851
Cash flow from financing activities	65,826,551	16,006,441
Cash flow for the period	20,311,712	5,256,484
Liquid assets at the end of the period	29,006,865	8,695,153

# CONTACT INFORMATION

## **Auditor's review**

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

## **Upcoming publication dates**

Quarterly Report Q1-21	2021-05-03
Half-yearly Report Q2-21	2021-08-24
Quarterly Report Q3-21	2021-11-09
Year-end Report Q4-21	2022-02-22
Annual General Meeting	2021-05-04

## **For more information, please contact:**

### **CEO Patrik Byhmer**

Telephone: +46 35 106 030  
E-mail: [info@redensemical.com](mailto:info@redensemical.com)

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.



**REDSENSE MEDICAL AB (PUBL.)**

Gyllenhammars väg 26  
302 92 HALMSTAD, Sweden  
Telephone: +46 35 10 60 30  
E-mail: [info@redsensemedical.com](mailto:info@redsensemedical.com)  
[www.redsensemedical.com](http://www.redsensemedical.com)