

**SEDANA**MEDICAL

the AnaConDa technology people

Interim Report

January – March 2017

## Sedana Medical, interim report Q1, January-March 2017

### Significant events during the period

- 1 February Christer Ahlberg started as new CEO for Sedana Medical group.
- In March, AnaConDa was approved in South Korea, which is the first approval on the Asian market.
- The in-house developed product Anaconda-S was launched during the quarter.

### Financials - summary

- Net sales during the period increased to 9 891 (8 538) KSEK which corresponded to an increase of 16% compared with the same period in 2016.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) was 408 (1 139) KSEK. This corresponded to an EBITDA margin of 4,1% (13,4%).
- Earnings before interest and taxes (EBIT) was 270 (1 078) KSEK which corresponded to an EBIT margin of 2,7% (12,6%).
- Cash flow from operations before change in working capital amounted to 279 (616) KSEK.
- Liquid funds at the end of the period amounted to 12 624 (1 762) KSEK.



### Significant events after the period

- A decision was made on the issue and distribution of shares and on conversion to a public company at the Extraordinary General Meeting on 5 April.
- The first patient was recruited to the registration study for the approval of IsoConDa.
- The headquarters of the group was registered in Danderyd.
- A new affiliate was established in Sweden to administer incentive programs in Sedana Medical AB (publ).

### Sedana Medical in brief

Sedana Medical is a Swedish medical technology group which develops, manufactures and sells the medical device AnaConDa. AnaConDa is based on proprietary technology for vaporization and reflection of anesthetic gases. The device is sold to intensive care units globally and is used for sedation of patients.

Sedana Medical operates in several countries in Europe via affiliates and branch offices of the parent company Sedana Medical AB (publ). Germany is the Group's largest market, with more than 85% of total sales.

Sedana Medical has initiated a clinical registration study in Germany with the aim of gaining European clinical approval for the pharmaceutical IsoConDa (isoflurane). IsoConDa will be used with AnaConDa for inhalation sedation in the intensive care unit. The clinical study is expected to be completed in 2018.

## CEO comments

Sedana Medical's vision is to develop inhalation sedation with our products AnaConDa and IsoConDa into a global standard model for the sedation of mechanically ventilated patients in intensive care. We hope to realise this ambitious vision by offering, with the AnaConDa technology and the medicinal product IsoConDa (isoflurane), a solution that addresses the problems that present-day intravenous sedatives cause or do not solve sufficiently well. In the first quarter of 2017 we came a major step closer to realising that vision.

To attain our level of ambition, the company initiated work on an initial public offering on Nasdaq First North during the quarter. As part of this work, I was appointed CEO in February this year. Our CFO, Maria Engström, also took up her position during the same period. The injection of capital from the initial public offering is primarily intended to be used to fund work on registration documentation and the clinical studies in the EU and the United States for our future medicinal product IsoConDa that are necessary to obtain marketing authorisation.

In operational terms, the first quarter of 2017 was very eventful.

We held our first investigator meeting in Germany with the physicians who are to be involved in the strategically very important clinical study of our candidate drug IsoConDa (isoflurane). The study is being carried out at around 20 intensive care units in Germany and will cover a total of up to 550 patients. When the study is completed and we obtain marketing authorisation, Sedana Medical will be the first company in the world to be able to offer intensive care an approved solution for inhalation sedation.

We launched the newly developed and recently approved AnaConDa-S. AnaConDa-S is designed in a way that enables many more patients, including those with lower lung



capacity, to be sedated than was possible with the older model. AnaConDa-S expands our target group by around 25 per cent, and the response from the health service has been very positive.

At the start of the year, we took our first step into the Asian market through the approval of AnaConDa in South Korea and an agreement with a local distributor in South Korea has now been established.

The net sales development in the Group has been very positive over the past years. During the first quarter of 2017, this trend continued and net sales increased by 16% compared with the corresponding period of the previous year. This was despite a very strong first quarter 2016. EBITDA was again positive and amounted to SEK 0.45 million for the first quarter of the year. This was despite the fact that we have had increased operational expenses in connection with the planned initial public offering and the recruitment of a new CEO and CFO. The trend in sales is in line with our ambitious growth targets, and we see continued strong demand from many customers.

I have followed Sedana Medical's determined efforts to develop the next generation of drugs for sedation with great interest. As the newly appointed CEO, it is a source of great inspiration for me to be able to lead the Group into a new phase in which, after many years of steady development and sales work, we document and establish a new treatment standard in the market with potential of SEK 10 to 20 billion annually. The establishment of

inhalation sedation for intensive care patients signifies a paradigm shift as IsoConDa is administered and eliminated via the airways instead of intravenously via the bloodstream, which is the usual technique.

Sedana Medical is well positioned to lead efforts to offer the first commercial solution for inhalation sedation in intensive care.

*Christer Ahlberg, President and CEO*

## Financial summary January-March 2017

### Financial summary - Consolidated (SEK)

	Q1		Q1-Q4
	2017	2016	2016
Net sales	9 891 522	8 537 905	32 154 634
Operating income before depreciation and amortisation (EBITDA)	407 615	1 139 813	994 314
Operating income after depreciation and amortisation (EBIT)	269 786	1 078 084	617 764
Income after financial items	-117 072	900 644	636 656
EBITDA %	4,1%	13,4%	3,1%
EBIT %	2,7%	12,6%	1,9%
Net income % of net sales	-5,5%	12,5%	4,0%
Total assets	30 696 677	14 323 050	22 903 177
Equity ratio	2,4%	9,5%	5,5%
Quick ratio	74,2%	135,2%	80,2%
Average number of employees	16	16	16

### Revenues

During the first quarter the total revenues for the group amounted to 10 509 (9 262) KSEK corresponding to an increase of 1 246 KSEK or 13%.

The increase is mainly due to an increase in net sales of 1 354 KSEK which is almost solely due to increased net sales via the German branch office.

The net sales for the German branch office increased to 9 275 (8 018) KSEK corresponding to 94% (94)% of the total net sales for the group.

The revenues for the period further contain capitalized development expenses of 573 (0) KSEK and other operation revenues of 44 (724) KSEK.

The decrease in other operating revenues is due to a decrease in currency gains of operational receivables and payables.

In the German branch office, direct sales to hospitals and clinics in Germany is included as well as sales to distributors in other countries. The sales to distributors in other countries increased to 910 (606) KSEK. The net sales of AnaConDa and accessories per branch office/affiliated company are shown in the table below.

(KSEK)	Q1		Q1-Q4
	2017	2016	2016
Germany <sup>1)</sup>	9 275	8 018	30 288
Spain <sup>2)</sup>	111	120	474
France <sup>3)</sup>	295	399	1 393
Ireland <sup>4)</sup>	210	-	-

<sup>1)</sup> Concern sales from German branch to the German market as well as sales to distributors in other countries.

<sup>2)</sup> Concern sales from the Spanish branch to distributors and customers at the Spanish market.

<sup>3)</sup> Concern sales from the affiliated company Sedana Medical Sàrl to customers at the French market.

<sup>4)</sup> Concern sales from the affiliated company Sedana Medical Ltd to distributors in South Korea.

## Cost of goods sold

The cost of goods sold amounted to 3 323 (2 669) KSEK, which corresponded to an increase of 653 KSEK or 24%. The reason for the increase is mainly due to increased cost for manufacturing tech transfer as well as increased transportation costs at the launch of AnaConDa-S.

## Other external expenses

Other external expenses amounted to 3 523 (2 268) KSEK, which corresponds to an increase of 1 255 KSEK or 55%. The other external expenses include consultancy fees, marketing expenses, accounting expenses as well as travel expenses and patent fees. The increase is explained by the implementation of the new business plan for the group as well as the establishment of a finance function with the recruitment of a CFO. Expenses connected with the preparation of the IPO of 818 KSEK have been treated in the balance sheet as prepaid expenses for the coming issue.

## Personnel expenses

The personnel expenses amounted to 3 227 (2 801 KSEK), which corresponds to an increase of 425 KSEK or 15%. During the period, there were 16 (16) employees in the Group on average. The increase in personnel expenses is mainly due to the recruitment of a new CEO during the first quarter of 2017.

## Depreciation and amortizations

Depreciation of fixed tangible and intangible assets was 138 (62 KSEK) which corresponded to an increase of 76 KSEK or 123%.

## Operating income

The operating income for the group amounted to 270 (1 078) KSEK, which corresponds to a decrease of 808 KSEK or 75%. The decrease is mainly explained by the increased expenses connected with the implementation of the new business plan as well as recruitment of a new CEO and a CFO.

## Financial items

The financial net amounted to -387 (-178) KSEK. The financial net is explained by losses in currency exchange rates of -48 (-153) KSEK as well as a negative interest net -339 (-24) KSEK. The main reason for the negative interest net is a new loan from the bank received during the period.

## Tax

The tax for the period was -425 (163) KSEK which is mainly explained by a decreased in deferred taxes.

## Net income

Net income for the period amounted to -542 (1 064) KSEK corresponding to a decrease of 1 606 KSEK. The decrease is mainly explained by the increased expenses connected with the implementation of the new business plan for the group as well as decreased deferred taxes.

## Equity and liabilities

The equity as per 31 March 2017 amounted to 749 (1 364) KSEK. This corresponded to a decrease of 615 KSEK. The equity in the parent company, Sedana Medical AB (publ), as per 31 March 2017 ended at 7 953 (8 280) KSEK, which was equal to a decrease of 327 KSEK. The decrease is mainly explained by the negative net income for the period of -1 362 KSEK.

Long-term liabilities amounted to 6 590 (6 478) KSEK at the end of the period and consisted of convertible loans of 4 100 (4 100) KSEK. The remaining part consisted of loans to credit institutions.

Short term liabilities amounted to 23 654 (6 645) KSEK at the end of the period. The main part of the short-term liabilities was derived from a loan from the owners of 10 124 (0) KSEK as well as liabilities to credit institutions of 6 041 (38) KSEK.

## Cash flow

The cash flow for the period was positive, 4 344 (-1 437) KSEK. The main reason was the new bank loan of 6 000 KSEK received during the period. Liquid funds at the end of the period ended up at 12 624 KSEK.

## Parent company

The parent company in the group is Sedana Medical AB (publ), org.no. 556670–2519. The functions in the parent company are management of clinical development as well as general administrative and management functions. The parent company also includes branch offices in Germany and Spain where the main operation is sales and keeping an inventory for the sale of the products in the group. The revenues of the parent company amounted to 10 147 (9 172) KSEK for the period. The operating income ended up at -1 089 (-826) KSEK, a decrease of 263 KSEK. The financial net was -273 (-178) KSEK,

which corresponded to a decrease of 95 KSEK which was due to an increase in interest bearing liabilities compared with the same period in 2016. The net income for the period amounted to -1 362 (570) KSEK. Liquid funds ended up at 12 005 (1 379) KSEK, an increase of 10 627 KSEK which is explained by a new loan from the owners received at the end of 2016 as well as a new loan from the bank which was received in March 2017.

## Other information

### Largest shareholders at the end of the period

There are in total 22 shareholders in the company. The following shareholders own more than 10% of the capital and votes:

Sten Gibeck	20,50 %
Ola Magnusson	15,50 %
Linc Invest AB	11,30 %
Mike Ryan	10,40 %

### Transactions with related parties

Transactions with related parties are conducted at market terms. During the period the affiliated company, Sedana Medical Ltd bought goods at a value of 812 KSEK from Lismed Ltd., a company related to the member of the board of directors Ron Farrell.



## Consolidated income statement

(SEK)	Q1		Q1-Q4
	2017	2016	2016
<b>Revenues</b>			
Net sales	9 891 522	8 537 905	32 154 634
Capitalized development expenses	573 220	-	1 579 714
Other operating revenues	43 794	724 404	1 932 323
	<b>10 508 536</b>	<b>9 262 309</b>	<b>35 666 671</b>
<b>Operating cost and expenses</b>			
Cost of goods sold	-3 322 890	-2 669 635	-10 808 269
External expenses	-3 523 029	-2 267 694	-10 606 109
Personnel expenses	-3 226 523	-2 801 278	-11 670 428
Depreciation and amortisation	-137 829	-61 729	-376 550
Other operating expenses	-28 479	-383 889	-1 587 551
<b>Operating income</b>	<b>269 786</b>	<b>1 078 084</b>	<b>617 764</b>
<b>Income from financial items</b>			
Financial income	411 701	308 463	2 039 290
Financial expenses	-798 559	-485 903	-2 020 398
<b>Income after financial items</b>	<b>-117 072</b>	<b>900 644</b>	<b>636 656</b>
<b>Income before taxes</b>	<b>-117 072</b>	<b>900 644</b>	<b>636 656</b>
Taxes	-425 313	163 318	648 979
<b>Net Income</b>	<b>-542 385</b>	<b>1 063 962</b>	<b>1 285 635</b>

## Consolidated balance sheet

(SEK)	Q1		Q1-Q4
	2017	2016	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalized development expenses	6 786 802	1 944 452	4 917 536
<i>Tangible assets</i>			
Machinery and equipment	115 522	161 895	127 109
Fixtures and tools	1 435 752	555 790	911 036
	1 551 274	717 685	1 038 145
<b>Total fixed assets</b>	<b>8 338 076</b>	<b>2 662 137</b>	<b>5 955 681</b>
<b>Current assets</b>			
<i>Inventory</i>			
Finished goods	4 017 532	2 131 401	4 264 038
Advances to suppliers	789 936	543 747	272 484
	4 807 468	2 675 148	4 536 522
<i>Receivables</i>			
Trade receivables	2 611 275	2 948 354	2 867 025
Tax receivables	200 698	3 430	197 576
Other current receivables	614 709	2 839 811	619 364
Prepaid expenses and accrued income	1 500 132	1 432 166	430 577
	9 734 282	9 898 909	8 651 064
<i>Cash and cash equivalents</i>			
	12 624 319	1 762 004	8 296 432
<b>Total current assets</b>	<b>22 358 601</b>	<b>11 660 913</b>	<b>16 947 496</b>
<b>TOTAL ASSETS</b>	<b>30 696 677</b>	<b>14 323 050</b>	<b>22 903 177</b>
(SEK)	Q1		Q1-Q4
	2017	2016	2016
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	217 000	217 000	217 000
Other equity including net income for the period	531 691	1 146 684	1 044 796
	748 691	1 363 684	1 261 796
Equity attributable to shareholders in parent company	748 691	1 363 684	1 261 796
<b>Total equity</b>	<b>748 691</b>	<b>1 363 684</b>	<b>1 261 796</b>
<i>Provisions</i>			
Deferred taxes	-295 903	-163 318	-721 216
Other provisions	-	-	138 721
	-295 903	-163 318	-707 344
<i>Long-term liabilities</i>			
Liabilities to credit institutions	689 806	1 293 370	779 779
Convertible loans	4 100 000	4 100 000	4 100 000
Other long term liabilities	1 800 000	1 084 320	2 000 000
	6 589 806	6 477 690	6 879 779
<i>Current liabilities</i>			
Liabilities to credit institutions	6 040 964	38 305	38 201
Accounts payables	4 208 632	2 915 974	1 917 044
Tax liabilities	-	-	2 487
Other current liabilities	11 231 659	1 173 940	10 702 828
Accrued expenses and prepaid income	2 172 828	2 516 775	2 808 386
	23 654 083	6 644 994	15 468 946
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>30 696 677</b>	<b>14 323 050</b>	<b>22 903 177</b>



## Consolidated statement of changes in equity

(SEK)	Share capital	Other equity including net income for the period	Total Equity
Opening balance 1 January 2017 according to balance sheet	217 000	1 044 796	1 261 796
Adjustments	-	-	-
Adjusted opening balance 1 January 2017	217 000	1 044 796	1 261 796
<i>Changes in the carrying amounts recognised directly in equity</i>			
Translation differences	-	29 280	29 280
	-	29 280	29 280
Net income	-	-542 385	-542 385
<b>Equity 31 March 2017</b>	<b>217 000</b>	<b>531 691</b>	<b>748 691</b>

Conditioned shareholder contribution amounted to 11,925,000 (11,925,000) SEK.

## Consolidated statement of cash flow

(SEK)	Kvartal 1		Helår
	2017	2016	2016
<b>Operations</b>			
Operating income	269 786	1 078 084	617 764
<i>Adjustment of non cash flow items</i>			
Depreciations and amortisations	137 823	61 811	369 974
Currency exchange rates differences	-66 322	-493 547	264 571
Provisions	-13 784	-	13 726
Other non cash flow items	-	-	-
	327 503	646 348	1 266 035
Received interest	1	18	39
Paid interest	-42 890	-24 426	-161 003
Paid taxes	-6 017	-5 779	-267 734
<b>Cash flow from operations before change in working capital</b>	<b>278 597</b>	<b>616 161</b>	<b>837 337</b>
<i>Cash flow from change in working capital</i>			
Increase (-)/Decrease (+) of inventory	-257 898	1 274 991	-640 961
Increase (-)/Decrease (+) of operating receivables	-862 870	-2 889 715	539 619
Increase (+)/Decrease (-) of operating liabilities	1 923 491	1 450 810	-497 485
<b>Cash flow from operations</b>	<b>1 081 320</b>	<b>452 247</b>	<b>238 510</b>
<b>Investment activities</b>			
Investment in intangible fixed assets	-1 871 212	-1 129 286	-4 066 068
Investments in tangible fixed assets	-912 728	-446 525	-861 862
Divestments of financial assets	43 660	-303 235	-651 269
<b>Cash flow from investment activities</b>	<b>-2 740 280</b>	<b>-1 879 046</b>	<b>-5 579 199</b>
<b>Financing activities</b>			
Received loans	6 002 763	-	11 138 582
Amortisation of loans	-	-10 413	-792 204
<b>Cash flow from financing activities</b>	<b>6 002 763</b>	<b>-10 413</b>	<b>10 346 378</b>
<b>Cash flow for the period</b>	<b>4 343 803</b>	<b>-1 437 212</b>	<b>5 005 689</b>
<b>Liquid funds at the beginning of the period</b>	<b>8 296 432</b>	<b>3 172 249</b>	<b>3 172 249</b>
Effects of exchange rate changes on cash	-12 675	4 371	-14 019
Translation difference in liquid funds	-3 241	22 596	132 513
<b>Liquid funds at the end of the period</b>	<b>12 624 319</b>	<b>1 762 004</b>	<b>8 296 432</b>

## Parent company income statement

(SEK)	Kvartal 1		Helår
	2017	2016	2016
<b>Revenues</b>			
Net sales	9 530 398	8 447 591	31 494 926
Capitalized development expenses	573 220	-	653 550
Other operating revenues	43 794	724 404	1 859 490
	10 147 412	9 171 995	34 007 966
<b>Operating cost and expenses</b>			
Cost of goods sold	-6 792 240	-5 052 947	-18 155 696
External expenses	-2 515 414	-1 515 279	-6 934 989
Personnel expenses	-1 884 205	-1 451 560	-5 984 224
Depreciation and amortisation	-16 488	-19 860	-68 347
Other operating expenses	-28 479	-383 889	-1 587 551
<b>Operating income</b>	<b>-1 089 414</b>	<b>748 460</b>	<b>1 277 159</b>
<b>Income from financial items</b>			
Financial income	507 811	308 206	2 402 289
Financial expenses	-780 632	-485 903	-2 020 394
<b>Income after financial items</b>	<b>-1 362 235</b>	<b>570 763</b>	<b>1 659 054</b>
<b>Income before taxes</b>	<b>-1 362 235</b>	<b>570 763</b>	<b>1 659 054</b>
Taxes	-	-	-
<b>Net Income</b>	<b>-1 362 235</b>	<b>570 763</b>	<b>1 659 054</b>

## Parent company balance sheet

(SEK)	Kvartal 1		Helår
	2017	2016	2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalized development expenses	2 041 936	815 166	1 468 716
<i>Tangible assets</i>			
Machinery and equipment	115 522	161 895	127 109
Fixtures and tools	81 872	23 169	21 429
	197 394	185 064	148 538
<i>Financial fixed assets</i>			
Shares in group companies	9	9	9
Long term receivables in group companies	16 036 775	-	15 976 572
	16 036 784	9	15 976 581
<b>Total fixed assets</b>	<b>18 276 114</b>	<b>1 000 239</b>	<b>17 593 835</b>
<b>Current assets</b>			
<i>Inventory</i>			
Finished goods	5 362 545	2 873 757	7 542 293
<i>Receivables</i>			
Trade receivables	2 313 208	2 531 137	2 568 624
Receivables in group companies	2 286 899	13 165 381	2 121 778
Tax receivables	3 546	3 430	-
Other current receivables	377 786	2 513 717	411 236
Prepaid expenses and accrued income	1 460 442	1 432 176	379 873
	6 441 881	19 645 841	5 481 511
<i>Cash and cash equivalents</i>			
	12 005 025	1 378 503	7 711 119
<b>Total current assets</b>	<b>23 809 451</b>	<b>23 898 101</b>	<b>20 734 923</b>
<b>TOTAL ASSETS</b>	<b>42 085 565</b>	<b>24 898 340</b>	<b>38 328 758</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	217 000	217 000	217 000
Fund for capitalized development expenses	1 591 462	-	1 468 716
<i>Non restricted equity</i>			
Share premium fund	11 583 000	11 583 000	11 583 000
Retained earnings	-457 368	-5 559 116	-5 617 827
Profit or loss previous year	-3 618 885	1 468 249	-
Profit or loss for the period	-1 362 235	570 763	1 659 054
<b>Total Equity</b>	<b>7 952 974</b>	<b>8 279 896</b>	<b>9 309 943</b>
<i>Long-term liabilities</i>			
Liabilities to credit institutions	689 806	1 293 370	779 779
Convertible loans	4 100 000	4 100 000	4 100 000
Other long term liabilities	1 800 000	1 084 320	2 000 000
	6 589 806	6 477 690	6 879 779
<i>Current liabilities</i>			
Liabilities to credit institutions	6 000 000	-	-
Accounts payables	2 283 037	597 836	1 182 107
Liabilities to group companies	6 751 534	6 475 642	9 343 176
Other current liabilities	10 636 718	620 602	10 448 368
Accrued expenses and prepaid income	1 871 496	2 446 674	1 165 385
	27 542 785	10 140 754	22 139 036
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>42 085 565</b>	<b>24 898 340</b>	<b>38 328 758</b>

## Parent company statement of changes in equity

(SEK)	Share capital	Fund for capitalized development expenses	Share premium fund	Retained earnings including net profit for the period	Total Equity
Opening balance 1 January 2017 according to balance sheet	217 000	1 468 716	11 583 000	-3 958 773	9 309 943
Adjustments	-	-	-	-	-
Adjusted balance 1 January 2017	217 000	1 468 716	11 583 000	-3 958 773	9 309 943
<i>Changes in the carrying amounts recognised directly in equity</i>					
Translation differens in branches	-	-	-	5266	5266
	-	-	-	5266	5266
<i>Reallocation between items in equity</i>					
Allocations to funds	-	122 746	-	-122 746	0
	-	122 746	-	-122 746	0
Net profit	-	-	-	-1 362 235	-1 362 235
<b>Equity 31 March 2017</b>	<b>217 000</b>	<b>1 591 462</b>	<b>11 583 000</b>	<b>-5 438 488</b>	<b>7 952 974</b>

Conditioned shareholder contribution amounted to 11,925,000 (11,925,000) SEK.

## Parent company statement of cash flow

(SEK)	Kvartal 1		Helår
	2017	2016	2016
<b>Operations</b>			
Operating income	-1 089 414	748 460	1 277 159
<i>Adjustment of non cash flow items</i>			
Depreciations and amortisations	16 479	19 942	68 362
Currency exchange rates differences	-48 400	-493 804	318 462
Other non cash flow items	-	-	329 003
	<b>-1 121 335</b>	<b>274 598</b>	<b>1 992 986</b>
Received interest	1	18	39
Paid interest	-42 890	-24 426	-161 003
Paid taxes	-	-3 359	-
<b>Cash flow from operations before change in working capital</b>	<b>-1 164 224</b>	<b>246 831</b>	<b>1 832 022</b>
<i>Cash flow from change in working capital</i>			
Increase (-)/Decrease (+) of inventory	2 209 821	61 082	-4 517 022
Increase (-)/Decrease (+) of operating receivables	-917 020	-4 298 284	10 088 695
Increase (+)/Decrease (-) of operating liabilities	-7 623 491	3 649 944	4 954 706
<b>Cash flow from operations</b>	<b>-7 494 914</b>	<b>-340 427</b>	<b>12 358 401</b>
<b>Investment activities</b>			
Investment in intangible fixed assets	-573 220	-	-653 550
Investments in tangible fixed assets	-327 157	-227 138	-287 966
Divestments of financial assets	-47 528	-151 806	-16 443 506
<b>Cash flow from investment activities</b>	<b>-947 905</b>	<b>-378 944</b>	<b>-17 385 022</b>
<b>Financing activities</b>			
Received loans	6 751 534	-	11 138 582
Increase (+)/Decrease (-) of current financial liabilities	6 000 000	-	-
Amortisation of loans	-	-6 930	-548 903
<b>Cash flow from financing activities</b>	<b>12 751 534</b>	<b>-6 930</b>	<b>10 589 679</b>
<b>Cash flow for the period</b>	<b>4 308 715</b>	<b>-726 301</b>	<b>5 563 058</b>
<b>Liquid funds at the beginning of the period</b>	<b>7 711 119</b>	<b>2 075 492</b>	<b>2 075 492</b>
Effects of exchange rate changes on cash	-12 675	4 371	-14 019
Translation difference in liquid funds	-2 134	24 941	86 588
<b>Liquid funds at the end of the period</b>	<b>12 005 025</b>	<b>1 378 503</b>	<b>7 711 119</b>

## Notes to the financial information

### Note 1 Accounting principles

Sedana Medical group complies with the Swedish Accounting Standard Board's (BFNs) general advice BFNAR 2012:1 annual accounting and group accounting (K3). Essential accounting and valuation principles can be found in the group annual report 2016, pages 13–17. The parent company Sedana Medical AB (publ), applies the same accounting principles as the group.

### Note 2 Definition of ratios

EBITDA margin:

Operating income before depreciation and amortization / net sales

EBIT-margin:

Operating income after depreciation and amortization / 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:

Cash, marketable securities and receivables / Total current liabilities

### Note 3 Conditioned shareholder contribution

The conditioned shareholder contribution of 11 925 000 SEK in Sedana Medical AB (publ) will be remitted in conjunction with the

stock exchange quotation at Nasdaq First North.

## Certification from the board of directors

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 about its listing on Nasdaq First North.

## Auditor's review

The auditor has reviewed the accounts in this interim report.

## Certified Adviser

Sedana Medical AB (Publ) has appointed Pareto Securities as a certified adviser in conjunction with the forthcoming listing on Nasdaq First North.

## For further information please contact

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## Upcoming information

Interim report Q2, April-June 2017:  
31 August 2017.

Interim report Q3, July-September 2017:  
30 November 2017.

Q4 and year-end results 2017:  
28 February 2018.

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