



Press release

Dignitana AB (publ)

Lund, Sweden, November 23, 2017

Dignitana publish interim financial report for Q3, 2017

Interim Financial 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
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.

About Dignitana AB (publ)

Dignitana is a Swedish public company, based in Lund, and manufacturer of the medical cooling device DigniCap®. Dignitana AB is listed on the Nasdaq First North Stockholm and has appointed Erik Penser Bank as Certified Adviser. For more information, visit www.dignitana.com

About the scalp cooling system DigniCap®

Dignitana's core product - DigniCap® - is a patented scalp-cooling system that offers cancer patients the ability to keep their hair during chemotherapy. DigniCap® provides continuous cooling with high efficacy, safety and acceptable patient comfort.



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- 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.

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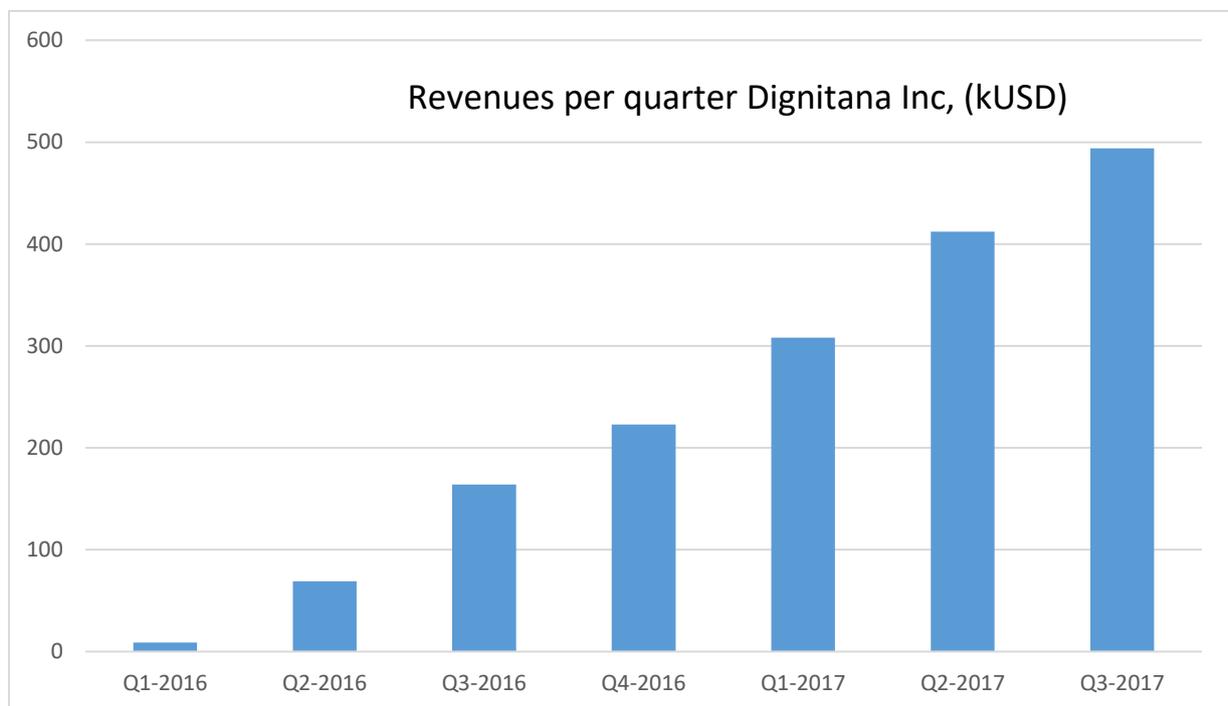
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Comments from Johan Ericsson, VD Dignitana AB (publ)

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.

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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.

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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.

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- 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.

The complete report will be found on our webpage <http://www.dignitana.se/eng>

For more information:

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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.

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