

# INTERIM REPORT Q2

JANUARY – JUNE 2018

SEDANA MEDICAL AB (PUBL)

A silhouette of a person jumping in the ocean at sunset. The person is in mid-air, with their legs bent and arms slightly out. The water is calm, reflecting the person and the sky. The sky is a mix of blue and orange, with some clouds. The overall mood is serene and peaceful.

Q1 **Q2** Q3 Q4

# SEDANA MEDICAL, INTERIM REPORT Q2, JANUARY – JUNE 2018

## Financial Summary April-June

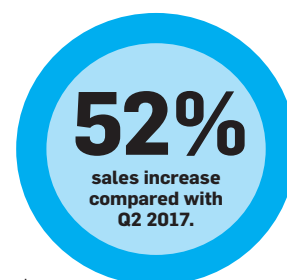
- Net sales during the third quarter amounted to 14 485 (9 549) KSEK corresponding to an increase of 52% compared with the same period in 2017.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to -1 006 (673) KSEK. This corresponds to an EBITDA margin of -6,9% (7,1%).
- Earnings before interest and taxes (EBIT) amounted to -2 007 (408) KSEK, which corresponds to an EBIT margin of -13,9% (4,3%).
- Cash flow from operations before changes in working capital amounted to -389 (-1 461) KSEK.
- Cash flow from investment activities amounted to -8 812 (-11 559) KSEK.
- Cash flow for the period amounted to 102 325 (88 065) KSEK.
- Liquid funds at the end of the period amounted to 181 591 (100 738) KSEK.

## Significant events during the period

- Sedana Medical AB (publ) announced that the schedule for patient recruitment in the ongoing Phase 3 IsoConDa study is likely to be extended.
- Sedana Medical AB (publ) reported record-breaking sales growth in the first quarter of 2018.
- Sedana Medical AB (publ) completed a directed new share issue of SEK 112 million.
- Sedana Medical AB (publ) announced the recruitment Gunilla Mickelsson as Global Marketing Director.

## Financial Summary January-June

- Net sales during the first six months increased to 29 972 (19 440) KSEK corresponding to an increase of 54% compared with same period in 2017.
- EBITDA amounted to -1 794 (1 081) KSEK and the EBITDA margin was -6,0% (5,6%).
- EBIT amounted to -3 737 (678) KSEK and the EBIT margin was -12,5% (3,5%).
- Cash flow from operations before change in working capital amounted -1 210 (-1 183) KSEK.
- Cash flow from investment activities amounted to -13 194 (-14 299) KSEK.
- Cash flow for the period amounted to 96 046 (92 409) KSEK.



## Significant events after the period

- Sedana Medical AB (publ) announced on the 26th of July that the Company has received approval from the central ethical committee for its pivotal phase 3-study in Germany, IsoConDa, to continue to use the original study protocol after certain clarifications. This means that the study will resume in full after it was restricted in April this year.



# CEO COMMENTS

During the second quarter, the following important events took place on our way to consolidating our world market leadership in inhalation sedation within intensive care:

- A targeted share issue providing SEK 112 million to be used to access the US market with a market potential of more than SEK 6 billion annually.
- The ongoing clinical trial in Germany can now be resumed with full force after approval by the Ethics Committee, which means that we take a further step closer to a registration of the IsoConDa drug in Europe, which also substantially increases the potential of our AnaConDa product.
- Sales growth for the quarter amounted to 52% compared with same quarter in the previous year, despite the fact that the drug has not yet been approved, which underlines the medical value of inhalation sedation.

We are grateful for the ongoing trust that all our investors shown in us. This enabled us to complete a successful directed share issue to institutional investors of SEK 112 million on June 5. It was gratifying that the interest was high yet again, and shares were subscribed to by, amongst others, Handelsbanken Fonder, Norrons Asset Management, Alfred Berg Asset Management, Swedbank Robur and Cliens Asset Management plus additional renowned institutions in Germany, the UK and Finland.

With this share issue, we can now accelerate the work to reach market approval in the United States.

## REGISTRATION DEVELOPMENT IN USA AND EUROPE

In order to fully sell inhalation sedation, you must have a medical device that administers the volatile pharmaceuticals to the patient and also have the pharmaceutical approved for sedation within intensive care.

In Europe, our medical device AnaConDa is approved for the administration of the volatile pharmaceuticals. However, the drug IsoConDa is not yet approved for sedation within intensive care, which significantly limits the marketing of inhalation sedation. In the United States neither AnaConDa nor IsoConDa are approved.

The two most important tasks we have for the next few years are thus:

1. Register inhalation sedation with our drug candidate IsoConDa (isoflurane) in Europe, which also significantly increases the market potential of AnaConDa. The total annual market potential for both AnaConDa and IsoConDa in Europe is approximately SEK 6 billion.



**” The registration work for both pharmaceutical and medical device has begun in the United States due to the successful share issue in June.**

2. Register inhalation sedation in the United States with both our drug candidate IsoConDa and our medical device AnaConDa. Market potential in the US amounts to more than SEK 6 billion annually.

To succeed with these tasks, we need to complete our clinical registration study currently under way in Germany. Performing clinical studies in intensive care is challenging and complex and requires great commitment by both sponsor and investigator. Therefore, it is a success that we can now return to recruit all types of mechanically ventilated patients in accordance with the study protocol and that the interruption we communicated in April this year did not significantly disrupt the study

time frame. We can now, as soon as we train the study centers on the updates in the study protocol, focus on the registration work of inhalation sedation with AnaConDa and IsoConDa in both Europe and the United States.

In order to succeed, we have recruited additional people with a solid background of global product development and registration that will lead this work in the future.

The registration work for both pharmaceutical and medical device has begun in the United States due to the successful share issue in June. The work is focused on conducting the first meeting with the U.S. Food and Drug Administration (FDA) in the end of 2018 or the beginning of 2019. The meeting will clarify the requirements we must meet to get both products approved in the United States. Following that meeting the Company will be able to more clearly set out a schedule for when the therapy will be approved in the United States.

#### **BUILDING OF THE MARKET**

The work to increase the use of the AnaConDa technology and to establish ourselves in several European countries continues. It is important that we are represented in several European markets with established networks and reference clinics when the approval of IsoConDa comes. This will allow us to quickly penetrate the market after the registration. Therefore, it is gratifying to see that our strategy works. Germany is the locomotive in our sales development and the development of establishing inhalation sedation at new clinics remains strong. The great interest from French clinics continues as well. It is gratifying that there are new clinics, but also that more existing clinics increase the number of beds for treatment with our therapy.

EBITDA in Q2 was MSEK -1.0, which is in line with our plans as operational costs increase as we develop the organization and increase our market presence.

During the quarter we have recruited Gunilla Mickelsson as Global Marketing Director. Gunilla most recently comes from SOBI and will strengthen our organization in the exciting phase the company is currently in. Her long experience in marketing and sales in the pharmaceutical industry and market development globally will be a key element in the success of achieving our goals and our vision.

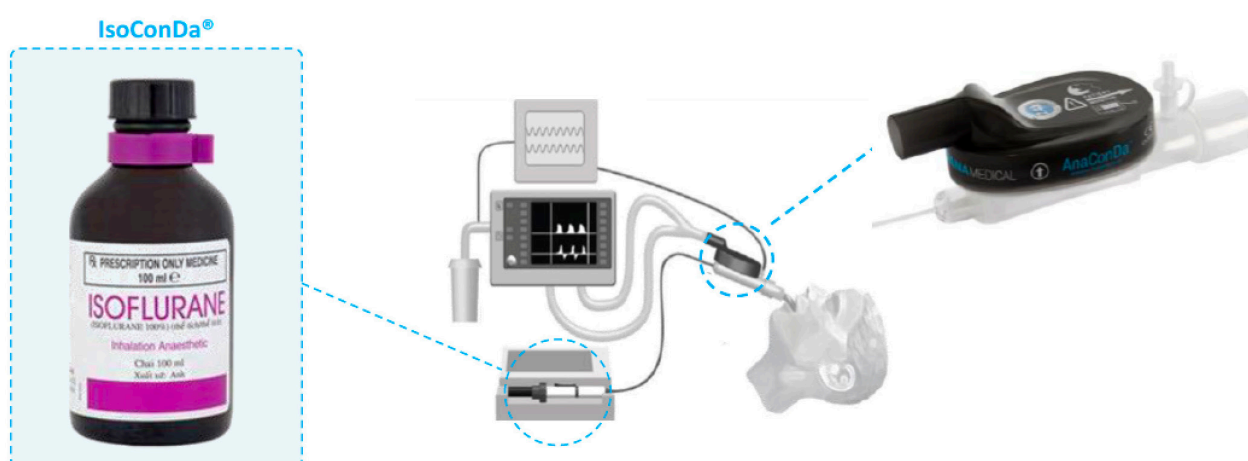
During the first half of the year we have seen increased interest from US-based Key Opinion Leaders and intensive care clinics. Several of these are interested in assisting as centers for future clinical studies in the United States.

In summary, I am very pleased with our work during the quarter. We have good development in all our three focus areas.

1. Registration of the drug IsoConDa in Europe.
2. The development of registration work in the United States with both AnaConDa and IsoConDa.
3. Market building and preparation for an effective and successful launch in Europe when the therapy is registered.

We have built up a solid competence and a network within the company. In addition, we have the ability to recruit people who add further competence in both marketing and sales as well as product development which will secure our future. Sedana Medical is well positioned to lead the work of offering the first commercial solution for inhalation sedation within intensive care, a market with a sales potential of SEK 10-20 billion annually.

**Christer Ahlberg**, President and CEO





## SEDANA MEDICAL IN BRIEF

**SEDANA MEDICAL** is a Swedish medical technology Group which develops, manufactures and sells the medical device AnaConDa and its associated accessories. AnaConDa is based on patented technology involving the vaporisation and reflection of anaesthetic gases. The device is sold to intensive care clinics in several countries for use in conjunction with inhalation sedation of patients, which has many medical benefits compared to intravenous sedation.

Sedana Medical operates from several countries in Europe via subsidiaries and branch offices of the parent company, Sedana Medical AB (publ). Germany is comfortably the Group's largest market, with more than 85% of total sales. Direct sales via in-house personnel also take place in France, Spain and the Nordic region.

A major clinical registration study is currently under way with the aim of having the pharmaceutical IsoConDa® (isoflurane) approved for inhalation sedation within intensive care in Europe, together with AnaConDa.

The company conducts research and development in Ireland and has its head office in Stockholm, Sweden. In June 2017, the company's share was listed on the Nasdaq First North stock exchange.

### LARGEST SHAREHOLDERS AT THE END OF THE PERIOD

Shareholders in the company at the end of the period:

	No of shares	Share (%)
Sten Gibeck	2 085 744	10,97%
Linc AB	1 901 901	10,01%
Magiola Consulting	1 407 867	7,41%
Michael Ryan	1 068 083	5,62%
Ron Farrell	898 897	4,73%
State Street Bank & Trust	774 177	4,07%
Alto Invest SA	628 670	3,31%
Brohuvudet AB	581 800	3,06%
Zaragatero Ltd	503 404	2,65%
Swedbank Robur Microcap	475 000	2,50%
Tio största akiteägare	10 325 543	54,32%
Övriga *	8 683 048	45,68%
<b>Total **</b>	<b>19 008 591</b>	<b>100,00%</b>

\* CEO's ownership at the end of the period is 260 000 shares.

\*\* During June 2018 the number of shares was increased by 1 728 053 share due to a directed share issue.





## BUSINESS DEVELOPMENT DURING THE PERIOD

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### Registration Development

#### **REGISTRATION OF THE PHARMACEUTICAL ISOCONDA® (ISOFLURAN) IN EUROPE**

In order to gain access to the inhalation sedation market including pharmaceuticals and to take advantage of Anaconda's potential, the process of registering the drug candidate IsoConDa in Europe is ongoing. In order to succeed, the company has initiated a clinical registration study in Germany which is currently under way and which will form the basis of the marketing authorization.

A filing application process to the Medicine Agency will, after submission, usually take about 10-16 months for approval depending on the questions the Agency has. The work on compiling a complete drug dossier is ongoing together with our partners in the field.

#### **REGISTRATION STUDY ISOCONDA**

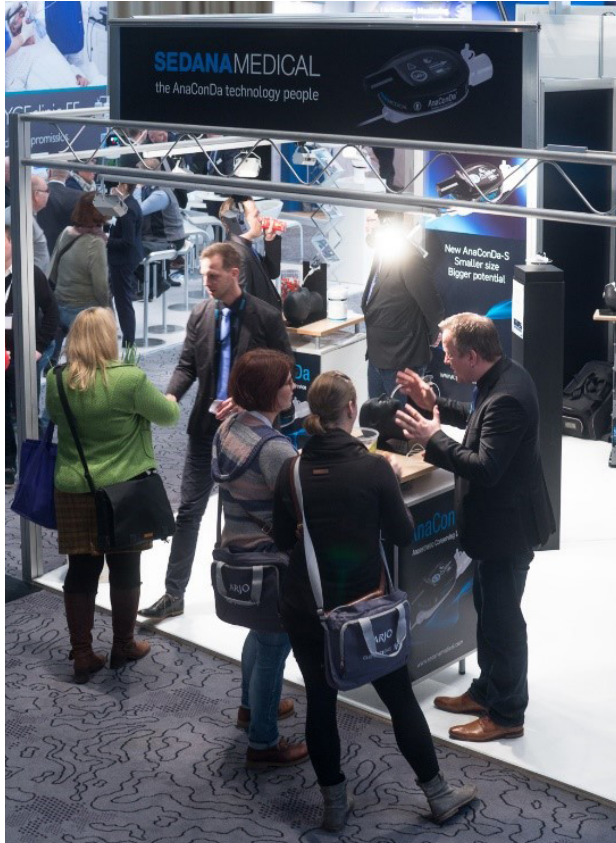
The clinical registration study required for a complete dossier is ongoing in Germany. The study is also necessary to allow us to market inhalation sedation without restrictions

in Europe. The leading ethical committee in Saarbrücken in Germany for the registration study IsoConDa has now finally approved an amendment to the study protocol that Sedana Medical applied for following the questions posed during an inspection and communicated by the Company via a press release on April 10 this year. These changes mainly consist of clarifications in the protocol on the patients and the consent procedure. The new protocol has also been approved by the above-mentioned inspectors, as well as by the German drug authority BfArM. The company can thus resume the study at full patient recruitment rate as soon as the included study centers are trained on the updated study protocol.

Sedana Medical expects to be able to communicate the results of the upcoming interim analysis for the study by the end of 2018. The interim analysis will determine how many patients are ultimately needed to show the result requested to apply for a marketing approval of IsoConDa in Europe.

#### **REGISTRATION WORK OF ANACONDA AND ISOCONDA IN US**

The market potential for inhalation sedation within intensive care in the United States is more than SEK 6 billion annually.



Work on the registration of inhalation sedation including both AnaConDa and IsoConDa has begun and we are working to meet the U.S. Food and Drug Administration, (FDA) for a first meeting at the end of 2018 or start of 2019 to clarify the requirements we must meet for a registration. Following this meeting, the Company will be able to more clearly set out a schedule for when the therapy will be approved in the United States. The European IsoConDa study and registration dossier will be important parts of a forthcoming application for registration in the United States. Probably another study will be required to register the therapy in the United States. The company is working to achieve a registration in the United States by 2022.

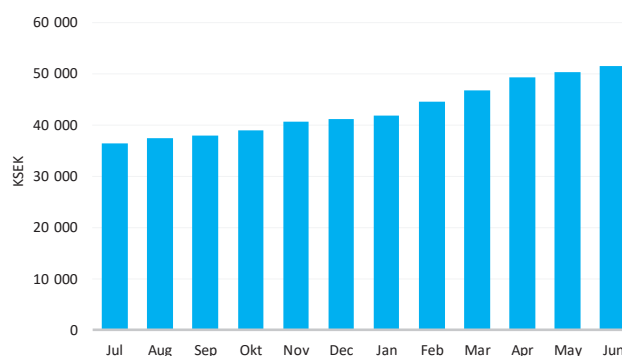
## Building of the market

In the second quarter of 2018, we delivered a significantly better sales growth rate compared with our stated ambition of 20% per annum prior to the registration of IsoConDa in Europe. We will also deliver an EBITDA result that should not be significantly negative, in parallel with building a larger sales and marketing organization. Three years after the registration of IsoConDa in Europe, our ambition is for annual sales to exceed 500 MSEK and to achieve an EBITDA margin of approximately 40%.

Sales during the second quarter of 2018 showed an increase of 52% compared with the corresponding period 2017 and adjusted for the strong euro, the increase was 41%. For the first half of the year, the corresponding figures were 54% and 47%. Sales in Germany continue to increase sharply and represent 86% of total sales. The main reason for this increase is that many clinics increase the use of inhalation sedation, but also that several new clinics have begun to apply the therapy.

Our strategy is to build a direct sales organization in the major European countries prior to the registration of the drug candidate IsoConDa. We want to establish medical networks, reference clinics and ambassadors for the treatment. We also want to increase awareness and knowledge about inhalation sedation, to effectively launch the products immediately after approval. With an expanded sales organization in Germany, France and the Nordic countries as well as increased attendance at international scientific congresses, we see that demand is increasing on our products and for the therapy.

Sales revenues, 12 months rolling



**Sales during the second quarter of 2018 showed an increase of 52%** compared with the corresponding period in 2017 and, adjusting for a strong Euro, the increase was approximately 41%.



# Financial Summary, January – June 2018

## Financial summary - Consolidated (SEK)

	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
Net sales	14 485 021	9 548 964	29 971 679	19 440 486	40 427 741
Gross Profit	11 304 744	7 381 363	22 093 956	13 949 995	29 661 735
Gross Margin (%)	78,0%	77,3%	73,7%	71,8%	73,4%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-1 006 210	673 449	-1 794 482	1 081 064	-736 236
Earnings Before Interest and Taxes (EBIT)	-2 007 266	408 390	-3 737 177	678 176	-3 487 833
Income after financial items	-1 629 631	-570 467	-1 618 746	-687 539	-4 601 153
Net income	-846 758	-510 835	-933 784	-1 053 220	-3 875 657
EBITDA %	-6,9%	7,1%	-6,0%	5,6%	-1,8%
EBIT %	-13,9%	4,3%	-12,5%	3,5%	-8,6%
Net income % of net sales	-5,8%	-5,3%	-3,1%	-5,4%	-3,1%
Total assets	238 958 610	132 369 726	238 958 610	132 369 726	131 376 324
Equity	223 566 101	104 870 376	223 566 101	104 870 376	116 403 288
Equity ratio	93,6%	79,2%	93,6%	79,2%	88,6%
Quick ratio	1229,0%	419,9%	640,4%	80,2%	131,8%
Average number of employees	25	17	25	16	16
Average number of shares before dilution	18 144 565	8 152 739	18 144 565	8 152 739	8 537 354
Average number of shares after dilution	19 286 714	8 827 944	19 390 714	8 827 944	9 212 559
Number of shares at the end of the period before dilution	19 008 591	16 303 308	19 008 591	16 303 308	17 072 538
Number of shares at the end of the period after dilution	20 150 740	17 653 457	20 150 740	17 653 457	18 422 687
Earnings per share before dilution <sup>1)</sup>	-0,05	-0,06	-0,05	-0,13	-0,11
Earnings per share after dilution <sup>1)</sup>	-0,04	-0,06	-0,05	-0,12	-0,10

<sup>1)</sup> Based on average number of shares for the period.

## REVENUES

Total revenues for the Group during the second quarter amounted to 14 846 (11 093) KSEK which corresponds to an increase of 3 753 KSEK or 34 percent. The increase is mainly due to an increase in net sales of 4 936 (52%). The Group's sales are exclusively in EUR, and corresponding increase compared to same period previous year cleared of exchange rate effects were 41%.

Revenues for the second quarter also contain other operating revenues of 361 (826) KSEK which mainly consist of positive exchange rate differences. In 2017, payments from employees for acquisition of warrants were included in other operating revenues. Revenues for quarter 2, 2017 include capitalized development expenses of 718 KSEK. The same item is also included in other operating expenses and illustrates the capitalization of development expenses in accordance with a gross reporting principle. As of quarter three 2017, the Group has ceased to apply this gross reporting principle and now reports capitalized development expenses on a net basis under other operating expenses. For further information see the Group's accounting principles.

## COST OF GOODS SOLD

The cost of goods sold during the second quarter amounted to 3 180 (2 168) KSEK, which corresponds to an increase of 1 013 KSEK or 47 %. The increase is mainly due to increased sales.

## OTHER EXTERNAL EXPENSES

Other external expenses amounted to 5 456 (4 198) KSEK, which corresponds to an increase of 1 258 KSEK or 30 %. The other external expenses include (among other things) consultancy fees, marketing and sales expenses, accounting expenses, travel expenses and patent costs. The increase is primarily attributable to an increase in marketing and sales expenses which is in line with the strategy of the Group.

## PERSONNEL EXPENSES

Personnel expenses in the Group amounted to 6 811 (4 048) KSEK during the second quarter which corresponds to an increase of 2 763 KSEK or 68 %. During the second quarter there were 25 employees in the Group on average, which was an increase of 8 employees compared with the same period in 2017. The main reason for the increase in personnel expenses is more employees but also a different structure and new positions. The personnel expenses for quarter 1-2 includes restructuring expenses of 433 KSEK.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to 1 001 (265) KSEK which corresponds to an increase of 736 KSEK or 278 percent. The increase is due to increased amortisation of intellectual property (IP) and a reclassification of assets. Amortisation of intangible assets increased as a result of the acquisition of remaining IP in relation to AnaConDa which took place in Q2 2017. A reclassification between current assets and fixed assets was carried out in Q3 2017 in relation to the gas monitors owned by the Group. The entire year's effect of the reclassification of the gas monitors has been reported in Q3 2017. For further information see the Group's accounting principles.



#### **OPERATING INCOME**

The operating income for the Group amounted to -2 007 (408) KSEK, during the second quarter, which corresponds to a decrease of 2 415 KSEK or 592%. The decrease is explained by increased operating expenses as well as increased depreciations and amortisations.

#### **FINANCIAL ITEMS**

Net income from financial items amounted to 378 (-979) KSEK during the second quarter. The increase is explained by positive exchange rate differences.

#### **TAXES**

The Group reported taxes of 783 (60) KSEK for the second quarter. The tax charges are primarily due to changes in deferred tax.

#### **NET INCOME**

The Group reported a net income after taxes of -847 (-511) KSEK for the second quarter. The decrease during the second quarter 2018 compared with the same period previous year is mainly due to a lower operating income.

#### **EQUITY AND LIABILITIES**

Equity as of 30 June 2018 amounted to 223 566 (104 870) KSEK, which corresponds to an increase of 118 696 KSEK. The increase is due to the directed share issue that was carried out in the beginning of June 2018.

Shareholders' equity in the Parent company, Sedana Medical AB (publ), amounted to 229 870 (109 879) KSEK as of 30 June 2018, corresponding to an increase of 119 991 KSEK. The increase is mainly explained by the directed share issue completed in June 2018.

Long-term liabilities at the end of the period amounted to 0 (1 840) KSEK.

Current liabilities at the end of the period amounted to 15 393 (25 659) KSEK and consisted mainly of accrued expenses of 10 001 (8 654) KSEK and accounts payable of 3 640 (9 332) KSEK

#### **CASH FLOW**

Liquid funds at the end of the period amounted 181 591 (100 738) KSEK. Cash flow from operations before changes in working capital amounted to -389 (-1 461) KSEK for the second quarter.

Cash flow from operations after changes in working capital amounted to 3187 (9 339) KSEK. The negative change in working capital compared with same period in 2017 is due to a decrease in operating liabilities.

Cash flow from investments amounted to -8 812 (-11 559) KSEK. The investments for the second quarter consist primarily of intangible fixed assets related in the most part to capitalized development expenses, the majority of which concern the clinical study for IsoConDa.

Cash flow from financing activities totalled a net of 107 950 (90 285) KSEK, which concern the directed new share issue that took place in the beginning of June 2018.

The total cash flow for the Group was positive of 102 325 (88 065) KSEK.

#### **PARENT COMPANY**

Sedana Medical AB (publ), corporate identity number 556670-2519, is the parent company in the Group. Its operations consist of clinical development, sales and administrative and management functions. The parent company has branch offices in Germany and Spain, where operations consist of sales and warehousing of products.

The parent company's total revenues amounted to 16 916 (10 032) KSEK for the second quarter. The operating income amounted to -1 861 (-1 864) KSEK, which corresponds to a decrease of 3 KSEK. The net income from financial items amounted to 600 (-884) KSEK during the second quarter. The increase is due to positive exchange rate differences. Net income amounted to -1 254 (-2 879) KSEK for the second quarter.

Liquid funds at the end of the period amounted to 178 626 (98 096) KSEK, an increase of 80 531 KSEK which is due to the directed new share issue carried out in the beginning of June 2018.

## **Other information**

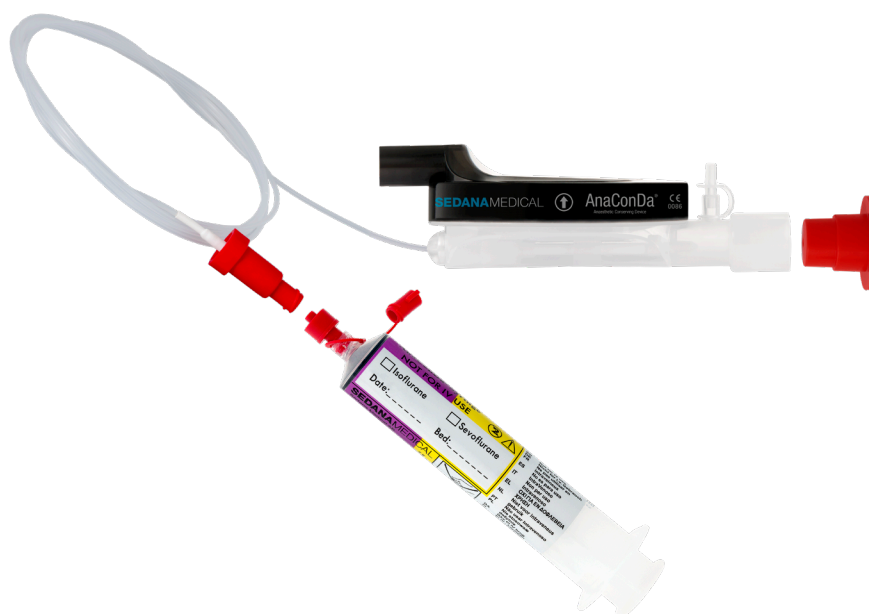
#### **TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties are conducted on market terms. During the period, the subsidiary company Sedana Medical Ltd has purchased goods at a value of 1 076 KSEK from Lismed Ltd., a company related to the R&D Director and owner Ron Farrell.

The subsidiary company Sedana Medical Ltd has further purchased services at a value of 155 KSEK during the second quarter from Tecscan Ltd., a company related to the board member Michael Ryan.

## Consolidated income statement

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Revenues</b>					
Net sales	14 485 021	9 548 964	29 971 679	19 440 486	40 427 741
Capitalized development expenses	0	717 717	0	1 290 937	1 290 937
Other operating income	360 687	826 279	716 178	870 073	1 571 713
	14 845 708	11 092 960	30 687 857	21 601 496	43 290 391
<b>Operating cost and expenses</b>					
Cost of goods sold	-3 180 277	-2 167 601	-7 877 723	-5 490 491	-10 766 006
External expenses	-5 456 453	-4 198 248	-11 250 553	-7 721 277	-16 825 431
Personnel expenses	-6 810 851	-4 048 298	-12 866 457	-7 274 821	-16 194 641
Depreciation and amortisation	-1 001 056	-265 059	-1 942 695	-402 888	-2 751 597
Other operating expenses	-404 337	-5 364	-487 606	-33 843	-240 549
<b>Operating income</b>	<b>-2 007 266</b>	<b>408 390</b>	<b>-3 737 177</b>	<b>678 176</b>	<b>-3 487 833</b>
<b>Income from financial items</b>					
Result from securities and long term receivables	0	-629	0	-629	0
Financial income	1 320 699	665 660	3 428 390	1 077 361	2 749 890
Financial expenses	-943 064	-1 643 888	-1 309 959	-2 442 447	-3 863 210
<b>Income after financial items</b>	<b>-1 629 631</b>	<b>-570 467</b>	<b>-1 618 746</b>	<b>-687 539</b>	<b>-4 601 153</b>
<b>Income before taxes</b>	<b>-1 629 631</b>	<b>-570 467</b>	<b>-1 618 746</b>	<b>-687 539</b>	<b>-4 601 153</b>
Taxes	782 873	59 632	684 962	-365 681	725 496
<b>Net Income</b>	<b>-846 758</b>	<b>-510 835</b>	<b>-933 784</b>	<b>-1 053 220</b>	<b>-3 875 657</b>





## Consolidated balance sheet

(SEK)	30 June		31 December
	2018	2017	2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalized development expenses	32 704 669	11 375 531	20 721 889
Concessions, patents, licenses and similar	5 604 904	6 352 033	5 743 685
	38 309 573	17 727 564	26 465 574
<i>Tangible assets</i>			
Building and land	118 321	0	94 587
Machinery and equipment	4 602 155	103 927	2 824 845
Fixtures and tools	488 353	1 623 322	1 432 644
	5 208 829	1 727 249	4 352 076
<i>Financial assets</i>			
Deferred taxes	1 381 822	486 399	1 459 648
<b>Total fixed assets</b>	<b>44 900 224</b>	<b>19 941 212</b>	<b>32 277 298</b>
<b>Current assets</b>			
<i>Inventory</i>			
Finished goods	4 885 801	4 432 540	3 205 411
Advances to suppliers	0	241 372	0
	4 885 801	4 673 912	3 205 411
<i>Receivables</i>			
Trade receivables	3 909 587	3 181 332	3 481 210
Tax receivables	1 070 103	205 719	406 410
Other current receivables	1 347 425	1 641 382	2 672 633
Prepaid expenses and accrued income	1 254 964	1 987 784	4 011 715
	7 582 079	7 016 217	10 571 968
<i>Cash and cash equivalents</i>			
	181 590 506	100 738 385	85 321 647
<b>Total current assets</b>	<b>194 058 386</b>	<b>112 428 514</b>	<b>99 099 026</b>
<b>TOTAL ASSETS</b>	<b>238 958 610</b>	<b>132 369 726</b>	<b>131 376 324</b>

(SEK)	30 June		31 December
	2018	2017	2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1 900 860	1 630 331	1 707 254
Other equity including net income for the period	221 665 241	103 240 045	114 696 034
Equity attributable to shareholders in parent company	223 566 101	104 870 376	116 403 288
<b>Total equity</b>	<b>223 566 101</b>	<b>104 870 376</b>	<b>116 403 288</b>
<i>Provisions</i>			
Deferred taxes	0	0	0
Other provisions	0	0	0
	0	0	0
<i>Long-term liabilities</i>			
Liabilities to credit institutions	0	239 941	0
Convertible loans	0	0	0
Other long term liabilities	0	1 600 000	0
	0	1 839 941	0
<i>Current liabilities</i>			
Liabilities to credit institutions	0	6 359 892	3 644
Accounts payables	3 639 858	9 331 626	7 873 127
Tax liabilities	0	0	0
Other current liabilities	1 752 133	1 314 008	1 591 191
Accrued expenses and prepaid income	10 000 518	8 653 883	5 505 074
	15 392 509	25 659 409	14 973 036
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>238 958 610</b>	<b>132 369 726</b>	<b>131 376 324</b>

## Consolidated statement of changes in equity

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Opening balance according to balance sheet</b>	116 603 916	748 691	116 403 288	1 261 796	1 261 796
Adjustments	0	0	0	0	0
Adjusted opening balance	116 603 916	748 691	116 403 288	1 261 796	1 261 796
<b>Changes in the carrying amounts recognised directly in equity</b>					
Translation differences	-141 108	-207 415	-327 454	-178 135	-340 911
<b>Transactions with the group's owners</b>					
New issue of shares	112 323 445	104 839 935	112 843 445	104 839 935	114 999 983
Conversion of loans	0	0	0	0	16 668 867
Issue expenses	-4 373 394	0	-4 419 394	0	-12 310 790
Net income	-846 758	-510 835	-933 784	-1 053 220	-3 875 657
<b>Total Equity</b>	<b>223 566 101</b>	<b>104 870 376</b>	<b>223 566 101</b>	<b>104 870 376</b>	<b>116 403 288</b>

## Consolidated statement of cash flow

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Operations</b>					
Operating income	-2 007 266	408 390	-3 737 177	678 176	-3 487 833
<i>Adjustment of non cash flow items</i>					
Depreciations, amortisations and gains and losses on sale of fixed assets	1 755 474	272 813	2 697 113	410 636	2 751 597
Currency exchange rates differences	-139 551	426 025	-170 176	359 703	-875 125
Provisions	0	0	0	-13 784	-13 872
Other non cash flow items	0	0	0	0	195 417
	-391 343	1 107 228	-1 210 240	1 434 731	-1 429 816
Received interest	0	0	0	1	654
Paid interest	1 932	-2 435 360	-101	-2 478 250	-2 591 545
Paid taxes	0	-133 262	0	-139 279	-211 321
<b>Cash flow from operations before change in working capital</b>	<b>-389 411</b>	<b>-1 461 394</b>	<b>-1 210 341</b>	<b>-1 182 797</b>	<b>-4 232 028</b>
<i>Cash flow from change in working capital</i>					
Increase (-)/Decrease (+) of inventory	460 750	115 062	-1 537 678	-142 836	1 331 111
Increase (-)/Decrease (+) of operating receivables	1 122 130	-2 112 203	3 687 032	-2 975 073	-6 248 592
Increase (+)/Decrease (-) of operating liabilities	1 993 419	12 797 580	-123 692	14 721 071	9 645 159
<b>Cash flow from operations</b>	<b>3 186 887</b>	<b>9 339 045</b>	<b>815 321</b>	<b>10 420 365</b>	<b>495 650</b>
<b>Investment activities</b>					
Investment in intangible fixed assets	-7 146 749	-10 931 612	-11 004 643	-12 802 824	-22 105 618
Investments in tangible fixed assets	-1 665 436	-311 331	-2 189 011	-1 224 059	-3 776 401
Investments of financial assets	0	-315 722	0	-272 062	0
<b>Cash flow from investment activities</b>	<b>-8 812 185</b>	<b>-11 558 665</b>	<b>-13 193 654</b>	<b>-14 298 945</b>	<b>-25 882 019</b>
<b>Financing activities</b>					
New issue of shares	112 323 444	104 839 936	112 843 445	104 839 936	117 430 268
Issue expenses	-4 373 394	0	-4 419 394	0	-12 310 790
Received loans	0	0	0	6 002 763	0
Amortisation of loans	0	-14 555 015	0	-14 555 015	-2 779 779
<b>Cash flow from financing activities</b>	<b>107 950 050</b>	<b>90 284 921</b>	<b>108 424 051</b>	<b>96 287 684</b>	<b>102 339 699</b>
<b>Cash flow for the period</b>	<b>102 324 752</b>	<b>88 065 301</b>	<b>96 045 717</b>	<b>92 409 104</b>	<b>76 953 329</b>
<b>Liquid funds at the beginning of the period</b>	<b>79 212 668</b>	<b>12 624 319</b>	<b>85 321 647</b>	<b>8 296 432</b>	<b>8 296 432</b>
<b>Effects of exchange rate changes on cash</b>	0	41 899	0	29 224	0
<b>Translation difference in liquid funds</b>	53 085	6 866	223 142	3 625	71 886
<b>Liquid funds at the end of the period</b>	<b>181 590 506</b>	<b>100 738 385</b>	<b>181 590 506</b>	<b>100 738 385</b>	<b>85 321 647</b>



## Parent company income statement

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Revenues</b>					
Net sales	14 112 411	9 307 595	29 391 924	18 837 993	43 129 325
Capitalized development expenses	0	717 717	0	1 290 937	1 290 937
Other operating income	2 803 723	6 814	3 159 214	50 608	121 232
	16 916 134	10 032 126	32 551 138	20 179 538	44 541 494
<b>Operating cost and expenses</b>					
Cost of goods sold	-9 093 163	-6 592 743	-18 868 831	-13 384 983	-26 460 090
External expenses	-3 725 026	-2 720 015	-8 535 977	-5 235 429	-11 595 358
Personnel expenses	-5 166 026	-2 558 278	-8 762 064	-4 442 483	-10 523 197
Depreciation and amortisation	-395 224	-19 734	-757 610	-36 222	-1 175 665
Other operating expenses	-397 515	-5 364	-479 967	-33 843	-226 119
<b>Operating income</b>	<b>-1 860 820</b>	<b>-1 864 008</b>	<b>-4 853 311</b>	<b>-2 953 422</b>	<b>-5 438 935</b>
<b>Income from financial items</b>					
Result from securities and long term receivables	0	105 339	0	201 454	578 191
Financial income	1 543 972	665 661	3 856 799	1 077 357	2 749 048
Financial expenses	-944 309	-1 654 860	-1 309 858	-2 435 492	-3 863 210
<b>Income after financial items</b>	<b>-1 261 157</b>	<b>-2 747 868</b>	<b>-2 306 370</b>	<b>-4 110 103</b>	<b>-5 974 906</b>
Group contribution	0	0	0	0	1 348 246
<b>Income before taxes</b>	<b>-1 261 157</b>	<b>-2 747 868</b>	<b>-2 306 370</b>	<b>-4 110 103</b>	<b>-4 626 660</b>
Taxes	7 523	-130 864	0	-130 864	0
<b>Net Income</b>	<b>-1 253 634</b>	<b>-2 878 732</b>	<b>-2 306 370</b>	<b>-4 240 967</b>	<b>-4 626 660</b>



## Parent company balance sheet

(SEK)	30 June		31 December
	2018	2017	2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalized development expenses	12 469 671	2 759 653	6 402 769
<i>Tangible assets</i>			
Building and land	29 375	0	0
Machinery and equipment	3 269 531	103 927	2 824 845
Fixtures and tools	56 838	75 773	64 196
	3 355 744	179 700	2 889 041
<i>Financial fixed assets</i>			
Shares in group companies	50 009	50 009	50 009
Long term receivables in group companies	39 883 863	24 178 493	30 854 306
	39 933 872	24 228 502	30 904 315
<b>Total fixed assets</b>	<b>55 759 287</b>	<b>27 167 855</b>	<b>40 196 125</b>
<b>Current assets</b>			
<i>Inventory</i>			
Finished goods	10 942 910	6 643 446	6 108 574
<i>Receivables</i>			
Trade receivables	3 237 246	2 603 878	3 160 937
Receivables in group companies	8 829 213	2 573 519	7 990 913
Tax receivables	370 698	3 635	332 537
Other current receivables	3 706 143	1 098 538	1 314 862
Prepaid expenses and accrued income	1 250 880	948 890	1 496 634
	17 394 180	7 228 460	14 295 883
<i>Cash and cash equivalents</i>			
	178 626 074	98 095 509	83 282 895
<b>Total current assets</b>	<b>206 963 164</b>	<b>111 967 415</b>	<b>103 687 352</b>
<b>TOTAL ASSETS</b>	<b>262 722 451</b>	<b>139 135 270</b>	<b>143 883 477</b>

(SEK)	30 June		31 December
	2018	2017	2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	1 900 859	979 331	1 707 254
Fund for capitalized development expenses	18 872 439	2 759 653	6 402 769
<i>Non restricted equity</i>			
Share premium fund	237 296 814	115 660 604	129 450 806
Retained earnings	-25 894 038	-5 280 013	-8 987 681
Profit or loss previous year	0	0	0
Profit or loss for the period	-2 306 370	-4 240 967	-4 626 660
<b>Total Equity</b>	<b>229 869 704</b>	<b>109 878 608</b>	<b>123 946 488</b>
<i>Long-term liabilities</i>			
Liabilities to credit institutions	0	239 941	0
Convertible loans	0	0	0
Other long term liabilities	0	1 600 000	0
	0	1 839 941	0
<i>Current liabilities</i>			
Liabilities to credit institutions	0	6 359 892	0
Accounts payables	2 211 025	3 663 764	5 045 386
Liabilities to group companies	21 428 628	8 414 379	10 762 117
Other current liabilities	1 015 879	687 188	976 786
Accrued expenses and prepaid income	8 197 215	8 291 498	3 152 700
	32 852 747	27 416 721	19 936 989
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>262 722 451</b>	<b>139 135 270</b>	<b>143 883 477</b>



## Parent company statement of changes in equity

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Opening balance according to balance sheet</b>	123 233 648	7 952 974	123 946 488	9 309 943	9 309 943
Adjustments	0	0	0	0	0
Adjusted opening balance	123 233 648	7 952 974	123 946 488	9 309 943	9 309 943
<b>Changes in the carrying amounts recognised directly in equity</b>					
Translation differences	-60 361	-35 569	-194 465	-30 303	-94 855
<b>Transactions with the group's owners</b>					
New issue of shares	112 323 445	104 839 935	112 843 445	104 839 935	114 999 983
Conversion of loans	0	0	0	0	16 668 867
Issue expenses	-4 373 394	0	-4 419 394	0	-12 310 790
<b>Reallocation between items in equity</b>					
Bonus issue	0	0	0	0	650 000
Share capital	0	0	0	0	-650 000
Allocations to funds for capitalized development expenses	7 194 019	1 168 191	18 872 439	1 290 937	6 402 769
Retained earnings	-7 194 019	-1 168 191	-18 872 439	-1 290 937	-6 402 769
	0	0	0	0	0
Net income	-1 253 634	-2 878 732	-2 306 370	-4 240 967	-4 626 660
<b>Total Equity</b>	<b>229 869 704</b>	<b>109 878 608</b>	<b>229 869 704</b>	<b>109 878 608</b>	<b>123 946 488</b>

## Parent company statement of cash flow

(SEK)	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
<b>Operations</b>					
Operating income	-1 860 820	-1 864 008	-4 853 311	-2 953 422	-5 438 935
<i>Adjustment of non cash flow items</i>					
Depreciations, amortisations and gains and losses on sale of fixed assets	1 149 642	19 743	1 512 028	36 222	1 175 665
Currency exchange rates differences	-120 527	414 910	-286 165	366 510	-12 112
Provisions	0	0	0	0	0
Other non cash flow items	0	0	0	0	1 492 735
	<b>-831 705</b>	<b>-1 429 355</b>	<b>-3 627 448</b>	<b>-2 550 690</b>	<b>-2 782 647</b>
Received interest	226 509	0	431 340	1	578 845
Paid interest	687	-2 435 360	0	-2 478 250	-2 591 545
Paid taxes	0	-134 503	0	-134 503	-332 537
<b>Cash flow from operations before change in working capital</b>	<b>-604 509</b>	<b>-3 999 218</b>	<b>-3 196 108</b>	<b>-5 163 442</b>	<b>-5 127 884</b>
<i>Cash flow from change in working capital</i>					
Increase (-)/Decrease (+) of inventory	-3 883 497	-1 211 163	-4 948 236	998 658	1 433 719
Increase (-)/Decrease (+) of operating receivables	-1 650 008	-640 533	-2 843 062	-1 557 553	-8 481 835
Increase (+)/Decrease (-) of operating liabilities	9 770 801	10 647 384	12 391 134	3 023 893	7 182 075
<b>Cash flow from operations</b>	<b>3 632 787</b>	<b>4 796 470</b>	<b>1 403 728</b>	<b>-2 698 444</b>	<b>-4 993 925</b>
<b>Investment activities</b>					
Investment in intangible fixed assets	-3 402 449	-717 717	-6 066 902	-1 290 937	-4 934 053
Investments in tangible fixed assets	-1 352 976	-1 803	-1 666 138	-328 960	-2 688 881
Investments of financial assets	-5 994 695	-8 387 437	-6 913 956	-8 434 965	-14 204 812
<b>Cash flow from investment activities</b>	<b>-10 750 120</b>	<b>-9 106 957</b>	<b>-14 646 996</b>	<b>-10 054 862</b>	<b>-21 827 746</b>
<b>Finansieringsverksamheten</b>					
New issue of shares	112 323 444	104 839 936	112 843 444	104 839 936	117 430 268
Issue expenses	-4 373 394	0	-4 419 394	0	-12 310 790
Received loans	0	0	0	6 751 534	0
Increase (+)/Decrease (-) of current financial liabilities	0	0	0	6 000 000	0
Conversion of loan to equity	0	0	0	0	0
Amortisation of loans to owners	0	0	0	0	0
Amortisation of loans	0	-14 514 051	0	-14 514 051	-2 779 779
<b>Cash flow from financing activities</b>	<b>107 950 050</b>	<b>90 325 885</b>	<b>108 424 050</b>	<b>103 077 419</b>	<b>102 339 699</b>
<b>Cash flow for the period</b>	<b>100 832 717</b>	<b>86 015 398</b>	<b>95 180 782</b>	<b>90 324 113</b>	<b>75 518 027</b>
<b>Liquid funds at the beginning of the period</b>	<b>77 792 889</b>	<b>12 005 025</b>	<b>83 282 895</b>	<b>7 711 119</b>	<b>7 711 119</b>
Effects of exchange rate changes on cash	0	41 899	0	29 224	0
Translation difference in liquid funds	468	33 187	162 397	31 053	53 749
<b>Liquid funds at the end of the period</b>	<b>178 626 074</b>	<b>98 095 509</b>	<b>178 626 074</b>	<b>98 095 509</b>	<b>83 282 895</b>



## Share information

	Q2		Q1-Q2		Year
	2018	2017	2018	2017	2017
Net income, SEK	-846 758	-510 835	-933 784	-1 053 220	-3 875 657
Cash flow, SEK	102 324 752	88 065 301	96 045 717	92 409 104	76 953 329
Number of shares at the beginning of the period	17 280 538	2 170	17 280 538	2 170	2 170
Number of shares at the end of the period	19 008 591	16 303 308	19 008 591	16 303 308	17 072 538
Average number of shares	18 144 565	8 152 739	18 144 565	8 152 739	8 537 354
Outstanding warrants at the beginning of the period	1 142 149	260	1 350 149	260	260
Outstanding warrants at the end of the period	1 142 149	1 350 149	1 142 149	1 350 149	1 350 149
Genomsnittligt antal teckningsoptioner	1 142 149	675 205	1 246 149	675 205	675 205
Share capital at the end of the period, SEK	1 900 860	1 630 331	1 900 860	1 630 331	1 707 254
Equity at the end of the period, SEK	223 566 101	104 870 376	223 566 101	104 870 376	116 403 288
<i>Earnings per share, SEK</i>					
- Earnings per share before dilution	-0,05	-0,06	-0,05	-0,13	-0,45
- Earnings per share after dilution	-0,04	-0,06	-0,05	-0,12	-0,42
Equity per share, SEK	11,76	6,43	11,76	6,43	6,82
Cash flow per share, SEK	5,64	10,80	5,29	11,33	9,01

## Notes to the financial information

### NOTE 1 ACCOUNTING PRINCIPLES

Sedana Medical AB (publ) and the Group applies the Swedish Accounting Standard Board's (BFN's) general guidelines BFNAR 2012:1 Annual report and consolidated accounts (K3). Significant accounting and valuation principles are set out on pages 13-17 of the Group annual report 2016.

A departure from the K3 regulation has occurred in the third quarter when it comes to the gross reporting of capitalized development expenses. As of Q3 2017, Sedana Medical reports development costs on a net basis under personnel expenses and other operating expenses.

### NOTE 2 DEFINITION OF RATIOS

#### EBITDA margin:

Operating income before depreciation and amortisation/net sales

#### EBIT margin:

Operating income/net sales

#### Net profit in % of net sales:

Net profit/net sales

#### Balance sheet total:

Total assets

#### Equity ratio:

(Total equity + 78% of untaxed reserves)/Total assets

#### Quick ratio:

Current assets excluding inventory/Current liabilities

#### Average number of full-time employees during the period:

Average number of full-time employees during the period.

## Other information

### AUDITOR'S REVIEW

The Group's auditor has not reviewed the accounts in this interim report.

### CERTIFIED ADVISER

Erik Penser Bank is the certified adviser for Sedana Medical AB (Publ).

### FOR FURTHER INFORMATION PLEASE CONTACT

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### DATES FOR UPCOMING INFORMATION

Interim report Q3 2018:  
22 November 2018

Year-end report 2018:  
21 March 2019

## Certification from the Board of Directors and the CEO

The Board of Directors certifies that this interim report provides a true and fair view of the Group's operations, financial position and results. For a description of Sedana Medical's risks, please refer to the Group's prospectus that was prepared for the listing on Nasdaq First North as well as the annual report for 2017.

Danderyd 30 augusti 2018

**Thomas Eklund**  
Chairman of the Board

**Sten Gibeck**  
Board member


**Bengt Julander**  
Board member

**Ola Magnusson**  
Board member

**Michael Ryan**  
Board member

**Eva Walde**  
Board member

**Christer Ahlberg**  
President and CEO



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