



REDSENSE MEDICAL AB (PUBL)
YEAR-END REPORT
JANUARY – DECEMBER 2023



8,025
NET SALES
kSEK

52 %
GROSS MARGIN

6,966
CASH
kSEK

-928
EBIT
kSEK

87 %
SOLIDITY

OCTOBER – DECEMBER 2023

- Net sales amounted to kSEK 8,025 (8,027).
- Operating loss, EBIT amounted to kSEK -927 (555).
- Result after tax amounted to kSEK -950 (-2,297).
- Earnings per share were SEK -0.07 (-0.16).

SIGNIFICANT EVENTS DURING THE PERIOD

- On October 26, Redsense Nomination Committee for the 2024 Annual General Meeting was announced.
- On December 23, Redsense notified the market that Chairman of the Board, Patrik Byhmer, passed away.

SIGNIFICANT EVENTS AFTER THE PERIOD

- On January 8, Redsense announced that Eva Walde was appointed new Chairman of the Board.
- On January 9, Redsense announced a change in the Nomination Committee for the 2024 Annual General Meeting.
- On February 6, the largest owner Seventh Sense Adventures Holding AB announced the continuation as a long-term investor after the change in ownership, following the passing of Patrik Byhmer.
- On February 15, Redsense announced that American Association of Kidney Patients supports the Home Dialysis Risk Prevention Act.

STRONG FOURTH QUARTER ROUNDS OFF RECORD SALES IN 2023

We are pleased to finish the year on a high note and repeat the strong sales of the fourth quarter in 2022. Overall, 2023 was an excellent year with record sales of kSEK 24,967 (14,340) giving a net sales growth of 74% compared to the same period in 2022. Net sales for the fourth quarter amounted to kSEK 8,025 (8,027) with the main driver being the US market, comprising a combination of deliveries of the large order from August 2023 (mSEK 11.2) as well as new orders. The US market continues to be the foundation of our business with 98% (98%) of our net sales during 2023. With regards to sales outside the US, development in the UK has been positive, and the UK ended up the largest contributor in 2023.

Building momentum in the US

The US home hemodialysis segment is currently our main market. During the fourth quarter, our US distributors saw a solid increase in sales to the end-users, i.e. the dialysis providers. The increased demand for Redsense products in this segment is promising for our business in 2024. Even though the sales trend to the dialysis providers is clearly positive, we may experience variations in order size and frequency from our US distributors due to stock-keeping at the distributors. This in turn may mean possible fluctuations in quarterly sales numbers. However, we strongly believe in the continued growth of the home hemodialysis segment, and thereby also our US business.

Besides a growing market for home hemodialysis, an enactment of the Home Dialysis Risk Prevention Act in the US, is another possible growth driver and a way to increase market access. At present, the Redsense Alarm System is not used for all home hemodialysis patients. With the Medicare coverage that will follow implementation of this legislation, reimbursement will be an important incentive for dialysis providers to expand the usage of the Redsense Alarm System for this modality. During the quarter, we have continued our efforts to increase awareness of Venous Needle Dislodgement (VND) among members of Congress through frequent meetings.

VND is one of the remaining safety issues during hemodialysis, and the Redsense blood loss detection system can make a real difference in avoiding adverse events, and as such save lives. During the quarter we have been busy promoting the use of the Redsense Alarm System at several conferences and meetings. One highlight was the world's largest nephrology conference, the American Society of Nephrology (ASN) in Philadelphia, where we exhibited and showcased our products. This was an excellent event and an effective way for us to engage with all the important stakeholders, all the way from dialysis providers, physicians, nurses, and hemodialysis manufacturers to distributors.

Launch of Clamp

We are making good progress with the Clamp usability study at the Toronto General Hospital, which is the last step in attaining a CE mark before starting the launch. With the Clamp, we have an excellent opportunity to create an attractive bundle with the Redsense Alarm unit, which will be especially important to attract new customers. In certain markets, such as Australia, the availability of the Clamp is critical to be able to start selling. There is also significant potential to increase sales of the Clamp in Canada and some European countries. Our plan is to launch the Clamp in the first half of 2024.

Looking forward to 2024 with confidence

2023 was an eventful year with progress in many areas, and we have laid a solid foundation for future growth. With the strong finish to 2023, we enter 2024 with a great deal of momentum and high expectations. We do this under the sales-oriented leadership of our new Chair of the Board, Eva Walde. We are very happy that Eva has taken on this position, following the deeply saddening passing of Redsense Medical's founder and former Chair of the Board, Patrik Byhmer. Patrik was instrumental in the development of the company, and brought a lifesaving technology to the dialysis market. He is dearly missed and remembered as a true entrepreneur.

We aim to continue our growth journey in 2024, with our strong position in the US home hemodialysis market as the foundation. We will intensify our sales and promotional activities in this segment. In addition, promotion of the Home Dialysis Risk Prevention Act is high on the agenda as a possible market access opportunity. Another important growth initiative for 2024 is the CE mark and subsequent launch of the Clamp. When it comes to the Clamp, we also plan to submit a 510(k) application to the FDA in 2024 in order to pave the way for future clearance on the important US market.

We have a unique product that fulfills a significant need to improve patient safety for hemodialysis patients. I look forward to keeping you updated on our continued progress, with several important milestones to be achieved in 2024.

Finally, I would like to express my appreciation to the team for all their contributions and dedication in making 2023 a successful year for Redsense!

Pontus Nobréus, CEO Redsense Medical



“Record sales and significant progress in 2023 give us a solid foundation for 2024”

REDSENSE
medical



Redsense alarm unit

THIS IS REDSENSE MEDICAL

Redsense Medical AB is a medical device innovator established in 2006. Redsense's mission is to improve the safety of and quality of life for dialysis patients worldwide. Redsense has its main market in the US, and in addition distribution partners in Europe and Canada. The corporate headquarter is in Halmstad, Sweden, and for the US sales and marketing operations, Redsense has a US subsidiary. The company has developed the Redsense System, an innovation used for monitoring and alarming in the case of blood leakage during hemodialysis treatment. Redsense Medical solves one of the most serious remaining safety problems within hemodialysis – to quickly detect Venous Needle Dislodgement and catheter leakage to minimize blood leakage.

Chronic kidney diseases a growing global challenge

Globally, the number of people with end-stage renal diseases is increasing steadily, and the most common treatment option is chronic dialysis. The number of patients undergoing dialysis several times per week is approaching four million worldwide. The projected growth rate is six percent annually, driven by an ageing population and other factors.

The most common type of dialysis is hemodialysis, and close to 3.5 million people globally are treated weekly with this modality. Today, most of these treatments are performed in clinical settings, but home treatment is gaining popularity thanks to improved clinical outcome, lower cost, increased convenience, and higher quality of life for the patient. This is supported by both political initiatives and promotions from the major dialysis providers.

Blood leakage during hemodialysis is a remaining safety problem

Hemodialysis is a well-established treatment method, and it is estimated that more than 500 million treatments are performed annually. However, there are still risks involved and Venous Needle Dislodgement (VND) is a potentially life-threatening complication that can happen to any dialysis patient at any time. VND is estimated to cause three avoidable deaths every day worldwide during hemodialysis.

The Redsense solution saves lives

To combat the risk factors involved with hemodialysis, Redsense developed the Redsense System, an innovation used for monitoring hemodialysis treatment and alarming in the event of blood leakage. The system consists of a patented fiber optic sensor which is embedded in a disposable patch designed for either a venous needle or central venous catheter. This sensor is connected to an alarm unit that is triggered when the sensor comes

into contact with blood so the issue can be addressed immediately and the blood flow stopped. Redsense System provides patients, nurses, and caregivers an extra pair of eyes. In essence, Redsense Systems is always alert, focused on one thing only and never looking away.

Well established among US dialysis providers

From the very start, development of the company's technology has been based on the demands and safety requirements of healthcare providers in the dialysis sector. The system is the only blood leakage system on the market that is both CE marked and FDA cleared. Redsense is proud to count the five largest dialysis providers and three in the top five best nephrology hospitals in the US among users of the Redsense system. The US department of Veteran Affairs even mandates the use of Redsense System for hemodialysis treatments.

Redsense products are used in both clinics and at home, daily and nocturnally. In recent years, more than million treatments have been carried out with the Redsense System worldwide.

Innovation to further improve patient safety

Redsense has developed the Clamp, an accessory to the alarm unit enabling automatic stop of the flow in the blood line in case of an incident, regardless of the type of dialysis machine. The Redsense Clamp is in the final stages of clinical validation to obtain a CE mark before being launched in Canada, Australia, and Europe. With regard the US market, necessary activities are ongoing to prepare for a 510(k) submission.

NET SALES AND RESULTS

The group's net sales in the fourth quarter 2023 were kSEK 8,025 (8,027). The US was the biggest market with 98 % (98) of the net sales. The gross profit for the Group for the quarter amounted to kSEK 4,198 (6,606). The decrease of gross margin is an effect of the product mix sold and cost allocation.

Other external expenses for the quarter amounted to kSEK 2,295 (3,883). The decrease is mainly due to reduced consulting services for the development of the Redsense Clamp and reduced financial consulting services.

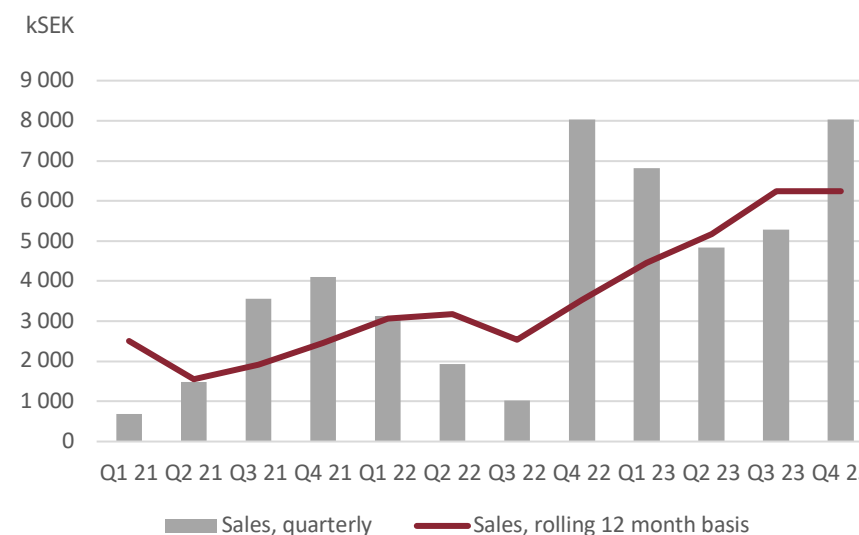
FINANCIAL POSITION

On December 31, the Group's cash and cash equivalents amounted to kSEK 6,966 (3,672) and the deposits, related to short-term investments were kSEK 0 (6,909). As of December 31, the company credit facility of kSEK 1,000 remains unused. Cash flow from investment activities 1,931 (378) is mainly due to a reversal of impairment.

FINANCIAL OVERVIEW

kSEK	Fourth quarter		Twelfth-month period	
	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	8,025	8,027	24,967	14,340
Net sales, change	0%	95%	74%	53%
Gross profit	4,199	6,606	12,606	8,851
Gross margin	52%	82%	50%	62%
Operating profit (EBIT)	-927	555	-5,037	-10,208
Earnings per share	-0.07	-0.16	-0.32	-0.62
Cash flow from operating activities	-2,003	-1,075	-5,052	-9,783
Solidity	87%	88%	87%	88%

BREAKDOWN OF NET SALES PER QUARTER



PARENT COMPANY

The Group's parent company, Redsense Medical AB (publ), has one wholly owned subsidiary in the US.

RISK AND UNCERTAINTIES

As an international Group, Redsense is exposed to various risks that affect the possibilities to achieve the established targets. There is operational risk, such as the risk that economic development in the markets and segments where the Group operates could become unstable. There is also financial risk, such as currency risk, interest risk and credit risk.

No major changes in significant risks or uncertainties factors have occurred during the period, regarding geopolitical or other events. Other risks are unchanged compared to the descriptions of Redsense's risks, uncertainties factors and the handling of these in the company's Annual Report for 2022.

RELATED-PARTIES TRANSACTIONS

Transactions have taken place during this period between subsidiaries, and remuneration was paid to senior executives in the Group and the Parent Company.

HUMAN RECOURSES

The Group had 5 (5) employees (full time-equivalents) on December 31.

AUDIT REVIEW

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

GENERAL INFORMATION

Information in this report refers to the group, unless otherwise stated. Figures in parentheses indicate the outcome for the corresponding period in the previous year, apart from balance sheet items, where figures in parentheses refers to December 31 of the previous year. Amounts are given in kSEK unless otherwise stated. The amounts may not add up in some cases due to rounding's from SEK to kSEK.

CALENDAR

Interim report Q1, January – March 2024	May 8, 2024
Annual General Meeting 2024, in Halmstad	May 8, 2024
Interim report Q2, April- June 2024	Aug 29, 2024

The Annual Report 2023, will be public at least three weeks before the Annual General Meeting.

All financial reports are published at www.redsensemedical.com

DIVIDEND PROPOSAL

The Board of Directors proposes, to the Annual General Meeting 2024, that no dividend be paid out for the financial year of 2023.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and the CEO certify that this year-end report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and results, and describes significant risks and uncertainties the Parent Company and the Group are exposed to.

Halmstad, February 27, 2024
Redsense Medical AB (publ)
The Board of Directors and CEO

FOR FURTHER INFORMATION

Pontus Nobréus, CEO
+46-72 171 12 64
pontus.nobreus@redsensemedical.com

Redsense Medical AB (publ), 556646-4862
Box 7088
SE-300 07 Halmstad, Sweden
+46-35 10 60 30
info@redsensemedical.com

This information is information that Redsense Medical AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person specified above, on February 27, 2024, at 08:30 CET.

THE SHARE

The Redsense Medical share is listed on Spotlight Stock Market under the ticker REDS and traded on OTCQX Market under the ticker RDSNF. The share was originally listed on Aktietorget (today known as Spotlight Stock Market) on June 5, 2015, relisted on the Nasdaq First North Stockholm on October 2, 2017, before being relisted on Spotlight Stock Market on May 3, 2019. As of December 31, 2023, the company's market capitalization was mSEK 122.

The IPO share price of Redsense Medical in 2015 was SEK 5 per share. On the last day of trading, December 2023, the closing share price was SEK 7.6. Thus, the total shareholder return since the IPO is 52 percent.

SHARE TURNOVER

In total, 293 thousand shares were traded in the fourth quarter, for a value of mSEK 2.4.

SHARE CAPITAL

On December 31, 2023, the share capital of Redsense Medical amounted to SEK 1,404,081, divided into 14,040,810 shares, each with a quota value of SEK 0.10. All shares carry the same voting rights.

OWNERSHIP

At the turn of the year, the ten major owners represented 47 percent of the share capital and voting rights. The largest shareholder, Patrik Byhmer, passed away in December 2023. His estate still holds all his shares, 14.03%, which he owned by different companies, with its largest part in Seventh Sense Adventures Holding AB, 11.89%.

THE TEN MAJOR OWNERS AS OF 2023-12-31

Seventh Sense Adventures Holding AB	11.89%
ShapeQ	6.55%
Avanza Pension	5.36%
Discover Capital Gmbh	5.34%
Nordnet Pensionsförsäkring	4.13%
Swedbank Robur Fonder	3.85%
Futur Pension	3.46%
Aktia Assets Management	2.21%
Martin Olausson	2.16%
Andra AP-fonden	2.14%
Total	47.09%

CONSOLIDATED INCOME STATEMENT

	2023-10-01 2023-12-31	2022-10-01 2022-12-31	2023-01-01 2023-12-31	2022-01-01 2022-12-31
kSEK				
Net sales	8,025	8,027	24,967	14,340
Capitalized development work	110	466	551	2,413
Other operating income	-332	269	39	1,036
Total operating income	7,803	8,762	25,557	17,790
Cost of goods sold	-3,826	-1,421	-12,361	-5,489
Other external expenses	-1,989	-3,883	-8,850	-12,550
Personnel costs	-2,270	-2,889	-8,693	-9,906
Depreciation/Impairment	-16	-14	-62	-53
Other operating costs	-629	0	-629	0
Total operating costs	-8,730	-8,207	-30,595	-27,998
OPERATING RESULT	-927	555	-5,037	-10,208
Net financial items	-23	-2,852	524	1,450
Result from financial items	-950	-2,297	-4,513	-8,758
PROFIT OR LOSS BEFORE TAX	-950	-2,297	-4,513	-8,758
PROFIT OR LOSS FOR THE PERIOD	-950	-2,297	-4,513	-8,758

CONSOLIDATED BALANCE SHEET

kSEK	2023-12-31	2022-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development cost	12,905	12,354
Tangible assets		
Technical equipment and tools	355	365
Financial assets		
Total fixed assets	13,260	12,719
Current assets		
Inventory	1,355	1,531
Accounts receivable	2,967	4,934
Other short-term receivables	1,195	326
Prepayment and accrued income	761	641
Short-term deposits	0	6,909
Cash and cash equivalents	6,966	3,672
Total current assets	13,245	18,013
TOTAL ASSETS	26,505	30,731

kSEK	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1,404	1,404
Restricted reserve	598	598
Development fund	12,965	12,414
Non-restricted equity		
Retained earnings	12,641	21,491
Profit or loss for the period	-4,513	-8,758
Total equity	23,095	27 149
Liabilities		
Short-term liabilities		
Accounts payable	1,749	981
Other short-term liabilities	197	465
Accruals and deferred income	1,464	2,136
Total liabilities	3,410	3,582
TOTAL EQUITY AND LIABILITIES	26,505	30,731

CONSOLIDATED CASH FLOW

	2023-10-01	2022-10-01	2023-01-01	2022-01-01
kSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Cash flow from operating activities	-2,003	-1,075	-5,052	-9,783
Cash flow from investment activities	1,931	378	8,346	10,868
Cash flow from financing activities	0	1	0	-2,395
Cash flow for the period	-72	-696	3,294	-1,311

CONSOLIDATED CHANGE IN EQUITY

kSEK	Share capital	Contributed capital	Retained earnings	Total equity
Opening balance January 1, 2022	1,404	123,631	-87,543	37,492
Result for the period			-8,758	-8,758
Warrant issuance			252	252
Exchange rate differences and other adjustments			-1,837	-1,837
Closing balance December 31, 2022	1,404	123,631	-97,886	27,149

kSEK	Share capital	Contributed capital	Retained earnings	Total equity
Opening balance January 1, 2023	1,404	123,631	-97,886	27,149
Result for the period			-4,513	-4,513
Warrant issuance			0	0
Exchange rate differences and other adjustments			460	460
Closing balance December 31, 2023	1,404	123,631	-101,940	23,095

PARENT COMPANY'S INCOME STATEMENT

	2023-10-01	2022-10-01	2023-01-01	2022-01-01
kSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Net sales	4,936	5,831	17,179	10,516
Capitalized development work	109	466	551	2,413
Other operating income	-332	-326	39	369
Total operating income	4,713	5,971	17,770	13,298
Cost of goods sold	-3,926	-1,421	-12,361	-5,489
Other external expenses	-1,078	-2,446	-5,976	-8,834
Personnel costs	-1,643	-2,141	-6,246	-7,591
Depreciation/Impairment	-1,213	-1,211	-4,848	-4,840
Other operating costs	-629	0	-629	0
Total operating costs	-8,489	-7,219	-30,060	-26,753
OPERATING RESULT	-3,776	-1,248	-12,290	-13,455
Net financial items	-902	-2,852	524	1,450
Result from financial items	-4,678	-4,100	-11,767	-12,005
PROFIT OR LOSS BEFORE TAX	-4,678	-4,100	-11,767	-12,005
PROFIT OR LOSS FOR THE PERIOD	-4,678	-4,100	-11,767	-12,005

PARENT COMPANY'S BALANCE SHEET

kSEK	2023-12-31	2022-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalized development cost	12,905	12,354
Patent	16,894	21,680
Tangible assets		
Technical equipment and tools	355	365
Financial assets		
Shares in subsidiaries	7	7
Receivables from group companies	0	12,346
Total fixed assets	30,161	46,751
Current assets		
Inventory	1,268	689
Advances to suppliers	87	789
Accounts receivable	93	150
Receivables from group companies	20,541	10,320
Other short-term receivables	438	326
Prepayment and accrued income	684	641
Short-term deposits	0	6,909
Cash and cash equivalents	1,911	220
Total current assets	25,022	20,044
TOTAL ASSETS	55,183	66,795

kSEK	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1,404	1,404
Restricted reserve	598	598
Development fund	12,965	12,414
Non-restricted equity		
Retained earnings	48,812	61,368
Profit or loss for the period	-11,767	-12,005
Total equity	52,013	63,780
Liabilities		
Short-term liabilities		
Accounts payable	1,745	688
Other short-term liabilities	197	465
Accruals and deferred income	1,228	1,862
Total liabilities	3,170	3,015
TOTAL EQUITY AND LIABILITIES	55,183	66,795

NOTES

NOTE 1 ACCOUNTING PRINCIPLES







These interim financial statements have been prepared in accordance with the Swedish Annual Act and the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3). The accounting policies are the same as the previous year. For further information, please refer to the Annual Report for 2022, page 27.

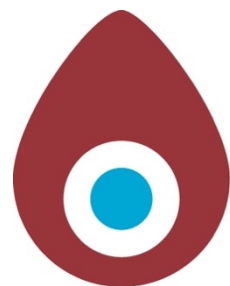
NOTE 2 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets amounts to mSEK 1.5 as per December 31, 2023. There are no contingent liabilities in the Group.

NOTE 3 KEY RATIOS AND FINANCIAL METRICS

Definitions of the key ratios and financial metrics used in the Group's financial reporting.

-  **Graphs of net sales**
Redsense has chosen to report a graph of the net sales per quarter and on a rolling 12-month basis as corporate management also follows the development over time on a rolling 12-month basis and believes that this provides supplementary information to the calendar based interim data otherwise given in the report.
-  **Operation profit/loss, operating margin, EBIT and EBIT margin**
In this report Redsense uses the result measure EBIT, Earnings Before Interest and Taxes, as an alternative term for operating profit. EBIT margin is thus an alternative term for operating margin, calculated as net sales reduced by cost of goods sold and operating cost.
-  **Gross Profit**
Net sales less cost of goods sold.
-  **Investments**
Acquisitions of property, plant and equipment, intangible assets and financial assets during the period.
-  **Earnings per share**
Net profit for the period divided by the average number of shares during the period.
-  **Solidity**
Equity divided by total assets.



REDSENSE

REDSENSE MEDICAL AB (PUBL)
Corp. ID No. 556646-4862

PO Box 7088
SE-300 07 Halmstad, Sweden
Telephone: +46 35 10 60 30
Email: info@redsensemecical.com
www.redsensemecical.com