



Financial Report Q3 - 2017

Results and financial position

Q3 Report - Summary:

Key Ratios					
	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Dignitana Group					
Net revenues, TSEK	4 550	2 807	16 436	4 900	8 902
Total revenues TSEK	4 565	2 843	16 594	5 001	9 122
Net profit after financial items, TSEK	-10 338	-7 070	-29 261	-20 645	-32 269
Cash and bank balances, TSEK	6 192	42 342	6 192	42 342	32 864
Earnings per share before and after dilution, SEK	-0,51	-0,35	-1,44	-1,13	-1,72
	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Dignitana AB					
Net revenues, TSEK	3 283	2 387	13 231	4 306	7 767
Total revenues TSEK	3 299	2 423	13 390	4 407	7 986
Net profit after financial items, TSEK	-10 257	-7 121	-29 357	-20 750	-32 457
Cash and bank balances, TSEK	3 766	42 145	3 766	42 145	31 744

Significant events during the period

- The request for a wider indication for use of the DigniCap® Scalp Cooling System was granted clearance by the FDA in July 2017. The clinical indications for DigniCap were expanded from women with breast cancer to cancer patients with solid tumors.
- DigniCap availability continues to expand with 11 new contracts signed in Q3 as well as 21 machines installed in the period.
- On 29 August 2017, Dignitana announced that the company received a line of credit from Union Business Leasing, Inc. to finance existing systems installed on the US market in the form of a credit facility valued at up to \$2.5 million.
- Dignitana has issued 100,000 warrants to employees in Dignitana AB.
- On 29 September 2017, Dignitana announced production delays.

Significant events after the end of the period

- October 3 Dignitana contracted with UCLA, a DigniCap® clinical trial site that is a top-50 ranked institution and recognized as an NCI-designated Comprehensive Cancer Center.



- October 11 Dignitana contracted with Cancer Specialists of North Florida to install DigniCap in eight locations in the Jacksonville, Florida area.
- October 13 Dignitana signed a contract with RWJBarnabas Health, one of the largest comprehensive health care delivery systems in New Jersey, to provide DigniCap® at its Oceanport, New Jersey location.
- Dignitana announces that the next generation cooling unit will be developed and introduced in 2018.
- Dignitana announces that the predicted break even in Q1, 2018 has been postponed to Q4 2018.
- Dignitana's largest customer, Memorial Sloan Kettering (MSK), has requested to renegotiate its long-term agreement to be replaced by a short-term agreement with an ongoing relationship. This implies changes in Dignitana's short-term financing structure, which means that the company's working capital will be consumed in mid-November.
- The Board of Directors of Dignitana has decided on a new share issue of 42.6 MSEK with preferential rights for existing shareholders.
- Dignitana intends to relocate operations from its head office in Lund to the company's subsidiary in the U.S.
- William Cronin has been appointed new CEO of Dignitana AB, starting the first quarter of 2018.

Scheduled financial reports

Year-End Report for 2017

22 February 2018

Information about operations

Dignitana operates in the field of medical technology. Dignitana has developed a patented medical cooling system, DigniCap®, which reduces chemotherapy-induced hair loss. DigniCap® provides continuous cooling with high efficacy, safety and acceptable patient comfort and contributes to the well-being of patients during very difficult period of their lives.

In the field of oncology, DigniCap® is being established as the market leader and de facto global standard for scalp cooling to prevent chemotherapy-induced hair loss.

Dignitana has offices in Lund, Sweden and Dallas, Texas, U.S.A.

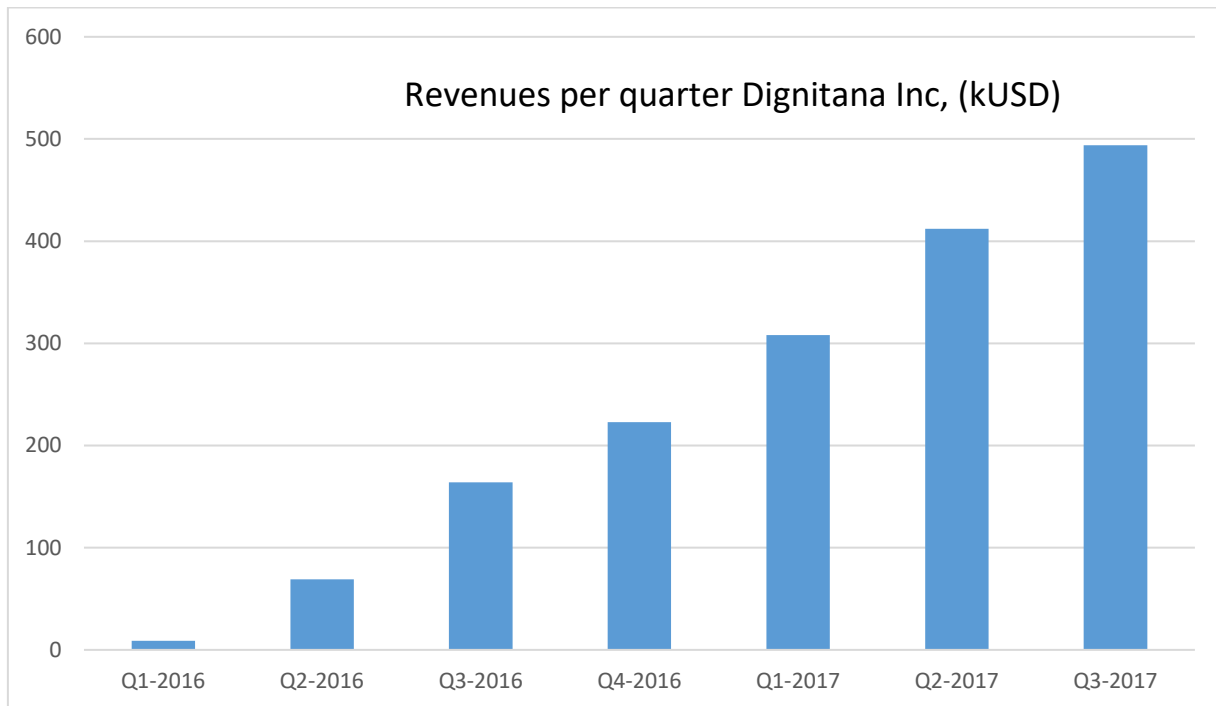
Comments from Johan Ericsson, CEO, Dignitana AB (publ)

Dignitana increased revenue in the U.S. for the 7th continuous quarter.

The pay-per-treatment business model in the U.S. is growing steadily. The model is attractive for



both partner sites and patients as it enables very low startup costs for the sites and patients pay for only the treatments that they use.



A closer customer collaboration

As we continue to expand the availability of DigniCap®, we recognize the importance of establishing an ongoing partnership with clinicians. In Q3 we developed the Scalp Cooling Integration Program to provide comprehensive and ongoing training and support to clinical partners, so they are able to easily and efficiently integrate scalp cooling into their daily work flow. This focus on service and support is a critical differentiator in the medical technology field, and a driving force in our expansion.

On August 4 Dignitana signed a contract with Dignity Health, the fifth largest health system in the U.S. and the largest hospital provider in California. This agreement allows any of the 19 cancer centers in the Dignity Health network to offer the DigniCap system to their patients.

The majority of DigniCap facilities are continuing to use the system as their contracts auto-renew, however 2 sites have elected to discontinue usage, and 2 sites had an ownership change during the contract transition and did not install the system

The current number of contracted sites is 99 locations in 21 states.

FDA clearance and insurance reimbursement

The most significant event during this period, was the FDA expansion of the clinical indications of DigniCap® to include not only women with breast cancer but also men and women with solid tumor cancers.



The potential scalp cooling market in the U.S. thereby increased from 255,000 new breast cancer cases to more than 800,000 men and women diagnosed with solid tumors each year. We can now offer scalp cooling to three times the number of patients we could treat under our initial clearance. DigniCap is now the only scalp cooling system to have clearance for patients with solid tumors in the U.S.

In the U.S., insurance coverage for scalp cooling is not yet generally available. With insurance reimbursement for scalp cooling, the treatment would be available to a wider patient population. Claims for reimbursement and demand for coverage are increasing as more patients utilize scalp cooling at infusion centers across America.

Media awareness and marketing initiatives

Media interest in DigniCap® remained strong during Q3 2017 in the U.S. With the FDA expansion of clinical indications for DigniCap announcement on July 3rd, media coverage in Q3 reached **134** placements, garnering **121,887,899** million impressions through online and broadcast media channels. Highlights include a video produced by [CNN](#) for their Airport Network which will run throughout 2017 providing over 5 million impressions, a piece in [U.S. News and World Report](#) following the expanded indications garnering over 14 million impressions, and a television feature on [WGN-TV](#) in Chicago with 1.5 million impressions. Marketing initiatives are ongoing through social media, targeted advertising in key markets, online channels, and via medical center collaborations.

Clinical Publication

A systematic review and meta-analysis of randomized controlled scalp cooling trials, was recently accepted for publication by Clinical Breast Cancer, providing critical documentation toward establishing insurance reimbursement in the U.S.

Operations and development

On 29 September 2017, Dignitana announced production delays due to changes at a subcontractor's operations which will cause a 4 million SEK decline in sales in the second half year of 2017. It mainly concerns postponements of deliveries and invoicing to non-US distributors.

As a result of Dignitana's collaboration with Boa Technology to improve ease of use and enhance cap fit for positive patient outcomes, The DigniCap Click Cap has been developed and is currently being evaluated at one DigniCap location. Following clinical feedback and QA documentation, this product extension will be provided to all DigniCap facilities starting in Q4, 2017.

Market update

International sales efforts are focused on markets where we have distribution partners such as our existing relationships in Europe, Mexico, and Australia.

Along with Konica Minolta, we are moving forward with the PMDA approval process to provide DigniCap in Japan.

Financial comments

- On 29 August 2017, Dignitana announced that the company received a line of credit from Union Business Leasing, Inc. to finance existing systems installed on the US market in the form of a credit facility valued at up to \$2.5 million. To date, Dignitana has utilized \$1.5 million of that total. Continued credit utilization is dependent on installed systems. Borrowings are amortized and repaid under a rolling 30-month term schedule.
- Dignitana Inc. continue to show increasing revenues quarter by quarter. The monthly leasing fees continues to increase as more and more systems are installed, and pay per treatment revenues increases due to more installations, and also higher usage rates on already installed systems. Group total revenues in Q3, 2017 increased with more than 50% compared to the same period last year, but decreased with 20% compared to previous quarter.
- As of September 2015, Dignitana AB, the parent company of the Dignitana group, reports consolidated group financials, including the subsidiary Dignitana, Inc. in USA. Costs related to the subsidiary are now being paid by Dignitana, Inc. Other costs such as regulatory, quality, FDA and product development will continue to be paid by the parent company.
- Every month Dignitana, Inc. will invoice the customers a fixed rental fee for DigniCap® and a pay per treatment fee based on the number of completed treatments. Since Dignitana AB continue to own the systems, part of the revenue will be transferred to the parent company.
- A transfer pricing agreement has been established between Dignitana AB and Dignitana, Inc. to determine how the result will be shared between the companies. Other external expenses in Dignitana AB include costs related to the transfer price agreement between the companies.
- Fixed tangible assets in Dignitana AB continue to increase since systems leased to customers in the U.S. will be capitalized as assets and depreciated over five years.

Staff

Company staff in Dignitana AB totaled 9 (9) people as of 30 September 2017. Dignitana Group totaled 23 (18) people.

Future prospects

Dignitana is in an intensive product launch phase in several markets, which may cause sales to differ from one quarter to the next. Future capitalization may become necessary to build the organization for successful penetration of selected markets.



The share

Shares in Dignitana AB (publ) were listed on Nasdaq First North Stockholm on 30 November 2011 after having been listed at Aktietorget since June 2009. Total shares in the company are 20,274,112 and there is one class of shares. Every share carries an equal right to shares of company assets and profit, and the right to a single vote at the annual general meeting of shareholders. There are 487,000 warrants issued in the company. The warrants carry the right to purchase 222,000 shares in the period 1 to 30 June 2018, 165,000 shares in the period 1 to 30 June 2019 and 100,000 in the period 1 to 30 June 2020, and will, on full exercise, increase the company share capital by SEK 487,000. Erik Penser Bank act as Certified Adviser for the company.

Related party shareholdings

	Shareholding	Warrants
Johan Stormby via Eurosund AB	4 130 726	
William Cronin	1 939 229	30 000
Semmy Rölf	380 654	
Erik von Schenck	10 769	
Johan Ericsson	16 384	

Review by auditors

This financial report has not been subject to review by the company auditors.

Policies for preparation of the interim financial report

Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements (K3).

Submission of the interim financial report

Lund, 23 November 2017

Dignitana AB (publ) - Board of Directors

Semmy Rölf	Chairman
Johan Stormby	Director
Erik von Schenck	Director
William Cronin	Director

This information is information that Dignitana AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, by the above contact, for publication at 8.30 am (CET), November 23, 2017.



Dignitana AB, publ

Corporate registration number:
556730-5346

Dignitana Group

Income statement, SEK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Operating income					
Net revenues	4 550 211	2 806 925	16 435 987	4 900 469	8 901 796
Own work capitalized	-	23 734	14 975	65 131	159 510
Other income	<u>14 906</u>	<u>12 363</u>	<u>143 485</u>	<u>35 300</u>	<u>60 441</u>
Total income	4 565 117	2 843 022	16 594 447	5 000 900	9 121 747
Operating expenses					
Goods for resale	294 280	640 676	2 899 527	1 922 058	3 417 238
Other external expenses	6 736 087	4 923 680	20 231 150	12 189 202	19 579 950
Personnel expenses	5 437 073	3 403 073	16 580 498	9 813 874	16 564 044
Depreciation of tangible and intangible assets	1 731 870	1 186 741	4 707 215	2 627 146	3 950 200
Other operating expenses	<u>6 063</u>	<u>89 909</u>	<u>45 150</u>	<u>174 889</u>	<u>214 643</u>
Total operating expenses	14 205 373	10 244 079	44 463 540	26 727 169	43 726 075
Operating profit/loss	-9 640 256	-7 401 057	-27 869 093	-21 726 269	-34 604 328
Result from financial investments					
Interest income and similar items	165	333 115	1 831	1 086 653	2 340 561
Interest expenses and similar items	<u>-698 327</u>	<u>-1 763</u>	<u>-1 393 335</u>	<u>-4 929</u>	<u>-5 414</u>
Total income from financial investments	-698 162	331 352	-1 391 504	1 081 724	2 335 147
Net profit after financial items	-10 338 418	-7 069 705	-29 260 597	-20 644 545	-32 269 181
Results for the Period	-10 338 418	-7 069 705	-29 260 597	-20 644 545	-32 269 181
Total shares at the period-end before and after dilution *	20 274 112	20 274 112	20 274 112	20 274 112	20 274 112
Average number of shares before and after dilution *	20 274 112	20 274 112	20 274 112	18 314 644	18 804 511
Earnings per share before and after dilution *	-0,51	-0,35	-1,44	-1,13	-1,72

* No dilution during the period



Dignitana AB, publ

Corporate registration number: 556730-5346

Dignitana Group

Statement of Financial Position, SEK	2017-09-30	2016-09-30	2016-12-31
Fixed assets			
<u>Intangible assets</u>			
Capitalized expenses for development	12 204 317	13 568 166	13 862 201
<u>Tangible assets</u>			
Equipment, tools, and installations	17 069 290	7 664 553	9 692 357
Total Fixed Assets	29 273 607	21 232 719	23 554 558
Current Assets			
<u>Inventories and similar</u>			
Finished goods and goods for resale	4 267 622	3 389 246	2 480 593
Advance payments to suppliers	<u>74 345</u>	<u>1 106 214</u>	<u>-</u>
	4 341 967	4 495 460	2 480 593
<u>Current receivables</u>			
Accounts receivable	3 094 569	1 334 196	3 061 351
Current tax assets	414 420	371 064	227 931
Other current receivables	1 205 989	592 855	790 987
Prepaid expenses and accrued income	<u>615 684</u>	<u>786 813</u>	<u>855 329</u>
	5 330 662	3 084 928	4 935 598
<u>Cash and bank balances</u>	6 192 011	42 342 013	32 864 372
Total Current Assets	15 864 640	49 922 401	40 280 563
Total Assets	45 138 247	71 155 120	63 835 121



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Dignitana Group

Statement of Financial Position, SEK	2017-09-30	2016-09-30	2016-12-31
Equity and Liabilities			
Equity			
<u>Restricted equity</u>			
Share Capital (20,274,112 shares par value SEK 1, previous year 20,274,112)	20 274 112	20 274 112	20 274 112
Fond for development expenses	<u>2 635 796</u>	<u>1 182 037</u>	<u>2 180 475</u>
	22 909 908	21 456 149	22 454 587
<u>Non-restricted equity</u>			
Other paid-in capital	33 006 092	66 649 664	65 684 871
Results for the period	<u>-29 260 597</u>	<u>-20 644 545</u>	<u>-32 269 181</u>
	3 745 495	46 005 119	33 415 690
Total Equity	26 655 403	67 461 268	55 870 277
Long term liabilities			
Liabilities to credit institutions	11 429 825	-	-
Current liabilities			
Accounts payable	4 409 318	1 782 009	3 529 331
Other current liabilities	419 627	313 991	412 252
Accrued expenses and deferred income	<u>2 224 074</u>	<u>1 597 852</u>	<u>4 023 261</u>
Total current liabilities	7 053 019	3 693 852	7 964 844
Total Equity and Liabilities	45 138 247	71 155 120	63 835 121



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Dignitana Group

Changes in equity, SEK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Opening balance	36 894 013	72 742 473	55 870 277	40 786 300	40 786 300
New share issue	-	2 032 065	-	52 499 220	52 499 220
Issue expenses	-	-252 153	-	-5 554 273	-5 554 273
Subscribed warrants	124 000	-	124 000	358 050	358 050
Translation difference on consolidation	-24 192	8 588	-78 277	16 516	-50 161
Results for the period	<u>-10 338 418</u>	<u>-7 069 705</u>	<u>-29 260 597</u>	<u>-20 644 545</u>	<u>-32 269 181</u>
Closing balance	26 655 403	67 461 268	26 655 403	67 461 268	55 870 277



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Dignitana Group

Statement of cash flows, SEK	Q3, 2017	Q3, 2016	Q1-Q3, 2017	Q1-Q3, 2016	Full year 2016
Operating Activities					
Operating income before financial items	-9 640 256	-7 401 057	-27 869 093	-21 726 269	-34 604 328
Adjustments for items not affecting cash flows	1 731 870	1 222 487	4 692 240	2 939 172	4 083 125
Interest received	165	288	1 831	705	844
Interest paid	-292 926	-1 763	-353 625	-4 929	-5 414
Income tax paid	-	-	-	-	-
	-8 201 147	-6 180 045	-23 528 647	-18 791 321	-30 525 773
Changes in inventories	-2 629 623	61 159	-11 104 690	-1 173 966	-1 038 588
Changes in other current receivables	1 206 211	475 508	-395 064	571 205	-151 450
Changes in other current liabilities	<u>-585 418</u>	<u>-4 849 517</u>	<u>-1 951 535</u>	<u>-3 332 086</u>	<u>1 110 887</u>
Cash flows from operating activities	-10 209 977	-10 492 895	-36 979 936	-22 726 168	-30 604 924
Investing activities					
Acquisition of fixed assets	<u>-248 523</u>	<u>-494 808</u>	<u>-1 167 973</u>	<u>-1 293 395</u>	<u>-2 925 925</u>
Cash flows from investing activities	-248 523	-494 808	-1 167 973	-1 293 395	-2 925 925
Financing activities					
New share issue of share capital	-	135 471	-	3 499 948	3 499 948
New share issue premium reserves	-	1 896 594	-	48 999 272	48 999 272
Issuance costs	-	-252 153	-	-5 554 272	-5 554 272
Subscribed warrants	124 000	-	124 000	358 050	358 050
Long term liabilities	<u>6 429 825</u>	<u>-</u>	<u>11 429 825</u>	<u>-</u>	<u>-</u>
Cash flows from financial activities	6 553 825	1 779 912	11 553 825	47 302 998	47 302 998
Cash flows in the period	-3 904 675	-9 207 791	-26 594 084	23 283 435	13 772 149
Cash and cash equivalents at start of the period	10 120 878	51 541 216	32 864 372	19 042 062	19 042 062
Translation difference on cash and cash equivalents	-24 192	8 588	-78 277	16 516	50 161
Cash and cash equivalents period-end	6 192 011	42 342 013	6 192 011	42 342 013	32 864 372



Dignitana AB, publ

Corporate registration number:
556730-5346

Parent Company

Income statement, SEK	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Operating income					
Net revenues	3 283 058	2 387 324	13 231 175	4 306 435	7 766 692
Own work capitalized	-	23 734	14 975	65 131	159 510
Other income	<u>15 792</u>	<u>12 355</u>	<u>143 485</u>	<u>35 115</u>	<u>60 138</u>
Total income	3 298 850	2 423 413	13 389 635	4 406 681	7 986 340
Operating expenses					
Goods for resale	294 280	605 314	2 899 527	1 830 446	3 265 760
Other external expenses	8 763 595	5 987 584	26 388 782	14 914 927	24 428 369
Personnel expenses	2 311 852	2 021 554	7 615 564	6 717 020	10 960 933
Depreciation of tangible and intangible assets	1 701 305	1 171 265	4 623 870	2 601 460	3 908 383
Other operating expenses	<u>6 063</u>	<u>89 909</u>	<u>45 150</u>	<u>174 889</u>	<u>214 643</u>
Total operating expenses	13 077 095	9 875 626	41 572 893	26 238 742	42 778 088
Operating profit/loss	-9 778 245	-7 452 213	-28 183 258	-21 832 061	-34 791 748
Result from financial investments					
Interest income and similar items	-	333 115	26	1 086 653	2 340 561
Interest expenses and similar items	<u>-478 445</u>	<u>-1 763</u>	<u>-1 173 453</u>	<u>-4 929</u>	<u>-5 414</u>
Total income from financial investments	-478 445	331 352	-1 173 427	1 081 724	2 335 147
Net profit after financial items	-10 256 690	-7 120 861	-29 356 685	-20 750 337	-32 456 601
Results for the period	-10 256 690	-7 120 861	-29 356 685	-20 750 337	-32 456 601



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Parent Company

Statement of Financial Position, SEK	2017-09-30	2016-09-30	2016-12-31
Fixed assets			
<u>Intangible assets</u>			
Capitalized expenses for development	12 204 317	13 568 166	13 862 201
<u>Tangible assets</u>			
Equipment, tools, and installations	16 838 494	7 531 649	9 471 099
<u>Financial assets</u>			
Participations in group companies	420 010	420 010	420 010
Total Fixed Assets	29 462 821	21 519 825	23 753 310
Current Assets			
<u>Inventories and similar</u>			
Finished goods and goods for resale	4 267 622	3 389 246	2 480 593
Advance payments to suppliers	<u>74 345</u>	<u>1 106 214</u>	<u>-</u>
	4 341 967	4 495 460	2 480 593
<u>Current receivables</u>			
Accounts receivable	923 437	702 661	1 896 467
Current receivables from group companies	-	218 131	905 162
Current tax assets	414 420	371 064	227 931
Other current receivables	1 143 405	425 481	727 709
Prepaid expenses and accrued income	<u>337 857</u>	<u>582 054</u>	<u>321 420</u>
	2 819 119	2 299 391	4 078 689
<u>Cash and bank balances</u>	3 765 792	42 144 558	31 744 387
Total Current Assets	10 926 878	48 939 409	38 303 669
Total Assets	40 389 699	70 459 234	62 056 979



Dignitana AB, publ

Corporate registration number: 556730-5346

Parent Company

Statement of Financial Position, SEK	2017-09-30	2016-09-30	2016-12-31
Equity and Liabilities			
Equity			
<u>Restricted equity:</u>			
Share Capital (20,274,112 shares par value SEK 1, previous year 20,274 112)	20 274 112	20 274 112	20 274 112
Fund for development expenses	<u>2 635 796</u>	<u>1 182 037</u>	<u>2 180 475</u>
	22 909 908	21 456 149	22 454 587
<u>Non-restricted equity:</u>			
Retained earnings	32 835 766	23 177 127	22 178 689
Share premium reserves	-	48 999 272	48 999 272
Issue expenses	-	-5 554 273	-5 554 273
Results for the Period	<u>-29 356 685</u>	<u>-20 750 337</u>	<u>-32 456 601</u>
	3 479 081	45 871 789	33 167 087
Total Equity	26 388 989	67 327 938	55 621 674
Current liabilities			
Accounts payable	3 591 494	1 252 126	2 917 110
Current liabilities to group companies	8 022 742	-	-
Other current liabilities	419 627	313 991	412 252
Accrued expenses and deferred income	<u>1 966 847</u>	<u>1 565 179</u>	<u>3 105 943</u>
Total current liabilities	14 000 710	3 131 296	6 435 305
Total Equity and Liabilities	40 389 699	70 459 234	62 056 979



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