



Interim Financial Report Q3 - 2015

Results and financial position

Interim Financial Report - Summary:

Key Ratios					
	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Dignitana Group *					
Net revenues, TSEK	529	-	4 472	-	-
Total revenues TSEK	601	-	5 070	-	-
Net profit after financial items, TSEK	-4 183	-	-11 306	-	-
Cash and bank balances, TSEK	29 734	-	29 734	-	-
Earnings per share before and after dilution, SEK	-0,25	-	-0,76	-	-
* No consolidated group report during 2014, read more on Financial comments, page 4.					
	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Dignitana AB					
Net revenues, TSEK	529	3 438	4 472	11 357	20 334
Total revenues TSEK	601	3 608	5 070	11 814	21 220
Net profit after financial items, TSEK	-4 184	-2 455	-11 307	-9 824	-10 914
Cash and bank balances, TSEK	28 896	3 924	28 896	3 924	1 094

Significant events during the period

- Net sales is lower than the corresponding period last year, due to the fact that Sysmex changed their contractual volumes, and Konica Minolta has yet to finalize the reimbursement processes in China.
- In the beginning of July Dignitana performed a private placement of 2.5 million shares to a group of American investors. The total amount before issuance costs was roughly 28 million SEK. The two largest investors were C3 Device Partners, of which Bill Cronin is the Managing Partner, and Green Park & Golf Ventures, both based in Dallas, Texas.
- Dignitana, Inc. is registered as a company in the State of Delaware in the United States. Dignitana, Inc. is a wholly owned subsidiary of Dignitana AB and the company will publish consolidated reports from this point forward.
- An Extraordinary General Meeting was held in Lund on August 13. During this meeting Bill Cronin was elected to the Board and the issuance of warrants to the US management team was also approved.
- The subscription period for the warrants expired in September and in total 82 000 warrants were subscribed for out of the 168 000 that were covered by the resolution from the shareholders



meeting. The price per warrant was SEK 2.03 and each warrant entitles the holder to subscribe for shares in the company at a price of 29.40 per share during June 2018.

Significant events after the period end

- In November, TÜV SÜD, Dignitana's Notified Body, successfully performed the annual quality audit for keeping the CE certificate. No major nonconformities were noted.
- Dignitana received a US patent for the design of the labyrinth paths in its cooling cap, DigniCap®. The patent extends to 2031. Previously, the same patent has been granted in Europe, China, Korea and Japan.

Scheduled financial reports

Year-end report for 2015

24 February 2016

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.

The scalp cooling system, DigniCap®, contributes significantly to the well-being of patients during very difficult period of their lives. The system helps foster a positive self-image, which in conjunction with other measures to optimize quality of life and an active lifestyle has been demonstrated to be highly beneficial.

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

Comments from Jan Richardsson, CEO, Dignitana AB (publ)

During the last quarter we have been fully focused on getting the approval from the FDA (Food and Drug Administration) for our scalp cooling system, DigniCap®. When the submission was converted from a PMA to a De Novo 510(k) we had hoped for a faster process. The positive is that the slow handling has not been because of Dignitana, but because of we have submitted an extensive submission that has taken FDA some time to go through.

We are in an intensive contact with FDA at the moment and we feel that FDA is doing everything they can in order to speed up the handling process. It has been a long process, but I am confident that we shall receive the FDA approval shortly. We have used this time to build out our sales and



support team in the US so that once our system is cleared for use we will be able to be in a position to commercialize DigniCap® quickly.

There are several reasons why the US will be our most important market in the future. First it is by far the largest medical device market in the world, secondly the frequency of breast cancer is high and increasing (230 000 new breast cancer cases per year).

The payment model (pay-per-treatment) that we will use in the US will eventually create consistent profitability. The new business model is based on the fact that our systems shall be used at high frequency and therefore our employees need to be active educating and informing the hospitals. To maintain control and ensure over the adoption and usage process we have decided to have our own staff on the field that focus only on our product instead of going through a distributor. We have succeeded in attracting staff who previously worked with scalp cooling and they will become employees of Dignitana, Inc. as soon as FDA has given us their clearance. Dignitana, Inc. will be headquartered in Dallas with personnel across the United States in key regional markets.

Sales to end customers continue to increase for Sysmex in 2015, but they still believe that their stock is too large. Sysmex has a team of 5 people who works exclusively with the sale of our scalp cooling system, DigniCap®. An interesting development is that Sysmex has started receiving orders sponsored by charity organizations. As mentioned in the previous report, we have agreed with Sysmex that they may forego the agreed volumes this year in order to work through existing inventory and put themselves in a better position for future growth opportunities.

Konica Minolta is continuing with its efforts to obtain reimbursement in China. For the Chinese State to determine which reimbursement it will allow, Konica Minolta have to conduct clinical trials in each state they want to sell in. At the same time they are preparing to submit an application for market approval in Japan. They will initiate the PMDA application upon FDA clearance.

Financial Comments

- As of this Q3 report Dignitana AB reports consolidated group financials, including the subsidiary Dignitana, Inc. Costs related to the subsidiary starting September 1, are now being paid by Dignitana, Inc. FDA-related costs will continue to be capitalized in the Parent Company. The Company reports no comparative figures for the Group as it did not exist during 2014.
- Own work capitalized in the income statement amounts to 66 TSEK during Q3 and refers to the time Dignitana staff has put into the FDA project. Along with the other costs of the clinical study and FDA project these costs are capitalized as intangible assets. The total amount of intangible assets amounted to SEK 12.6 million SEK. DigniCap® system including accessories used in the clinical study are capitalized as tangible assets and depreciated over five years. The value of these amounts to 1.1 million SEK.



- Dignitana AB costs in the United States to set up the subsidiary and prepare for the launch cannot be capitalized as assets. These costs are included in the external costs, amounting to about 1.7 million SEK for Q3 and accumulated to 3.5 million SEK for the whole year.
- During the start-up of the subsidiary in the US, Dignitana AB provided a shareholder contribution and a long-term loan to the subsidiary.
- Inventory in stock is higher than the corresponding period last year, as the company manufactured and built inventory ready to be delivered upon clearance from the FDA.

Staff

Company staff totaled 7 (9) people as of 30 September 2015.

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 the OMX First North listing of the Stockholm Stock Exchange on 30 November 2011 after having been listed at Aktietorget since June 2009. Total shares in the company after new share issues in January and July 2015 are now 16,774,164. There is one class of share. 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 222,000 warrants issued in the company. The warrants carry the right to purchase an equal number of shares in the period 1 to 30 June 2018 and will, on full exercise, increase the company share capital by SEK 222,000. Erik Penser Bankaktiebolag is Certified Advisor for the company.

Related party shareholdings

	Shareholding	Warrants
Johan Stormby via Eurosund AB	3,835,676	
William Cronin	1,785,572	30,000



Semmy Rülff	325,000	
Jan Richardsson	40,547	100,000
Magnus Nilsson	30,554	
Erik von Schenck	10,000	
Madelaine Roos	6,416	10,000
Erika Bågeman	6,188	10,000
Tobias Fritz	5,836	10,000

Review by auditors

This interim 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, 25 November 2015

Dignitana AB (publ) - Board of Directors

Semmy Rülff	Chairman
Johan Stormby	Director
Magnus Nilsson	Director
Erik von Schenck	Director
William Cronin	Director



Dignitana AB, publ

Corporate registration number:
556730-5346

Dignitana Group

Income statement, SEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Operating income					
Net revenues	529 388	-	4 472 254	-	-
Own work capitalized	66 235	-	463 031	-	-
Other income	<u>4 880</u>	-	<u>134 280</u>	-	-
Total income	600 503	-	5 069 565	-	-
Operating expenses					
Goods for resale	170 961	-	2 563 971	-	-
Other external expenses	3 178 573	-	8 118 014	-	-
Personnel expenses	1 531 383	-	5 427 962	-	-
Depreciation of tangible and intangible assets	84 762	-	250 855	-	-
Other operating expenses	<u>17 065</u>	-	<u>167 280</u>	-	-
Total operating expenses	4 982 744	-	16 528 083	-	-
Operating profit/loss	-4 382 241	-	-11 458 518	-	-
Result from financial investments					
Interest income and similar items	242 462	-	256 129	-	-
Interest expenses and similar items	<u>-43 500</u>	-	<u>-103 715</u>	-	-
Total income from financial investments	198 962	-	152 414	-	-
Net profit after financial items	-4 183 278	-	-11 306 104	-	-
Results for the Period	-4 183 278	-	-11 306 104	-	-
Total shares at the period-end before and after dilution *	16 774 164		16 774 164		
Average number of shares before and after dilution *	16 774 164		14 819 130		
Earnings per share before and after dilution *	-0,25		-0,76		

* No dilution during the period



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Dignitana Group

Statement of Financial Position, SEK

	2015-09-30	2014-09-30	2014-12-31
Fixed assets			
<u>Intangible assets</u>			
Capitalized expenses for development	12 792 823	-	-
<u>Tangible assets</u>			
Equipment, tools, and installations	1 731 707	-	-
Total Fixed Assets	14 524 530	-	-
Current Assets			
<u>Inventories and similar</u>			
Finished goods and goods for resale	5 928 051	-	-
Advance payments to suppliers	<u>142 321</u>	-	-
	6 070 372	-	-
<u>Current receivables</u>			
Accounts receivable	436 754	-	-
Current tax assets	264 028	-	-
Other current receivables	1 004 059	-	-
Prepaid expenses and accrued income	<u>568 899</u>	-	-
	2 273 740	-	-
<u>Cash and bank balances</u>	29 734 120	-	-
Total Current Assets	38 078 232	-	-
Total Assets	52 602 762	-	-



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Dignitana Group

Statement of Financial Position, SEK

	2015-09-30	2014-09-30	2014-12-31
Equity and Liabilities			
Equity			
Share Capital (16,774,164 shares par value SEK 1)	16 774 164	-	-
Other capital	40 610 303	-	-
Results for the period	-11 306 104	=	=
Total Equity	46 078 363	-	-
Current liabilities			
Accounts payable	4 909 780	-	-
Other current liabilities	331 356	-	-
Accrued expenses and deferred income	<u>1 283 263</u>	=	=
Total current liabilities	6 524 399	-	-
Total Equity and Liabilities	52 602 762	-	-



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Dignitana Group

Changes in equity, SEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Opening balance	22 328 914	-	14 578 346	-	-
New share issue	27 766 588	-	42 425 552	-	-
Subscribed warrants	166 460	-	380 890	-	-
Results for the period	<u>-4 183 599</u>	=	<u>-11 306 425</u>	=	=
Closing balance	46 078 363	-	46 078 363	-	-



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Dignitana Group

Statement of cash flows, SEK

	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Operating Activities					
Operating income before financial items	-4 382 241	-	-11 458 518	-	-
Adjustments for items not affecting cash flows	84 762	-	250 855	-	-
Interest received	242 462	-	256 129	-	-
Interest paid	-43 500	-	-103 715	-	-
Income tax paid	-	-	-	-	-
	<u>-4 098 517</u>	-	<u>-11 055 249</u>	-	-
Changes in inventories	-2 465 761	-	-2 532 582	-	-
Changes in other current receivables	-746 906	-	2 433 622	-	-
Changes in other current liabilities	<u>2 794 737</u>	-	<u>-20 154</u>	-	-
Cash flows from operating activities	-4 516 447	-	-11 174 363	-	-
Investing activities					
Acquisition of fixed assets	<u>-620 197</u>	-	<u>-2 992 172</u>	-	-
Cash flows from investing activities	-620 197	-	-2 992 172	-	-
Financing activities					
New share issue of share capital	2 500 000	-	5 095 302	-	-
New share issue premium reserves	25 625 000	-	39 899 161	-	-
Subscribed warrants	166 460	-	380 890	-	-
Issuance costs	<u>-358 412</u>	-	<u>-2 568 911</u>	-	-
Cash flows from financial activities	27 933 048	-	42 806 442	-	-
Cash flows in the period	22 796 404	-	28 639 907	-	-
Cash and cash equivalents at start of the period	6 937 716	-	1 094 213	-	-
Cash and cash equivalents period-end	29 734 120	-	29 734 120	-	-



Dignitana AB, publ

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556730-5346

Parent Company

Income statement, SEK	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Operating income					
Net revenues	529 388	3 438 097	4 472 254	11 356 614	20 334 390
Own work capitalized	66 235	-	463 031	-	297 423
Other income	<u>4 880</u>	<u>169 737</u>	<u>134 280</u>	<u>457 711</u>	<u>588 180</u>
Total income	600 503	3 607 834	5 069 565	11 814 325	21 219 992
Operating expenses					
Goods for resale	170 961	1 931 886	2 563 971	6 477 341	12 261 400
Other external expenses	3 180 942	1 920 659	8 120 383	7 564 332	9 802 113
Personnel expenses	1 531 383	2 029 022	5 427 962	7 231 546	9 470 107
Depreciation of tangible and intangible assets	83 047	58 577	249 140	175 732	265 470
Other operating expenses	<u>17 065</u>	<u>119 055</u>	<u>167 280</u>	<u>180 982</u>	<u>325 520</u>
Total operating expenses	4 983 398	6 059 198	16 528 737	21 629 933	32 124 610
Operating profit/loss	-4 382 895	-2 451 365	-11 459 172	-9 815 609	-10 904 618
Result from financial investments					
Interest income and similar items	242 462	6	256 129	2 120	2 601
Interest expenses and similar items	<u>-43 500</u>	<u>-4 043</u>	<u>-103 715</u>	<u>-10 658</u>	<u>-12 075</u>
Total income from financial investments	198 963	-4 037	152 415	-8 538	-9 474
Net profit after financial items	-4 183 932	-2 455 402	-11 306 758	-9 824 147	-10 914 092
Results for the period	-4 183 932	-2 455 402	-11 306 758	-9 824 147	-10 914 092



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Parent Company

Statement of Financial Position, SEK

	2015-09-30	2014-09-30	2014-12-31
Fixed assets			
<u>Intangible assets</u>			
Capitalized expenses for development	12 792 823	7 524 012	9 927 264
<u>Tangible assets</u>			
Equipment, tools, and installations	1 671 872	1 391 143	1 855 948
<u>Financial assets</u>			
Participations in group companies	420 010	-	-
Receivables from group companies	<u>419 410</u>	<u>-</u>	<u>-</u>
	839 420	0	0
Total Fixed Assets	15 304 115	8 915 155	11 783 213
Current Assets			
<u>Inventories and similar</u>			
Finished goods and goods for resale	5 928 051	3 948 090	3 219 220
Advance payments to suppliers	<u>142 321</u>	<u>476 799</u>	<u>318 571</u>
	6 070 372	4 424 889	3 537 790
<u>Current receivables</u>			
Accounts receivable	436 754	1 734 494	1 664 606
Current tax assets	264 028	211 940	56 389
Other current receivables	1 004 059	1 068 876	1 858 317
Prepaid expenses and accrued income	<u>568 899</u>	<u>492 524</u>	<u>1 128 370</u>
	2 273 740	3 507 834	4 707 682
<u>Cash and bank balances</u>	28 895 887	3 924 416	1 094 213
Total Current Assets	37 239 999	11 857 139	9 339 686
Total Assets	52 544 114	20 772 294	21 122 899



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Parent Company

Statement of Financial Position, SEK

	2015-09-30	2014-09-30	2014-12-31
Equity and Liabilities			
Equity			
<u>Restricted equity:</u>			
Share Capital (16,774,164 shares par value SEK 1, previous year 11,678,862)	16 774 164	11 678 862	11 678 862
<u>Non-restricted equity:</u>			
Non-restricted equity	3 280 374	13 813 576	13 813 576
Share premium reserves	39 899 161	-	-
Issue expenses	-2 568 911	-	-
Results for the Period	<u>-11 306 758</u>	<u>-9 824 147</u>	<u>-10 914 092</u>
	29 303 866	3 989 429	2 899 484
Total Equity	46 078 030	15 668 291	14 578 346
Current liabilities			
Accounts payable	4 758 322	3 302 846	5 112 049
Current liabilities to group companies	93 143	-	-
Other current liabilities	331 356	481 438	373 231
Accrued expenses and deferred income	<u>1 283 263</u>	<u>1 319 719</u>	<u>1 059 273</u>
Total current liabilities	6 466 084	5 104 003	6 544 553
Total Equity and Liabilities	52 544 114	20 772 294	21 122 899



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