



DIGNITANA

Q1 INTERIM REPORT 2018

# RESULTS AND FINANCIAL POSITION

## Interim Report – Summary

<b>Key Ratios</b>			
<b>Dignitana Group</b>			
	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>Full Year 2017</b>
Net revenues, TSEK	5,897	6,127	22,941
Total revenues TSEK	5,988	6,177	23,133
Net profit after financial items, TSEK	(8,950)	(8,109)	(42,355)
Cash and bank balances, TSEK	22,185	17,995	1,018
Earnings per share before and after dilution, SEK	-0.2	-0.4	-2.1
<b>Dignitana AB</b>			
	<b>Q1 2018</b>	<b>Q1 2017</b>	<b>Full Year 2017</b>
Net revenues, TSEK	4,444	5,312	18,300
Total revenues TSEK	4,535	5,362	18,490
Net profit after financial items, TSEK	(9,027)	(8,189)	(42,277)
Cash and bank balances, TSEK	19,636	17,762	606

## Significant events during the period

- The DigniTherm™ Click Cap was introduced to facilities in December 2017 and the roll-out to all U.S. facilities was completed in Q1 2018.
- 13 machines were installed at 12 sites in the US in Q1.
- Transition of operations from Lund, Sweden to the U.S. was announced and initiated in Q4 2017 and continued in Q1. It was successfully completed in April, two months ahead of schedule. Dignitana AB remains in Lund.
- The Rights offering which was begun in Q4 2017 was fully subscribed and funding was completed in early January 2018.
- At an Extraordinary General Meeting 16 March 2018 Thomas Kelly, Ingrid Atteryd Heiman, and Mikael Wahlgren were appointed to the Board of Directors with Thomas Kelly designated as Chairman of the Board for Dignitana AB.
- In March James McKinney was named President and COO of Dignitana, Inc.
- In March Dignitana initiated an application with the American Medical Association for a unique CPT Code for scalp cooling to provide a pathway for universal scalp cooling coverage. The decision will be announced by the AMA in June.

## Significant events after the first quarter

- Thomas Kelly, Bill Cronin, Ingrid Atteryd Heiman, and Mikael Wahlgren were re-elected to the Board of Directors at the Annual General Meeting 24 April 2018 with Thomas Kelly as Chairman.
- In April Dignitana announced the transfer of management of all European installations of DigniCap from Sysmex to Dignitana.
- Contracts for 4 locations have been signed since 1 April 2018 representing 4 machines.
- Agreed to expand unit locations with Florida Cancer Specialists.
- Contracted with Atlantic Health System to provide scalp cooling services.
- Dignitana initiated its first direct-to-customer lease unit lease transaction for two locations in Spain.

## Comments from William Cronin, CEO Dignitana AB

The first quarter of 2018 was a transition period for Dignitana with all departments of the company involved in the transfer of operations from Lund, Sweden to Dallas, Texas. Although a laborious endeavor, this transition is critical to our success moving forward. It will result in improved operational efficiencies as well as significant cost savings for the company. We are already seeing improvements in both of those areas.

An additional and very exciting transition is now underway in Europe with the transfer of management for the DigniLife product from Sysmex to Dignitana. As our valued distribution partner for the past six years, Sysmex has been at the forefront of building the scalp cooling market in Europe. Although their business priorities are now taking them in a different direction, they remain a valued partner and we continue to work with them in new ways as we manage these 70 customers in 11 countries. Our team has been on the ground in Europe, and there is a tremendous growth opportunity for the company in this region. Sales of DigniCap around the globe are also growing. The evaluation and expansion of our distributor relationships is ongoing, and customers worldwide are now managed from our operations base in Texas with support from the Lund team members.

Revenue from Dignitana, Inc. continues to grow, now for nine consecutive quarters. Although the rate slowed to 5% in Q1 2018 compared to the previous eight quarters of growth exceeding 19% each, the pace is picking up as we start the second quarter.

Product development is a major priority for the company, and significant progress is being made toward the launch of the next generation DigniCap machine. In the meantime, the launch of the The DigniTherm Click Cap has been well-received, improving ease of use and optimizing patient outcomes.

Insurance coverage for scalp cooling in the U.S. is not yet universal, but we have taken the lead in the process by initiating an application with the American Medical Association for the unique CPT code that is necessary to provide a pathway to consistent and universal insurance coverage. This coverage is a critical step in making scalp cooling affordable to all patients, and we look forward to hearing the decision from the AMA on this application in June.

Shareholders may note that after the close of the period we have seen a drop in the number of locations offering DigniCap. There are multiple factors contributing to this. One of the differentiators that Dignitana has achieved is the level of service that we provide to our customers on an ongoing basis. Rather than drop off a machine and wait for the customer to call us, we maintain an ongoing dialogue to assess needs and maximize the utilization of resources. Sometimes this means that we jointly determine that a machine would be better used in another location. Sometimes it means that we decide together that the machine is not needed by that practice at this time. And at times, additional planned locations in multi-site deals are behind schedule in deploying scalp cooling at their facilities. Dignitana is committed to growing the scalp cooling market in the US and around the world. We will continue to focus not only new site installations but also on maximizing utilization rates with existing sites.

In closing, I'd like to take a moment to thank our shareholders - many of whom have been with us since our initial listing in 2009. The scalp cooling market has seen many changes in that time, and Dignitana as a company has gone through significant change as well. With the progress we are now making, especially in product development and operations, I believe we are now well-positioned for growth.



William Cronin, CEO  
Dignitana AB

## About the Company

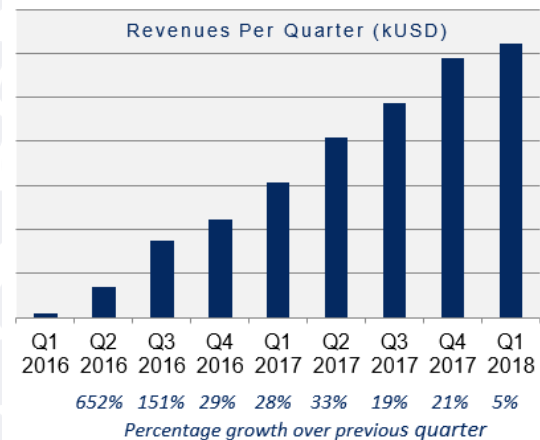
Dignitana is a medical technology company based in Lund, Sweden and publicly-traded on Nasdaq First North. The company produces the patented DigniCap® Scalp Cooling System to counteract chemotherapy-induced hair loss and contribute to improved patient well-being and quality of life. The system provides continuous cooling with high efficacy, safety and acceptable patient comfort. DigniCap was the first scalp cooling system to receive FDA clearance and is the only system with an expanded FDA indication to reduce the likelihood of chemotherapy-induced alopecia in cancer patients with solid tumors. In the pivotal trial it was concluded that The DigniCap Scalp Cooling System prevented hair loss in 66.3% of patients with breast cancer receiving adjuvant chemotherapy compared to the control group where all experienced significant hair loss. Dignitana has offices in Lund, Sweden and operations are based in Dallas, Texas.

## Sales

2018 has seen continued growth in the U.S. with a consistent increase of over 5% in revenue quarter over quarter.

As of 31 March 2018 the total number of US locations was 112 sites representing 141 machines.

After the quarter, as of 22 May 2018, in the U.S. there are 99 locations in 22 states representing 132 machines.



The global presence of Dignitana is expanding with DigniCap machines now in 33 countries around the globe. In addition to some standalone sales, we have existing relationships with distribution partners in Australia, Mexico, the Middle East, United Kingdom, and South America, and in conjunction with Konica Minolta conversations continue regarding the PMDA approval process to provide DigniCap to the Japanese market.

Awareness of scalp cooling among patients and health care providers is growing – a reality exhibited by more inquiries from media, increased social media interactions, and improved name recognition among clinicians. Media interest in DigniCap remained strong during Q1 2018 in the U.S. leveraging momentum from Dignitana’s 2017 End of Year Report and the move toward obtaining a dedicated CPT code. Media coverage reached 100 placements total, garnering over 2.3 billion impressions through online, print, and broadcast media channels.

## R & D / Clinical

The launch of the DigniTherm Click Cap was completed in March and all DigniCap facilities in the U.S. now use the Click Cap. This product enhancement was a collaboration with Boa Technology to improve ease of use and enhance cap fit for optimal patient outcomes. Discussions are ongoing regarding future availability of this enhancement for locations outside the United States.

The expanded clinical indications to include solid tumor cancers that were received from the FDA in July 2017 continues to be a differentiator for Dignitana as we are the only scalp cooling provider to offer this treatment beyond the scope of breast cancer in women. Women with breast cancer are certainly our primary audience, but scalp cooling usage is growing in the solid tumor area, especially with ovarian cancer.

**Dignitana AB, publ****Income Statement, SEK**

Corporate registration number: 556730-5346

**Dignitana Group**

	Q1 2018	Q1 2017	Full Year 2017
<b>Operating Income</b>			
Revenue	5,896,731	6,126,929	22,940,627
Own work capitalized	-	14,975	14,975
Other income	90,962	35,592	177,763
<b>Total Operating Income</b>	<b>5,987,693</b>	<b>6,177,496</b>	<b>23,133,365</b>
Cost of Goods Sold			
Goods for Resale	504,576	1,663,981	3,724,858
<b>Gross Profit</b>	<b>5,483,117</b>	<b>4,513,515</b>	<b>19,408,507</b>
<b>Operating expenses</b>			
Other external expenses	6,648,222	6,329,862	28,419,237
Personnel expenses	5,644,180	4,676,537	24,687,021
Depreciation of tangible and intangible assets	1,964,970	1,403,217	6,761,746
Other Operating expense	10,337	31,415	54,808
<b>Total operating expenses</b>	<b>14,267,709</b>	<b>12,441,031</b>	<b>59,922,812</b>
<b>Operating profit/loss</b>	<b>(8,784,592)</b>	<b>(7,927,516)</b>	<b>(40,514,305)</b>
<b>Result from financial investments</b>			
Interest income and similar items	386,733		1,896
Interest expenses and similar items	(552,597)	(181,843)	(1,842,255)
<b>Total income from financial investments</b>	<b>(165,864)</b>	<b>(181,843)</b>	<b>(1,840,359)</b>
<b>Net profit after financial items</b>	<b>(8,950,455)</b>	<b>(8,109,359)</b>	<b>(42,354,664)</b>
<b>Corporate Taxes</b>	1,907	-	<b>(245,244)</b>
<b>Results for the Period</b>	<b>(8,952,362)</b>	<b>(8,109,359)</b>	<b>(42,599,908)</b>
Total shares at the period-end before and after dilution <sup>1</sup>	40,548,224	20,274,112	20,274,112
Average number of shares before and after dilution <sup>1</sup>	40,548,224	20,274,112	20,274,112
Earnings per share before and after dilution <sup>1</sup>	-0.2	-0.4	-2.1

*Footnotes:*

1 no dilution

**Dignitana AB, publ****Balance Sheet, SEK**

Corporate registration number: 556730-5346

**Dignitana Group**

<b>Statement of Financial Position, SEK</b>	<b>31-03-2018</b>	<b>31-03-2017</b>	<b>31-12-17</b>
<b>Fixed Assets</b>			
<u>Intangible assets</u>			
Capitalized expenses for development, net	10,840,528	13,592,154	11,399,905
<u>Tangible assets</u>			
Equipment, tools and installations, net	18,599,895	11,841,657	19,355,859
<b>Total Fixed Assets</b>	<b>29,440,424</b>	<b>25,433,811</b>	<b>30,755,764</b>
<b>Current Assets</b>			
<u>Inventories and similar</u>			
Finished goods and goods for resale	2,198,515	3,724,882	2,567,773
Advance payment to suppliers			276,062
	<u>2,198,515</u>	<u>3,724,882</u>	<u>2,843,835</u>
<u>Current Receivables</u>			
Accounts Receivable	3,098,316	4,631,317	2,974,624
Current Tax Assets	22,452	290,094	219,880
Other current receivables	0	2,002,108	43,927,775
Prepaid expenses and accrued income	<u>1,278,678</u>	<u>1,528,104</u>	<u>557,422</u>
	4,399,446	8,451,623	47,679,701
<u>Cash and Bank Balances</u>	22,185,170	17,994,652	1,017,957
<b>Total Current Assets</b>	<b>28,783,131</b>	<b>30,171,157</b>	<b>51,541,493</b>
<b>Total Assets</b>	<b>58,223,554</b>	<b>55,604,968</b>	<b>82,297,257</b>



## Statement of Financial Position, SEK

### Equity and Liabilities

#### Equity

##### Restricted equity

##### Share Capital

(40,528,224 shares par value SEK 1,

previous year 20,274,112)	40,548,224	20,274,112	20,274,112
Unregistered share capital			20,274,112
Fund for development expenses	<u>2,635,796</u>	<u>2,614,829</u>	<u>2,635,796</u>
	43,184,020	22,888,941	43,184,020
<u>Non-restricted equity</u>			
Other paid-in capital	7,874,945	32,969,399	50,561,848
Results for the period	<u>(8,950,455)</u>	<u>(8,109,359)</u>	<u>(42,599,908)</u>
	(1,075,510)	24,860,040	7,961,940
<b>Total Equity</b>	<b>42,108,510</b>	<b>47,748,981</b>	<b>51,145,960</b>
<b>Current Liabilities</b>			
Accounts payable	1,727,132	4,709,155	5,090,671
Other current liabilities	5,361,135	407,244	431,425
Liabilities to credit institutions			5,000,000
Accrued expenses and deferred income	<u>4,002,673</u>	<u>2,739,588</u>	<u>9,751,101</u>
<b>Total current liabilities</b>	<b>11,090,940</b>	<b>7,855,987</b>	<b>20,273,197</b>
<b>Long Term Liabilities</b>			
Liabilities to credit Institutions	5,024,104	-	10,878,100
<b>Total Equity and Liabilities</b>	<b>58,223,554</b>	<b>55,604,968</b>	<b>82,297,257</b>



## Dignitana AB, publ

Corporate registration number: 556730-5346

### Dignitana Group

	Q1 2018	Q1 2017	Full Year 2017
Changes in equity, SEK			
Opening balance	51,145,960	55,870,277	55,870,277
New Share Issue			
Unregistered Share Issue			42,575,635
Issue expenses			(4,772,032)
Subscribed warrants			124,000
Translation difference on consolidation Results for the period	(86,995)	(11,937)	(52,012)
Results for the Period	<u>(8,950,455)</u>	<u>(8,109,359)</u>	<u>(42,599,908)</u>
Closing balance	42,108,510	47,748,981	51,145,960

**Dignitana AB, publ**

## Statement of cash flows, SEK

Corporate registration number: 556730-5346

**Dignitana Group**

	Q1 2018	Q1 2017	Full Year 2017
<b>Operating Activities</b>			
Operating income before financial items	-8,784,592	-7,927,516	-40,514,305
Adjustments for items not affecting cash flows	1,964,970	1,388,242	7,210,315
Interest received	386,733	0	1,896
Interest paid	-552,597	-33	-622,412
Income tax paid	0	0	-105,478
	<b>-6,985,485</b>	<b>-6,539,307</b>	<b>-34,029,984</b>
Changes in inventories	645,320	-3,905,487	-363,242
Changes in other current receivables	704,620	-3,697,835	-704,973
Changes in other current liabilities	-9,182,257	-108,857	1,631,606
<b>Cash flows from operating activities</b>	<b>-14,817,802</b>	<b>-14,251,486</b>	<b>-33,466,593</b>
<b>Investing Activities</b>			
Acquisition of fixed assets	-649,630	-606,297	-14,411,521
<b>Cash flows from investing activities</b>	<b>-649,630</b>	<b>-606,297</b>	<b>-14,411,521</b>
<b>Financing Activities</b>			
New share issue	42,575,635	0	
Issuance costs	-93,577	0	-290,574
Subscribed warrants	0	0	124,000
Long Term Liabilities	-5,853,996	0	16,282,187
<b>Cash flows from financial activities</b>	<b>36,628,062</b>	<b>0</b>	<b>16,115,613</b>
<b>Cash flows in the period</b>	<b>21,160,630</b>	<b>-14,857,783</b>	<b>-31,762,501</b>
<b>Cash and cash equivalents at start of the period</b>	<b>1,017,957</b>	<b>32,864,372</b>	<b>32,864,372</b>
<b>Translation difference on cash and cash equivalents</b>	<b>6,583</b>	<b>-11,937</b>	<b>-83,914</b>
<b>Cash and cash equivalents Period End</b>	<b>22,185,170</b>	<b>17,994,652</b>	<b>1,017,957</b>

**Dignitana AB, publ****Income Statement, SEK**

Corporate registration number: 556730-5346

**Dignitana AB, Parent Company**

	Q1 2018	Q1 2017	Full Year 2017
<b>Operating Income</b>			
Revenue	4,443,818	5,311,926	18,300,358
Own work capitalized		14,975	14,975
Other income	90,962	34,813	174,783
<b>Total Operating Income</b>	<b>4,534,780</b>	<b>5,361,714</b>	<b>18,490,116</b>
<b>Cost of Goods Sold</b>			
Goods for Resale	504,576	1,663,981	3,724,858
<b>Gross Profit</b>	<b>4,030,204</b>	<b>3,697,733</b>	<b>14,765,258</b>
<b>Operating expenses</b>			
Other external expenses	9,456,456	7,896,470	36,998,667
Personnel expenses	1,799,342	2,397,822	11,949,482
Depreciation of tangible and intangible assets	1,935,275	1,379,450	6,652,242
Other Operating expense	10,337	31,415	54,808
<b>Total operating expenses</b>	<b>13,201,410</b>	<b>11,705,157</b>	<b>55,655,199</b>
<b>Operating profit/loss</b>	<b>(9,171,207)</b>	<b>(8,007,424)</b>	<b>(40,889,941)</b>
<b>Result from financial investments</b>			
Interest income and similar items	386,733		-
Interest expenses and similar items	(242,146)	(181,843)	(1,387,321)
<b>Total income from financial investments</b>	<b>144,587</b>	<b>(181,843)</b>	<b>(1,387,321)</b>
<b>Net profit after financial items</b>	<b>(9,026,619)</b>	<b>(8,189,267)</b>	<b>(42,277,262)</b>
<b>Corporate Taxes</b>	-	-	
<b>Results for the Period</b>	<b>(9,026,619)</b>	<b>(8,189,267)</b>	<b>(42,277,262)</b>

<b>Dignitana AB, publ</b>		<b>Balance Sheet, SEK</b>		
Corporate registration number: 556730-5346				
<b>Dignitana AB, Parent Company</b>				
<b>Statement of Financial Position, SEK</b>	<b>31-03-2018</b>	<b>31-03-2017</b>	<b>31-12-2017</b>	
<b>Fixed Assets</b>				
<u>Intangible assets</u>				
Capitalized expenses for development, net	10,765,402	13,592,154	11,399,905	
<u>Tangible assets</u>				
Equipment, tools and installations, net	18,306,391	11,622,249	19,153,383	
<u>Financial assets</u>				
Participations in group companies	420,010	420,010	420,010	
<b>Total Fixed Assets</b>	<b>29,491,804</b>	<b>25,634,413</b>	<b>30,973,298</b>	
<b>Current Assets</b>				
<u>Inventories and similar</u>				
Finished goods and goods for resale	2,198,515	3,724,882	2,567,773	
Advance payment to suppliers			276,062	
	2,198,515	3,724,882	2,843,835	
<u>Current Receivables</u>				
Accounts Receivable	166,317	3,147,955	460,788	
Current Receivables from group companies	411,610	1,135,248	-	
Current Tax Assets	73	290,094	219,880	
Other current receivables	0	1,962,801	43,927,775	
Prepaid expenses and accrued income	544,143	630,906	311,218	
	1,122,143	7,167,004	44,919,661	
<u>Cash and Bank Balances</u>	19,636,903	17,761,870	606,356	
<b>Total Current Assets</b>	<b>22,957,560.70</b>	<b>28,653,756</b>	<b>48,369,852</b>	
<b>Total Assets</b>	<b>52,449,364</b>	<b>54,288,169</b>	<b>79,343,150</b>	

## Statement of Financial Position, SEK

### Equity and Liabilities

#### Equity

##### Restricted equity

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Share Capital

(40,528,224 shares par value SEK 1,

previous year 20,274,112) 40,548,224 20,274,112 20,274,112

Unregistered share capital 20,274,112

Fund for development expenses 2,635,796 2,614,829 2,635,796

43,184,020 22,888,941 43,184,020

##### Non-restricted equity

Other paid-in capital 7,994,421 32,732,733 32,835,766

Share premium reserves 22,301,523

Issue expense (4,772,032)

Results for the period (9,026,620) (8,189,267) (42,277,262)

(1,032,199) 24,543,466 8,087,995

**Total Equity 42,151,821 47,432,407 51,272,015**

#### **Current Liabilities**

Accounts payable 1,083,339 4,014,084 4,409,253

Other current liabilities 399,804 407,245 9,485,220

Liabilities to credit institutions 5,000,000

Current payable to group company 5,004,886 431,425

Accrued expenses and deferred income 3,809,514 2,434,433 8,745,237

**Total current liabilities 10,297,543 6,855,762 28,071,135**

**Total Equity and Liabilities 52,449,364 54,288,169 79,343,150**

## Scheduled financial reports

21 August 2018	Q2 Interim Report through 30 June 2018
27 November 2018	Q3 Interim Report through 30 September 2018
26 February 2019	2018 Year End Report

### Review by auditors

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

### Policies for preparation of the financial report

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

### Submission of the Q1 Interim Report

Lund, 22 May 2018

Dignitana AB (publ) Board of Directors

Thomas Kelly

Chairman

William Cronin

Director and CEO

Mikael Wahlgren

Director and Deputy Managing Director

Ingrid Atteryd Heiman

Director

### Contact information

#### **Dignitana AB**

Traktorgränden 3

226 60 Lund

Phone: +46 (0) 46-16 30 91

[www.dignitana.se](http://www.dignitana.se)

[info@dignitana.se](mailto:info@dignitana.se)

#### **Certified Adviser**

Erik Penser Bank

+46 (0) 8 463 8000

[www.penser.se](http://www.penser.se)

*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 09:00 (CET), 22 May 2018.*