



**REDSENSE**  
medical

INTERIM REPORT

**Q1**

JANUARY – MARCH 2021

Redsense Medical AB (publ) 556646-4862



## First quarter, 1 January – 31 March 2021

### The Redsense Group

- ▶ Net sales amounted to kSEK 1,394 (4,996), a 72 percent decrease compared with the corresponding period in 2020.
- ▶ Profit or loss before tax amounted to kSEK -1,036 (241).
- ▶ Total equity amounted to kSEK 71,602 at the end of the period.
- ▶ Cash and cash equivalents amounted to kSEK 16,502 at the end of the period.

### The Swedish Parent Company

- ▶ Net sales amounted to kSEK 1,013 (3,795).
- ▶ Profit or loss before tax amounted to kSEK -1,189 (26).
- ▶ Total equity amounted to kSEK 114,843 at the end of the period.
- ▶ Cash and cash equivalents amounted to kSEK 6,987 at the end of the period.

### Result and position

The Group's result for the first quarter of 2021 amounted to kSEK -1,036 before taxes, or SEK -0.07 per share. The number of shares outstanding was 14,040,810 as of 31 March 2020. Cash and cash equivalents at the end of the period amounted to kSEK 16,502.

# SIGNIFICANT EVENTS DURING THE FIRST QUARTER

## **Significant events 1 January – 31 March 2021**

- 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 signed new distributor agreement with Regional Health Care Group in Australia, covering the distribution of the Redsense Alarm system to the markets of Australia and New Zealand.
- Redsense received positive feedback from the Swedish Tax Agency on the Lex Asea-distribution of the subsidiary Odinwell AB.
- Redsense postponed the Annual General Meeting from 4 May to 12 May 2021 due to formalities surrounding the proposed distribution of the subsidiary Odinwell AB.

## **Significant events after the period**

- An extraordinary general meeting on 19 April 2021 resolved, in accordance with the Board's proposal, to distribute the wholly-owned subsidiary Odinwell AB to the shareholders of the company.
- Redsense became aware that one of the Company's shareholders, Discover Capital GmbH (registered in the Company's share register as Axxion S.A), had acquired 250,000 shares in Redsense and thus reached above the level of 5 percent of the total number of registered shares and votes in the Company.
- The Board changed the record date for distribution of the subsidiary Odinwell AB, as authorized by the general meeting, to 10 May 2021.

# COMMENTS FROM OUR CEO

## Wound-care spin-off well underway as we focus on repeat orders and strategy

As we envisaged, the first quarter of 2021 would in many respects repeat the fourth quarter of 2020; the outcome was similar, and our overall analysis of the trend remains valid. Between the increased mortality among dialysis patients, the repurposing of healthcare resources, and the forced postponement of training, the effects of the COVID-19 pandemic have practically put new sales on hold from the third quarter last year onwards, and the sales we are seeing since mostly comprise repeat orders from previously established customers. Thus, total sales continue to disappoint for the same reasons – and we saw a loss of MSEK -1.0 for the period. Net sales of MSEK 1.4 compare with MSEK 2.1 in Q3 and MSEK 1.9 in Q4.

We expect sales to continue to suffer due to the pandemic for the first half of the year, until the ongoing vaccination programs normalize the situation. We particularly follow the vaccination progress in the US, our most important market, where more than a quarter of the population is now fully vaccinated. The US health protection agency CDC has designated dialysis patients as a highly prioritized group, both because of their frailty and their frequent healthcare interactions, and is working alongside dialysis providers to distribute vaccines across dialysis clinics.

### Strategic oversight and Odinwell distribution

While the full scope of regular operations is pending, more effort has been allocated to digitalization and strategy work. During the first quarter, defining the path forward for the wound care segment has been top of the agenda, and we are seeing the vision materialize. The business area is now contained in the subsidiary Odinwell, and the general meeting has resolved to distribute it to the shareholders for subsequent public listing. The distribution will take place in May, and we are confident that the development of the business and the promising technology will see the best possible prospects in an independent entity.

Our move to digitalized training was born of necessity, but is proving both effective and popular. We find that we can get the message across straightforwardly using video and Teams meetings,

and our customers enjoy and often prefer the virtual setting.

We have also embarked on a more in-depth sustainability effort to shed light on the social, economic and environmental consequences of our activities. As part of this work, a voluntary sustainability report has been prepared.

### Patents, markets and development projects

From the first day of the quarter, home dialysis in the US has been supported by the Medicare reimbursements under the new and mandatory ETC Model, initially covering 30 percent of the country. Home modalities are gaining ground, as illustrated by the major dialysis provider DaVita's recently announced goal of 25 percent of patients dialyzing at home by 2025, approximately double the present figure – and this strengthens our market position.

During the quarter, a new exclusive distributor agreement was also signed with RHCG in Australia – an important milestone, as it opens up the Oceanian market. In the region, care services are far off for many patients, so home treatment would offer attractive advantages.

While we expect the deviation from normalcy to mark Q2 as well, we must not forget what the normalcy we are awaiting entails for Redsense: we had an excellent first half of 2020, reaching profitability and new peak sales in Q1 and Q2 alike. It is that strong momentum and trend of performance we are waiting to take up again. In the meanwhile, we have continued to improve our business organization and preparedness, and we have accumulated potential quarter by quarter. We remain confident that we will be able to give effect to that potential and execute on our strategy to resume strong and stable growth as soon as COVID-19 ceases to dominate the healthcare agenda.



**Patrik Byhmer**  
CEO, Redsense Medical





**“Our move to digitalized training was born of necessity, but is proving both effective and popular.”**

# CONSOLIDATED INCOME STATEMENT

	2021-01-01 -2021-03-31	2020-01-01 -2020-03-31	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales	1,394,148	4,996,498	14,441,501	13,265,443
Capitalized development work	3,754,766		2,660,476	964,190
Other operating income	540	175 274	49,483	598,156
<b>Total operating income</b>	<b>5,149,454</b>	<b>5,171,772</b>	<b>17,151,460</b>	<b>14,827,789</b>
Goods for resale	-519,487	-1,830,838	-7,144,642	-6,295,133
Other external charges	-5,226,667	-1,597,069	-10,450,033	-7,866,424
Personnel costs	-1,970,531	-1,426,828	-6,150,957	-5,061,986
Depreciation/Amortization	-128,495	-48,900		-197,791
<b>Total operating costs</b>	<b>-7,845,180</b>	<b>-4,903,635</b>	<b>-25,275,574</b>	<b>-19,421,334</b>
<b>OPERATING RESULT</b>	<b>-2,695,726</b>	<b>268,137</b>	<b>-8,124,114</b>	<b>-4,593,545</b>
Impairment of short-term investments			-1,028,360	0
Securities trading	505,670			
Interest income/ foreign exchange gains	1,155,183		155,896	0
Interest costs/ foreign exchange losses	-1,143	-26,802	-38,302	-477,827
<b>Result from financial items</b>	<b>1,659,710</b>	<b>-26,802</b>	<b>-910,766</b>	<b>-477,827</b>
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>-1,036,016</b>	<b>241,335</b>	<b>-9,034,880</b>	<b>-5,071,372</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>-1,036,016</b>	<b>241,335</b>	<b>-9,034,880</b>	<b>-5,071,372</b>

# PARENT COMPANY'S INCOME STATEMENT

	2021-01-01 -2021-03-31	2020-01-01 -2020-03-31	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales	1,012,721	3,795,268	10,677,697	9,629,780
Capitalized development work	1,753,105		2,010,446	964,190
Other operating income		175,274	2,744,570	598,156
<b>Total operating income</b>	<b>2,765,826</b>	<b>3,970,542</b>	<b>15,432,713</b>	<b>11,192,129</b>
Goods for resale	-428,742	-1,830,838	-7,145,040	-6,058,336
Other external charges	-2,699,170	-1,134,832	-8,451,067	-8,914,737
Personnel costs	-1,273,124	-903,020	-4,236,581	-2,699,467
Depreciation/Amortization	-1,245,472	-48,900	-1,556,660	-197,791
<b>Total operating costs</b>	<b>-5,646,508</b>	<b>-3,917,590</b>	<b>-21,389,348</b>	<b>-17,870,328</b>
<b>OPERATING RESULT</b>	<b>-2,880,682</b>	<b>52,952</b>	<b>-5,956,635</b>	<b>-6,678,202</b>
Participations in group companies			-1,303,930	0
Securities trading	733,603			
Interest income/ foreign exchange gains	958,269		155,896	0
Interest costs/ foreign exchange losses		-26,802	-1,066,662	-477,827
<b>Result from financial items</b>	<b>1,691,842</b>	<b>-26,802</b>	<b>-2,214,696</b>	<b>-477,827</b>
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>-1,188,810</b>	<b>26,150</b>	<b>-8,171,331</b>	<b>-7,156,029</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>-1,188,810</b>	<b>26,150</b>	<b>-8,171,331</b>	<b>-7,156,029</b>

# BALANCE SHEET

	THE GROUP		THE PARENT COMPANY	
	2021-03-31	2020-12-31	2021-03-31	2020-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>				
Intangible fixed assets				
Capitalized development costs	9,472,860	5,766,994	34,864,952	34,357,319
Tangible fixed assets	2,924,116	2,002,264	36,786	36,786
<b>Financial fixed assets</b>				
Shares in subsidiaries			60,050,000	60,050,000
Shares in associated companies	200,010	200,010	200,010	200,010
Receivables from group companies			15,771,490	14,802,633
<b>Total fixed assets</b>	<b>3,796,342</b>	<b>7,969,268</b>	<b>110,923,238</b>	<b>109,446,748</b>
<b>Current assets</b>				
Goods for resale	4,059,614	2,262,159	3,689,441	1,914,700
Advances to suppliers		75,000	52,684	75,000
Accounts receivable	1,754,755	2,086,156	997,495	89,915
Other short-term receivables	1,537,573	890,334	521,875	572,181
Receivables from associated companies		625		625
Prepayments and accrued income	390,738	397,214	318,458	338,069
Short-term deposits	40,327,548	36,016,089	24,331,180	36,016,089
Cash and cash equivalents	16,501,507	29,006,865	6,986,979	24,690,720
<b>Total current assets</b>	<b>64,571,735</b>	<b>70,734,442</b>	<b>36,898,112</b>	<b>63,697,299</b>
<b>TOTAL ASSETS</b>	<b>77,168,721</b>	<b>78,703,710</b>	<b>147,821,350</b>	<b>173,144,047</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity				
Share capital	1,404,081	1,404,081	1,404,081	1,404,081
Restricted reserves/statutory reserve	20,261,469	16,443,804	15,597,095	13,892,890
<b>Non-restricted equity</b>				
Non-restricted reserves/retained earnings	-72,657,937	-58,754,918	-24,600,151	-14,724,615
Share premium reserve	123,631,079	123,140,573	123,631,079	123,631,079
Profit or loss for the period	-1,036,016	-9,034,880	-1,188,810	-8,171,331
<b>Total equity</b>	<b>71,602,676</b>	<b>73,198,662</b>	<b>114,843,294</b>	<b>116,032,104</b>
<b>Liabilities</b>				
Long-term liabilities				
Long-term liabilities to credit institutions	0	0	0	0
Other liabilities				
<b>Total long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Short-term liabilities</b>				
Accounts payable	3,454,931	3,716,115	1,636,194	3,716,115
Other short-term liabilities	1,037,239	531,449	30,541,238	52,463,354
Accruals and deferred income	1,073,875	1,257,483	800,625	932,474
<b>Total short-term liabilities</b>	<b>5,566,045</b>	<b>5,505,047</b>	<b>32,978,057</b>	<b>57,111,943</b>
<b>Total liabilities</b>	<b>5,566,045</b>	<b>5,505,047</b>	<b>32,978,057</b>	<b>57,111,943</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>77,168,721</b>	<b>78,703,710</b>	<b>147,821,351</b>	<b>173,144,047</b>

# CASH FLOW STATEMENT

<b>SEK thousand</b>	<b>2021-01-01 -2021-03-31</b>	<b>2020-01-01 -2020-03-31</b>
Cash flow from operating activities before changes in working capital	-7,974,775	653,548
Cash flow from operating activities	784,975	1,189,386
Cash flow from investment activities	-4,755,588	-26,414
Cash flow from financing activities	-559,970	-80,383
Cash flow for the period	-12,505,358	1,082,589
Liquid assets at the end of the period	16,501,507	9,777,742

# ADMINISTRATION REPORT

## **Auditor's review**

This interim report has not been reviewed by the company's auditors.

## **Next publication date**

The quarterly report Q2-2021 will be published on August 24.

## **Contact information**

For additional information, please contact the company:

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## **Assurance**

The Board of Directors and the CEO ensure, to the best of their ability, that this Q1 interim report provides a true and fair view of Redsense's operations and results.

Redsense Medical 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 contact person above at CET 08:30 on May 3, 2021.

## **Trading Place**

Redsense Medical's shares have been listed on the Spotlight Stock Market since 3 May 2019, where they are traded under the ticker REDS.

## **Other information**

For further information about Redsense Medical AB's operations, please refer to the company website: [www.redensemical.com](http://www.redensemical.com)



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