

Dignitana AB (publ)
Information Memorandum
December 2018



DIGNITANA
Clinically superior scalp cooling

Important information to investors

Certain definitions

"Dignitana" or "the Company" shall refer to Dignitana AB (publ), corporate identity number 556730-5346. "Euroclear" shall refer to Euroclear Sweden AB, corporate identity number 556112-8074. "Information Memorandum" shall refer to this document. "Shares" shall refer to the shares in the Company that trade on Nasdaq First North. "New Shares" shall refer to a maximum of 5,792,603 shares in the Company issued in connection with the New Share Issue. "New Share Issue" or "the Offering" shall refer to the offer to subscribe for shares according to the terms and conditions in this Information Memorandum. "SEK" shall refer to Swedish kronor. "k" shall refer to thousands and "M" to millions.

Preparation of the Information Memorandum

This Information Memorandum has been prepared by the Board of Directors of the Company on the occasion of the forthcoming Offering on a pre-emptive basis to the Company's shareholders.

Except as specifically stated, no information in the Information Memorandum has been reviewed or audited by the Company's auditors. Some figures in the Information Memorandum have been rounded off, which may cause tables not to add up correctly.

Disputes arising from the contents of this Information Memorandum and related legal matters shall be settled exclusively by Swedish courts of law. Swedish substantive law alone shall apply to this Information Memorandum and to the documents related thereto.

Information to investors

The offer to acquire New Shares in the Company in accordance with the terms and conditions of this Information Memorandum is not directed to persons whose participation in the offer requires additional prospectuses, registration actions or actions other than those provided for by Swedish law. The Information Memorandum and other documents relating to the offer may not be distributed in any country in which such distribution or the offer itself requires actions in addition to those referred to in the previous sentence, or where such distribution or the offer itself should contravene regulations in such country. No subscription rights, paid-up subscribed shares or New Shares have been registered or will be registered in accordance with the United States Securities Act of 1933, as amended, or in accordance with the applicable laws of Australia, Hong Kong, Japan, Canada, New Zealand or South Africa, and may therefore not be offered or transferred, whether directly or indirectly, to a person resident in any of these countries. An application to acquire New Shares in contravention of the foregoing may be considered invalid and disregarded.

Forward-looking information

Information offered in this Information Memorandum relating to future conditions, such as statements and assumptions concerning the Company's future performance and conditions, is based on the conditions prevailing at the time of the Information Memorandum's publication. Forward-looking information is always associated with uncertainty, as it refers to and is dependent on circumstances beyond the Company's control. Therefore, no assurance is offered, whether expressly or implicitly, that the assessments made in this Information Memorandum relating to future conditions will materialize, nor does the Company undertake to publish updates or revisions of statements relating to future conditions as a result of new information, etc. emerging after the Information Memorandum's publication date going beyond the obligation to publish additional prospectuses provided for by applicable statutory or regulatory provisions.

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Terms and conditions of the New Share Issue in brief

Issue amount

Approximately SEK 24.3M

Number of shares

5,792,603 new shares

Pre-emptive subscription right

Each (1) share held on the record date shall entitle the holder to one (1) subscription right. Seven (7) subscription rights shall entitle the holder to subscribe for one (1) New Share

Subscription price and nominal amount

SEK 4.20 per New Share

Record date

30 November 2018

The final trading date for Company shares conferring a right to receive subscription rights

28 November 2018

The first trading date for Company shares not conferring a right to receive subscription rights

29 November 2018

Subscription period

4 December 2018 – 18 December 2018

Trading in subscription rights

4 December 2018 – 14 December 2018

Trading in paid-up subscribed shares

As from 4 December 2018 and until the Swedish Companies Registration Office has registered the New Share Issue

ISIN-code the share

SE0002108001

ISIN-code the subscription right

SE0012011054

ISIN-code paid-up subscribed shares

SE0012011062

Summary

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary.

A

Introduction and warnings

A.1 Warning

This summary should be read as an introduction to the Information Memorandum. Any decision to invest in securities should be based on consideration of the Information Memorandum as a whole by the investor. Where a claim relating to the information contained in this Information Memorandum is brought before a court, the plaintiff investor might, under the national legislation of the Member states, have to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.

Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Information Memorandum or it does not provide, when read together with other parts of the Information Memorandum or it does not provide, when read together with other parts of the Information Memorandum, key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent to use of Memorandum

Not applicable.

Issuer

B.1 Legal and commercial name of the issuer

Dignitana AB (publ) (“Dignitana” or the “Company”), registration number 556730-5346.

B.2 Domicile, legal form, legislation and country of incorporation of the issuer

Dignitana is a public limited liability company which is registered in Sweden. The principal legislation under which the company operates is the Swedish companies act (Sw. “Aktiebolagslagen (2005:551)”) and the regulations made thereunder.

B.3 Current operations/principal activities and markets:

Dignitana develops and markets The DigniCap® Scalp Cooling System. The DigniCap System is used to cool the scalp of patients during chemotherapy sessions to reduce cytostatic induced hair loss. The cooling system is primarily used by women who are treated for breast cancer, but the device is FDA cleared also when treating other solid tumors. The Company’s primary market is the U.S. where 111 clinics in 22 states use Dignitana’s scalp cooling system.

B.4 Trends affecting the issuer and recent trends in the industries in which the issuer operates

Not applicable; there are no known trends affecting the Issuer and its industry in which it operates.

B.5 Description of the group and the issuer’s position within the group

The Issuer is the Parent company of the Group. The Group is made up of the Issuer and its two subsidiaries, Dignitana Inc. in the U.S. and Dignitana S.r.l. in Italy.

B.6 Material Shareholders / Different voting rights / Control

Per the 30 September 2018 Dignitana had more than 2,500 shareholders.

The largest shareholders are shown in the following table

Owner

	Number of shares	Capital/Votes
Avanza Pension	4,952,249	12.21%
Greg Dingizian	4,200,000	10.36%
Johan Stormby	4,138,592	10.21%
Livförsäkringsbolaget Skandia	3,814,782	9.41%
Nordnet Pensionsförsäkring	1,309,517	3.23%
Amir Poursamad	1,056,046	2.60%
Semmy Rulf	974,863	2.40%
Rutger Persson	967,712	2.39%
Swedbank Försäkring	551,766	1.36%
Jörgen Bågeman	284,737	0.70%
Others	18,297,960	45.13 %
Total	40,548,224	100.00%

B.7 Selected financial information in brief

Selected financial information

The selected historical financial information presented below has been retrieved from the Company's audited accounts for 2016 and 2017 financial years; these accounts were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNR 2012:1 Annual reporting and consolidated financial statements.

The selected financial information for the period 1 January 2018 – 30 September 2018, with comparative figures for the period 1 January 2017 – 30 September 2017 has been retrieved from the Company's quarterly reporting, prepared in accordance

with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNR 2012:1 Annual reporting and consolidated financial statements. The quarterly reports have not been audited or been subject to cursory review by the Company's auditors.

The following information should be read in conjunction with "Comments on financial performance", with the Company's audited annual reports for the 2016-2017 financial years and with the quarterly reports for the periods 1 January 2017 – 30 September 2017 and 1 January 2018 – 30 September 2018, including related notes and audit reports.

Condensed income statement

Amount in kSEK	2018-01-01 2018-09-30 (Unaudited)	2017-01-01 2017-09-30 (Unaudited)	2017 (Audited)	2016 (Audited)
Operating income				
Net revenues	25,039	16,436	22,941	8,902
Own work capitalized	0	15	15	160
Other income	264	143	178	60
Total income	25,303	16,594	23,133	9,122
Operating expenses				
Goods for resale	2,627	2,900	3,725	3,417
Other external expenses	20,071	20,231	28,419	19,580
Personnel expenses	15,532	16,580	24,687	16,564
Depreciation of tangible and intangible assets	5,923	4,707	6,762	3,950
Other operating expenses	28	45	55	215
Total operating expenses	44,183	44,464	63,648	43,726
Operating profit/loss	-18,880	-27,869	-40,514	-34,604
Result from financial investments				
Interest income and similar items	598	2	2	2,341
Interest expenses and similar items	-2,368	-1,393	-1,842	-5
Total income from financial investments	-1,770	-1,392	-1,840	2,335
Net profit after financial items	-20,651	-29,261	-42,355	-32,269
Corporate tax	0	0	-245	0
Results for the Period	-20,651	-29,261	-42,600	-32,269

Selected financial information, continued

Condensed balance sheet

Amount in kSEK	2018-09-30 (Unaudited)	2017-09-30 (Unaudited)	2017-12-31 (Audited)	2016-12-31 (Audited)
ASSETS				
Fixed assets				
<u>Intangible assets</u>				
Capitalized expenses for development	14,064	12,204	11,400	13,862
<u>Tangible assets</u>				
Equipment, tools and installations	15,981	17,069	19,356	9,692
Total Fixed Assets	30,045	29,274	30,756	23,555
Current Assets				
Inventories and similar				
Finished goods and goods for resale	4,093	4,268	2,568	2,481
Advance payments to suppliers	2,798	74	276	0
	6,891	4,342	2,844	2,481
<u>Current receivables</u>				
Accounts receivable	7,705	3,095	2,975	3,061
Current tax assets	12	414	220	228
Other current receivables	0	1,206	43,928	791
Prepaid expenses and accrued income	1,386	616	557	855
	9,103	5,331	47,680	4,936
<u>Cash and bank balances</u>	4,562	6,192	1,018	32,864
Total Current Assets	20,556	15,865	51,541	40,281
Total Assets	50,601	45,138	82,297	63,835
Equity and Liabilities				
Equity				
<u>Restricted equity</u>				
Share Capital				
(40,548,224 shares par value SEK 1, previous year 20,274,112)	40,548	20,274	20,274	20,274
Unregistered share capital	0	0	20,274	0
Fund for development expenses	2,636	2,636	2,636	2,180
	43,184	22,910	43,184	22,455
<u>Non-restricted equity</u>				
Other paid-in capital	7,868	33,006	50,562	65,685
Results for the period	-20,651	-29,261	-42,600	-32,269
	-12,783	3,745	7,962	33,416
Total Equity	30,401	26,655	51,146	55,870
Long term liabilities				
Liabilities to credit institutions	3,092	11,430	10,878	0
Current liabilities				
Accounts payable	5,859	4,409	5,091	3,529
Liabilities to credit institutions	0	0	5,000	0
Current tax liabilities	0	0	132	0
Other current liabilities	6,737	420	431	412
Accrued expenses and deferred income	4,511	2,224	9,619	4,023
Total current liabilities	17,107	7,053	20,273	7,965
Total Equity and Liabilities	50,601	45,138	82,297	63,835

Selected financial information, continued

Condensed cash flow statement

Amount in kSEK	Q1-Q3 2018	Q1-Q3 2017	Full Year 2017	Full Year 2016
Operating activities				
Operating income before financial items	-18,880	-27,869	-40,514	-34,604
Adjustments for items not affecting cash flows	5,923	4,692	7,210	4,083
Interest received	598	2	2	1
Interest paid	-2,368	-354	-622	-5
Income tax paid	0	0	-105	0
	14,727	-23,529	-34,030	-30,526
Changes in inventories	-4,048	-11,105	-363	-1,039
Changes in other current receivables	38,483	-395	-705	-151
Changes in other current liabilities	-3,166	-1,952	1,632	1,111
Cash flows from operating activities	16,543	-36,980	-33,467	-30,605
Investing activities				
Acquisition of fixed assets	-5,212	-1,168	-14,412	-2,926
Cash flows from investing activities	-5,212	-1,168	-14,412	-2,926
Financing activities				
New share issue of share capital	0	0	0	3,500
New share issue premium reserves	0	0	0	48,999
Issuance costs	0	0	-291	-5,554
Subscribed warrants	0	124	124	358
Long term liabilities	-7,786	11,430	16,282	0
Cash flows from financial activities	-7,786	11,554	16,116	47,303
Cash flows in the period	3,545	-26,594	-31,763	13,772
Cash and cash equivalents at start of the period	1,018	32,864	32,864	19,042
Translation difference on cash and cash equivalents	-1	-78	-84	50
Cash and cash equivalents Period End	4,562	6,192	1,018	32,864

Comments on financial performance

The information below should be read in conjunction with the section entitled “Selected financial information”, with the audited financial statements for 2016 and 2017, and with the quarterly reports for the periods 1 January 2017 – 30 September 2017 and 1 January 2018 – 30 September 2018, including related notes and audit reports.

Income statement

Comparison between the periods

1 January 2018 – 30 September 2018 and

1 January 2017 – 30 September 2017

In the period, the Company’s net revenue increased from SEK 16,436k in 2018 to SEK 25,039k in 2017, an increase of 52 percent. The increase is primarily attributable to increasing number of installations and treatments in the U.S. market. Other income was SEK 264k (SEK 143k).

Operating expenses were SEK 44,183k in 2018 and SEK 44,464k in 2017, which primarily consist of other external costs of SEK 20,071k in 2018 and SEK 20,231k in 2017 and personnel costs SEK 15,532k in 2018 and SEK 16,580k in 2017. The Company’s Operating loss was SEK 18,880k in 2018 and SEK 27,869k in 2017.

Comparison between financial years 2017 and 2016

In the period, the Company’s net revenue increased from SEK 8,902k to SEK 22,941k, an increase of 158 percent. The increase is primarily attributable to increasing number of installations and treatments in the U.S. market. Operating expenses were SEK 63,648k in 2017 and SEK 43,726k in 2016, which primarily consist of other external costs of SEK 28,419k in 2017 and SEK 19,580k in 2016 and personnel costs SEK 24,687k in 2017 and SEK 16,564k in 2016. The increase in other external costs and personnel costs are both attributable to an increasing number of installations and treatments. The Company’s Operating loss was SEK 40,514k in 2017 and SEK 34,604k in 2016.

Financial position

30 September 2018 compared with 30 September 2017

Dignitana’s balance sheet total 30 September 2018 was SEK 50,601k compared with SEK 45,138k on 30 September 2017. Total fixed assets 30 September 2018 were SEK 30,045k

compared with SEK 29,274 k 30 September 2017. Total current assets increased SEK 4 691k, 30 September 2018 were SEK 20,556k compared with SEK 15,865k 30 September 2017. The increase is primarily attributable to advance payments from customers and accounts receivable that increased SEK 2,724k and SEK 4,610k respectively.

Comparison between financial years 2017 and 2016

Dignitana’s balance sheet total 31 December 2017 was SEK 82,297k compared with SEK 63,835k 31 December 2016. Total fixed assets 31 December 2018 were SEK 30,756k compared with SEK 23,555k 31 December 2017. Total current assets increased SEK 11,261k, 31 December 2017 were SEK 51,541k compared with SEK 40,281k 31 December 2016.

Cash flow

Comparison between the periods

1 January 2018 – 30 September 2018 and

1 January 2017 – 30 September 2017

1 January 2018 – 30 September 2018, the cash flow from operating activities was SEK 16,543k in 2018 and SEK -36,980k. Cash Flow from investing activities was SEK -5,212k in 2018 and SEK -1,168k in 2017. Cash flow from financing activities was SEK -7,786k in 2018 and SEK 11,554k in 2017.

Comparison between financial years 2017 and 2016

1 January 2017 – 31 December 2018, the cash flow from operating activities was SEK -33,467k in 2017 and SEK -30,605k in 2016.

Cash Flow from investing activities was SEK -14,412k in 2017 and SEK -2,926k in 2016. Cash flow from financing activities were SEK 16,116k in 2017 and SEK 47,303k in 2016, the difference is primarily explained by the new share issue 2016.

B.8 Key pro forma financial information

Not applicable; the Information Memorandum contains no pro forma financial information.

B.9 Profit forecast or estimate

Not applicable; no profit forecast or estimate is included in this Information Memorandum.

B.10 Qualifications in the audit report

Not applicable. There are no qualifications in the auditors' report on the consolidated financial statements of the Company for the years ended on 31 December 2017 and 31 December 2016

B.11 Insufficient working capital

The company is of the opinion that, taken into account existing unrestricted cash balances and its debt and liabilities, the Group does not have sufficient working capital for its present requirements, that is, in the twelve months following the date of this Information Memorandum.

Based on the current business plan of the Company, the Company's estimated funding need over the next twelve months following the date of this Information Memorandum is SEK 24M. The Company's opinion is that the working capital will be sufficient until December 2019.

Dignitana is of the opinion that the working capital deficit for the coming twelve-month period amounts to approximately SEK 20M.

At full subscription, the Issue will give the Company a contribution of approximately SEK 22.2M after issue expenses of SEK 2.1M. The company is of the opinion that this will be sufficient for the coming twelve-month period.

C

The securities

C.1 Type and the class of the securities, security identification number

Dignitana AB (publ) shares. ISIN-code SE0002108001

C.2 Currency of the securities

The shares are denominated in SEK.

C.3 Shares in issue

As of the date of this Information Memorandum and prior to the Offering, the Company's share capital is SEK 40,548,224 divided into 40,548,224 shares, each with a par value of SEK 1.00.

C.4 Description of the rights attaching to the securities

The Company has one class of shares, and in accordance with the Swedish Companies Act, all shares in that class will have equal rights in the Company. Each of the shares carry one vote.

C.5 Restrictions on the free transferability of the securities

Not applicable. The Articles of Association do not provide for any restrictions or right of first refusal on the transfer of Shares. Share transfers will not be subject to approval by the Board of Directors.

C.6 Admission to trading

Not applicable, Dignitana's shares are traded at Nasdaq First North.

C.7 Dividend policy

The Company aims to maintain a sound financial structure, reflecting the capital requirements of its business and growth opportunities, and does not anticipate distributing cash dividends in the near or medium term.

D.1 Key Information on the risks specific to the company or its industry

Earnings and future need of capital

At present, Dignitana's ordinary business is not generating positive cash flow and there is a risk that new capital needs to be procured to finance future need of capital. There is a risk that new capital cannot be safely procured or at favourable terms for current shareholders. If additional capital needs to be procured through issue of shares, there is a risk that current shareholders' holdings may be diluted.

Competition

Dignitana is exposed to competition as there are a number of companies offering scalp cooling in connection with cytostatic treatment. Today, the closest competitor is Paxman AB who received FDA clearance for its scalp cooling system in the U.S. during spring 2017. Furthermore, companies operating in related areas may decide to establish themselves within Dignitana's area of business. There is a risk that competition from current and possible future competitors may have a negative impact on the Company's earnings and financial position.

Suppliers and manufacturers

Dignitana cooperates with suppliers and manufacturers. There is a risk that one or more of them choose to cancel the cooperation with the Company, which could have a negative impact on the business. In addition, there is a risk that the Company's current and/or future suppliers and manufacturers do not fulfil the Company's quality standards. Equally, an establishment of new suppliers or manufacturers may be more costly and/or take more time than estimated by Dignitana, which may lead to a negative impact on the Company's operations and earnings.

Intellectual property rights

Dignitana holds patents including the DigniCap System in six countries in Europe, China and Japan. In addition to this, Dignitana has applied for two patents in the U.S. and South Korea regarding DigniCap, which are still pending. The Company has been granted patents for a scalp cooling device in USA, South Korea, Japan, China, Sweden, Italy, UK, France, Spain and Germany. In addition Dignitana has patents for a method and device for controlling the temperature of local regions of a patient's body in USA, France and Germany. There

is a risk that the technical effect for granted patents, design rights, and possible granted patents are not sufficient in the future to, based on these rights, conquer contemplated markets within the Company's market segment. In addition, there is a risk that Dignitana's patents do not constitute a sufficient legal and/or commercial protection against possible future competitors who may copy or produce a product that resembles Dignitana's system and/or that filed applications for patents are not granted, or that an approval requires complements that may be both resource and capital consuming. This may have a negative impact on the Company's financial position and earnings. There is also a risk that pending applications are not granted or that current patents intellectual property rights are not renewed, which may have a negative impact on the Company's financial position and earnings. Further, there is a risk that other companies within the market segment holds patents intellectual property rights that the Company's business could be claimed to infringe. Compensation to third parties for infringement and/or use of third parties patents' intellectual property rights could lead to reduced income or increased costs, which could have a detrimental negative effect on the Company's financial position and earnings. In addition, there is a risk that former employees of the Company will present claims of ownership to intellectual property created during the course of the employee's employment in the Company.

D.3 Key Information on the risks that are specific and individual to the securities

Fluctuations in the share price of Dignitana's share

Investing in shares involves risk-taking. Both the development of the stock market in general and the development of the share price for individual companies are dependent on a number of factors, that individual companies have no influence over. Further, it should be noted that both result variations and limited volatility in the share may lead to fluctuations in the share price and be detrimental to investors in the Issue.

Limited liquidity in Dignitana's share

There is a risk that the liquidity in Dignitana's share will be low and it is not possible to anticipate the stock market's interest for the share. Low liquidity in the share may result in difficulties for shareholders to change their holdings and that fluctuations in the share price may be increased.

Offer

E.1 Net proceeds and estimated expenses

The gross proceeds from the Offering will amount to SEK 24.3M, if the Offering is fully consummated.

The Company estimates that the total expenses relating to the Offering and the Listing will amount to approximately SEK 2.1M. These expenses include, among other things, underwriter fees and advisor expenses.

E.2a Reasons for the offer, use of proceeds and estimated net amount of proceeds:

The Company requires additional working capital to fund its operations. The Company's opinion is that the current Offering will be sufficient to

- fund the Company's operations throughout 2019,
- enable the Company to commercialize the new generation of the DigniCap System and
- provide a sufficient liquidity buffer.

The net proceeds from the Offering will be used to fund new unit orders, additional personnel in the U.S. and Europe, upgrade machines and for increased marketing.

Should the expected funds from the Offer – despite subscription and guarantee commitments – not become available to the company as planned and if Dignitana would not be successful in generating additional revenue or not be able to execute cost reduction programs, the Company may be forced to evaluate other financing options, such as additional Offerings. In such a situation, the company may find it inevitable to divest assets from the Company. The Company has not received, nor requested, restricted funds or any other collateral for the described subscription or guarantee commitments in connection with the Offering.

E.3 Terms and conditions of the Offering

The Company is offering to issue and sell up to 5,792,603 shares, each with a par value of 1.00 SEK, to raise an amount of up to SEK 24.3M in the Offering.

Those who are registered as shareholders in the Company at Euroclear as of the record date of 30 November 2018 shall have a pre-emptive right to subscribe for new shares. Each

shareholder receives one (1) subscription right for each (1) share held. Seven (7) subscription rights entitle their holder to subscribe for one (1) New Share. The subscription price is 4.20 SEK per share. New shares shall be subscribed for during the period as from 4 December 2018 and up to and including 18 December 2018.

Trading in subscription rights will take place as from 4 December 2018 up to and including 14 December 2018. Trading in paid-up shares subscribed shares will take place as from 4 December 2018 until such time as the New Share Issue has been registered with the Swedish Companies Registration Office (Sw. "Bolagsverket").

The New Shares confer the right to dividends for the first time on the dividend record date immediately following the registration of the share issue with the Swedish Companies Registration Office.

E.4 Material and conflicting interests

The Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.

E.5 Lock-up

The Board of Directors and management have undertaken not to sell or in any other way transfer shares in the Company until three months from the announcement of the outcome of the Issue by entering into Lock-up agreements

E.6 Amount and percentage of immediate dilution

The percentage of immediate dilution resulting from the Offering will be approximately 12.5 percent if the Offering is fully consummated.

E.7 Expenses charged to the investor by the issuer or the offeror

Not applicable; no expenses are charged to the investor by the issuer or the Manager.

Risk factors

Ownership of shares involves risk-taking. Before an investment decision is made, it is important to carefully analyse the risk factors that are deemed to be material to the future growth of the Company and its shares. A number of factors beyond Dignitana's control may have a negative impact on the Company's operations, earnings and financial position or result in the value of the Company's shares falling. There are also a number of factors of which Dignitana is able to influence the effects via its actions. There are risks in relation to both circumstances attributable to Dignitana and circumstances that have no specific connection to Dignitana. Below is a description of a number of risk factors that are deemed to be of particular importance to Dignitana's future growth. The presentation of the risk factors below makes no claim to be complete, nor are the risks ranked in terms of their significance. In addition to this section, investors must take into account the other information provided in this Information Memorandum. Additional risks that are currently not known to the Company or that the Company currently considers to be insignificant may come to be of material significance to Dignitana's operations, earnings and financial position. The risks and uncertainties indicated below may, individually or together, have a material negative impact on Dignitana's financial position, operations and earnings. They may also result in Dignitana's shares falling in value, which could lead to Dignitana's shareholders losing all or part of their invested capital.

Industry- and operational risks

Intellectual property rights

Dignitana holds patents including the DigniCap System in six countries in Europe, China and Japan. In addition to this, Dignitana has applied for two patents in the U.S. and South Korea regarding DigniCap, which are still pending. The Company has been granted patents for a scalp cooling device in USA, South Korea, Japan, China, Sweden, Italy, UK, France, Spain and Germany. In addition Dignitana has patents for a method and device for controlling the temperature of local regions of a patient's body in USA, France and Germany. There is a risk that the technical effect for granted patents, design rights, and possible granted patents are not sufficient in the future to, based on these rights, conquer contemplated markets within the Company's market segment. In addition, there is a risk that Dignitana's patents do not constitute a sufficient legal and/or commercial protection against possible future competitors who may copy or produce a product that resembles Dignitana's system and/or that filed applications for patents are not granted, or that an approval requires complements that may be both resource and capital consuming. This may have a negative impact on the Company's financial position and earnings. There is also a risk that pending applications are not granted or that current patents intellectual property rights

are not renewed, which may have a negative impact on the Company's financial position and earnings. Further, there is a risk that other companies within the market segment holds patents intellectual property rights that the Company's business could be claimed to infringe. Compensation to third parties for infringement and/or use of third parties patents' intellectual property rights could lead to reduced income or increased costs, which could have a detrimental negative effect on the Company's financial position and earnings. In addition, there is a risk that former employees of the Company will present claims of ownership to intellectual property created during the course of the employee's employment in the Company.

Key individuals

Dignitana is dependent on qualified and motivated personnel. It is vital that Dignitana is able to attract and keep key individuals and that the employees see the Company as a stimulating employer. Loss of one or more key individuals may have a negative impact on Dignitana's operations and earnings.

Future growth

The Company is developing a new generation of the DigniCap product. Dignitana's intended expansion and marketing efforts may involve increased costs for the Company. It cannot be excluded that Dignitana will need to procure additional capital in the future. The Company is developing a new generation of the product DigniCap. It is not certain that the product will develop according to plan or that the product will be received well by the market.

Competition

Dignitana is exposed to competition as there are a number of companies offering scalp cooling in connection with cytostatic treatment. Today, the closest competitor is Paxman AB who received FDA clearance for its scalp cooling system in the U.S. during spring 2017. Furthermore, companies operating in related areas may decide to establish themselves within Dignitana's area of business. There is a risk that competition from current and possible future competitors may have a negative impact on the Company's earnings and financial position.

Tied up capital

In the U.S., the Company applies a different business model than in the rest of the world. The business model means that the Company leases its system to customers against a monthly fee and charges per treatment that the system is used for. Initially, this business model ties up capital as it takes time before a system is fully paid for. There is a risk that such tied up capital results in liquidity problems for the Company, which may lead to the Company not being able to deliver the desired number of systems. This may have a negative impact on the Company's earnings.

Customers

The Company's earnings have so far been generated from a limited number of customers. Some customers may during limited periods account for a large proportion of total sales. Loss of a large customer could have a negative impact on Dignitana's earnings. In case Dignitana should not meet the demands of its customers, or if the customers of the Company would not fulfil its undertakings or if existing customers would decide not to renew existing agreements, or if the agreements with different customers would be renewed on less favourable terms for Dignitana, there is a risk that Dignitana's revenue will be reduced, leading to a negative impact on the Company's financial position and earnings.

Regulatory approvals and registration

To market and sell the DigniCap System requires regulatory approvals. In case Dignitana does not succeed to obtain these approvals according to the Company's plans, Dignitana's earnings may be negatively affected. The applicable regulations and interpretations may be amended in the future, which may affect the Company's possibilities to meet the requirements of different authorities. Market approvals may be withdrawn after the Company or its partners have obtained them. Accordingly, both amendments in regulations and interpretations as well as withdrawn approvals and registrations may constitute future risk factors. There is also a risk that the new generation of the DigniCap System does not obtain FDA clearance or CE-marking within the EU. In summary, public authority decisions may have a negative impact on Dignitana's operations, earnings and financial position.



Cytostatics without side effects

Every year the pharmaceutical industry invests large resources to find more effective cytostatic agents with as few side effects as possible. The main focus is to prevent life-threatening side effects, but nausea and hair loss have been recognized as potential important side effects. To the Company's knowledge, there is no existing medicine preventing hair loss, and such medicine is not deemed available on the market within the near future. There is a risk that the pharmaceutical industry, in the future, is able to develop cytostatics without side effects or medicine preventing hair loss caused by cytostatic agents, which could have a negative impact on Dignitana's operations, earnings and financial position.

Suppliers and manufacturers

Dignitana cooperates with suppliers and manufacturers. There is a risk that one or more of them choose to cancel the cooperation with the Company, which could have a negative impact on the business. In addition, there is a risk that the Company's current and/or future suppliers and manufacturers do not fulfil the Company's quality standards. Equally, an establishment of new suppliers or manufacturers may be costlier and/or take more time than estimated by Dignitana, which may lead to a negative impact on the Company's operations and earnings.

Earnings and future need of capital

At present, Dignitana's ordinary business is not generating positive cash flow and there is a risk that new capital needs to be procured to finance future need of capital. There is a risk that new capital cannot be safely procured or at favourable terms for current shareholders. If additional capital needs to be procured through issue of shares, there is a risk that current shareholders' holdings may be diluted.

Political risks

The Company is active in a number of countries and could thereby be affected by political and economic uncertainties in these countries. There is a risk that Dignitana could be negatively affected by changes in laws, taxes, customs, exchange rates and other conditions for foreign companies. Dignitana could also be affected by political and economic uncertainties in these countries. The Company could also be negatively affected by eventual domestic politics. There is a risk that these factors may negatively affect the Company's operations, earnings and financial position.

Risks related to the Issue and the shares

Fluctuations in the share price of Dignitana's share

Investing in shares involves risk-taking. Both the development of the stock market in general and the development of the share price for individual companies are dependent on a number of factors, that individual companies have no influence over. Further, it should be noted that both result variations and limited volatility in the share may lead to fluctuations in the share price and be detrimental to investors in the Issue.

Marketplace

The shares of Dignitana are traded on Nasdaq First North. Nasdaq First North is an alternative marketplace (multilateral trading facility) that does not maintain the same legal status as a regulated exchange. Companies on Nasdaq First North are regulated by Nasdaq First North's rules and not by the same legal requirements that are demanded for trading on a regulated exchange. An investment in a company that is traded on Nasdaq First North carries more risk than an investment in a company listed on a regulated exchange.

Limited liquidity in Dignitana's share

There is a risk that the liquidity in Dignitana's share be low and it is not possible to anticipate the stock market's interest for the share. Low liquidity in the share may result in difficulties for shareholders to change their holdings and that fluctuations in the share price may be increased.

No previously paid dividend

Dignitana has so far not paid any dividend to the shareholders. Future dividend and the size of any future dividend depends inter alia on Dignitana's future business, prospects, earnings, financial position, distributable reserves, cash flow, working capital requirements and general financial and legal risks. There are many risks that may have a negative impact on Dignitana's business and there is a risk that Dignitana will not be able to perform results enabling future dividend.

Trading in subscription rights

Subscription rights will be traded on Nasdaq First North from 4 December until 14 December 2018. There is a risk that active trading in subscription rights will not be developed or that satisfactory liquidity not will be available. If such market develops, the subscription price for the subscription rights will among others depend on movement of the market price for outstanding shares in the Company and may be subject to higher volatility than such shares.

Subscription commitments and issue guarantees are not assured

Dignitana has received commitments and guarantees on subscription in the Issue up to 100 percent. These commitments and guarantees are not assured through a pledge or other similar arrangement, which could involve a risk that someone or some of them who have given subscription commitments or issue guarantees are not able to fulfil their undertakings.



Invitation to subscribe for shares in Dignitana AB (publ)

In order to finance the Company's operations going forward and to enable the Company to expand its operations through the new generation of the DigniCap System, On 16 November 2018 The Board of Directors also resolved to carry out a directed rights issue to an amount of SEK 5.8M which was, due to high investor demand, on 3 December 2018 complemented by a second directed rights issue to an amount of SEK 2.3M. The subscription price is 4.20 SEK per New Share.

Shareholders will receive one (1) subscription right for each existing share held on the record date. Seven (7) subscription rights shall entitle the holder to subscribe for one (1) New Share. Subscriptions are open from 4 December 2018 up to and including 18 December 2018.

The result of the Offering will be published in a press release from the Company as soon as possible after the end of the subscription period. The Board of Directors reserves the right to extend the subscription period.

Investors are hereby invited to subscribe for shares on a pre-emptive basis in accordance with the description provided in the section entitled "Forms and Conditions".

The Offering

If fully subscribed, the Company's share capital will increase by 5,792,603 SEK and the number of shares in the Company will increase by 5,792,603 shares. If the Offering is fully subscribed, the Company will raise SEK 24,328,933 before the deduction of issue costs, which are estimated at approximately SEK 2.1M.

Subscription Commitments and Guarantee Commitments

The Company has received written Subscription Commitments from existing large shareholders to the amount of approximately SEK 5.3M, approximately 22 percent of the Offering. Furthermore, the Company has received written Guarantee Commitments from a consortium of guarantors to the amount of approximately SEK 19.0M, 78 percent of the Offering. The Company has not received, nor requested, restricted funds or any other collateral for the above-described Subscription or Guarantee Commitments in connection with the Offering.

Lund, November 2018

Dignitana AB (publ)
The Board of Directors

Background and rationale

Hair loss is a side effect of cytostatic drugs used to treat cancer. Dignitana has found a way to significantly reduce hair loss for cancer patients. Dignitana's DigniCap System is used to cool a patient's scalp.

A common method used to fight cancer is using cytostatic drugs, also known as chemotherapy. Cytostatic drugs inhibit cell growth and multiplication, upon which hair growth relies. To reduce hair loss, Dignitana utilizes the fact that blood vessels contract as they are cooled. Dignitana's DigniCap System cools the patient's scalp to a therapeutic temperature. Using a sophisticated system design, the DigniCap System can precisely and repeatably cool cancer patients' scalps. This allows patients to securely keep their hair while they receive proper cancer treatment, significantly increasing their quality of life.

Dignitana is in late development stage with its new generation of its DigniCap System and requires additional working capital to fund its operations. The Company's opinion is that the current Offering will be sufficient to:

- fund the Company's operations throughout 2019,
- enable the Company to commercialize the new generation of the DigniCap System and
- provide a sufficient liquidity buffer.

The net proceeds from the Offering will be used to fund new unit orders, additional personnel in the U.S. and Europe, upgrade machines and for increased marketing.

Should the expected funds from the Offer – despite subscription and guarantee commitments – not become available to the company as planned and if Dignitana would not be successful in generating additional revenue or not be able to execute cost reduction programs, the Company may be forced to evaluate other financing options, such as additional Offerings. In such a situation, the company may find it inevitable to divest assets from the Company. The Company has not received, nor requested, restricted funds or any other collateral for the described subscription or guarantee commitments in connection with the Offering.

Lund, November 2018

Dignitana AB (publ)

The Board of Directors

CEO comments

Dignitana AB has just completed the third quarter of 2018 with record revenue of 10 293 TSEK, a 125 percent increase over third quarter 2017. Our installations, both in the U.S. and overseas, are now at record levels. The transition of administrative functions from Sweden to the U.S. is now complete and our organizational structure and costs are properly aligned for the company to take advantage of the opportunities available.

Chemotherapy induced alopecia continues to be one of the most distressing side effects of cancer treatments that include chemotherapeutic agents. Several studies suggest that for women, 1 in 8 patients will forego chemotherapy altogether for fear of hair loss. The scalp cooling device is a proven, effective solution for many patients to mitigate this devastating side effect.

DigniCap provides clinically superior outcomes over any other scalp cooling device on the market. In 2015 Dignitana became the first provider to receive clearance for scalp cooling from the U.S. Food and Drug Administration. And, as the first to market in the U.S., Dignitana gained valuable insights into market needs. Coupled with proven technology and ongoing dialogue with our clinical partners, these insights have led to innovative new features and enhanced capabilities that will help patients and clinicians use our device more efficiently. We look forward to bringing the next generation scalp cooling solution to the market in the first half of 2019.

As the pioneer and world leader in scalp cooling, Dignitana is uniquely positioned to provide this valuable therapy worldwide. Building on the momentum from growth in the U.S., we have also taken steps to regain control of product distribution in key markets around the world.

Specifically, this round of funding will allow Dignitana to:

1. Finish the regulatory process to gain clearance of the new device
2. Acquire and deploy the first 200 units of the new device
3. Expand the sales and support infrastructure in the U.S. and overseas

The company has made significant progress over the past year streamlining our operations. The new organizational structure now enables us to efficiently manage product development quality affairs, sales and support. With operating costs better aligned with revenue, we are now able to deploy equity capital in the most effective manner.

With the addition of new players to the global scalp cooling market, awareness of this vital therapy option only becomes that much greater. As a pioneer in the field with demonstrated growth and product innovation Dignitana is well-positioned to obtain a larger of share of this growing and important industry.



William Cronin, CEO
Dignitana AB



Forms and conditions

Preferential rights issue in Dignitana

On 16 November 2018, the Board of Directors of Dignitana AB resolved, to carry out a new share issue with preferential rights for existing shareholders. The issue involves a maximum of 5,792,603 shares, through which the Company may raise 24,328,933 SEK if fully subscribed. The New Share is underwritten through subscription and guarantee commitments in full.

Pre-emptive subscription right

Those who are registered as shareholders in the Company at Euroclear as of the record date of 30 November 2018 shall have a pre-emptive right to subscribe for new shares. Each shareholder receives one (1) subscription right for each (1) share held. Seven (7) subscription rights are required to subscribe for one (1) New Share.

Subscription price

The subscription price is 4.20 SEK per share, excluding commission.

Record date

The record date used by Euroclear Sweden AB ("Euroclear") to determine who receives subscription rights under the issue is 30 November 2018. The final trading date for shares conferring a right to receive subscription rights is 28 November 2018. The first trading date for Company shares not conferring a right to receive subscription rights is 29 November 2018.

Subscription rights

Those who are registered as shareholders in the Company at Euroclear as of the record date of 30 November 2018 will receive one (1) subscription right for each (1) share held. Seven (7) subscription rights are required to subscribe for one (1) New Share. After the expiry of the subscription period, unutilized subscription rights become null and void without further notice.

Trading in subscription rights

Trading in subscription rights will take place at Nasdaq First North during the period as from 4 December 2018 up to and including 14 December 2018. Authorized banks and securities institutions will assist in brokering the purchase and sale of subscription rights.



Subscription period

Shares shall be subscribed for during the period as from 4 December 2018 up to and including 18 December 2018.

Directly registered shareholders, balance in the VP account

Those shareholders or shareholder representatives who are registered in the share register maintained by Euroclear on the Company's behalf as of the record date will receive a pre-printed issue statement with an attached Bankgiro slip, a special application form, an application form for subscription in the absence of subscription rights, a statement from the CEO and an Informatio Brochure. No VP notification will be sent regarding registration of subscription rights in the VP account.

Those appearing on the list of pledgees and trustees maintained in addition to the share register will not receive an issue statement but will be notified separately.

Subscription on the basis of subscription rights, directly registered shareholders

Subscription shall take place via payment to the specified Bankgiro by no later than 17:00, 18 December 2018, in accordance with one of the following options:

- 1) Pre-printed Bankgiro slip, Issue Statement
Use this if you plan to utilize all the subscription rights received. Subscription takes place by making a payment using the pre-printed Bankgiro slip. Note that no further action is required for subscription and that the subscription is binding.
- 2) Special application form
Use this if you plan to subscribe to a number of shares other than appearing on the pre-printed Issue Statement, e.g. if subscription rights have been purchased or sold. Subscription takes place when both the special application form and payment have been received by Aktieinvest FK AB. The application form number is used as a reference upon payment. An incomplete or incorrectly completed application form may be disregarded. The application form may be sent by regular mail or by email.

The special application form can be requested from Aktieinvest FK on the phone number below. Subscription is executed when both the special application form and payment have been received by Aktieinvest FK AB and must be available to Aktieinvest FK AB by the latest 17:00, 18 December 2018. Only one special application form per person/company will be taken into account, should more than one special application form have been sent to Aktieinvest FK AB, the latest will be used, other special application forms will not be considered. Please note that the subscription is binding.

Aktieinvest FK AB
Emittentservice
SE113 89 Stockholm, Sweden
Telephone: +46 (0)8-5065 1795
E-mail: emittentservice@aktieinvest.se

Nominee-registered shareholders, holdings in custody account

Shareholders whose holdings of shares in the Company are nominee-registered with a bank or other nominee will not receive an issue statement. Instead, Subscription and payment are to take place in accordance with instructions given by the nominee. Shareholders whose holdings of shares in the Company are nominee-registered will receive a statement from the CEO and an information brochure.

Subscription not based on subscription rights and allotment

In the event that not all shares are subscribed for through subscription rights, the Board of Directors shall, subject to the issue ceiling, resolve on the allotment of the remaining shares.

An application to subscribe for shares in the absence of subscription rights shall take place using the application form entitled "Subscription in the absence of subscription rights," which is available for download from www.aktieinvest.se If more than one application form is submitted, only the first form received will be considered. No payment is to be made in connection with the application. Please note that the application is binding.

If the application relates to a subscription in an amount of EUR 15,000 (approximately SEK 155,000) or more, a copy of a valid identity document and a completed KYC form must accompany the application form. If the application is for a legal entity, valid proof of registration identifying authorized company signatories shall accompany the application form along with the identity document and KYC form.

Notice of share allotment is provided by mailing a contract note. Payment must be made to the Bankgiro as instructed on the contract note and will never be deducted from the specified VP account or custody account. If payment is not made on time, the shares may be assigned to another party. Should the selling price on such assignment be below the price according to the offering, the party who was originally allotted these shares may be held accountable for all or part of the difference. No notice is sent out to parties who were not allotted shares.

For shares subscribed without preferential right, allotment shall take place as follows:

- a) First, to those who have reported interest to subscribe for shares without use of subscription rights, and
- b) Second, to those who have entered into issue guarantees.

Subscription for shares without preferential right shall be made in the same subscription period as shares subscribed for with preferential right, 4 December up to and including 18 December 2018. Subscription for shares without preferential right is made on the form entitled Special application form 2 (Sw. "Särskild anmälningssedel 2") which has to be signed and sent to Aktieinvest or the nominee. No payment is to be made in connection with the application but in accordance with the following. The Special application form 2 must be available to Aktieinvest no later than 17:00, 18 December 2018. Only one Special application form 2 per person/company will be taken into account, should more than one special application form have been sent to Aktieinvest FK AB, the latest will be used, other special application forms will not be considered. Please note that the subscription is binding.

In the event that the custody account or VP account is linked to an endowment policy, an IPS or ISK (Swedish acronym for investment savings account), special rules apply to subscription for new shares. The subscriber must contact his bank/nominee and follow the instructions given as regards subscription/payment. In the event that subscription does not take place properly, it will not be possible to deliver the allotted shares to these types of custody accounts. The subscription is binding, and a submitted application form cannot be revoked. It is the responsibility of the subscriber to ensure that subscription takes place in such a way that the shares can be delivered to the specified custody account.



Shareholders not resident in Sweden

Eligible directly registered shareholders not resident in Sweden

Eligible directly registered shareholders not resident in Sweden and who cannot use the preprinted Bankgiro slip (the issue statement) may pay, in SEK, via SWIFT as described below. Subscription is executed when both the special application form and payment have been received by Aktieinvest FK AB.

Aktieinvest FK AB

Emittentservice

SE113 89 Stockholm, Sweden

Bank: Nordea Bank AB

IBAN: SE5130000000015102406817

SWIFT: NDEASESS

Shareholders resident in certain unauthorized jurisdictions

Shareholders resident outside of Sweden (not including shareholders resident in the U.S. Canada, New Zealand, South Africa, Japan, Australia, South Korea, Hong Kong, Switzerland, Singapore or any other country where distribution of this Information Memorandum requires a prospectus, registration or any other actions than those required by Swedish law or which are contrary to the laws, regulations or statutes of such country) and who are entitled to subscribe for shares in the rights issue, can contact Aktieinvest FK AB using the contact details provided above for information on subscription and payment.

Allocation of subscription rights and emission of New Shares may, when subscribed for using subscription rights by shareholders resident outside of Sweden, be subject to securities laws, regulations or statutes of such countries. With some exceptions, shareholders who are directly registered as shareholders in VP-accounts and have registered addresses in for example, the U.S. Canada, New Zealand, Japan, Australia, South Korea, Hong Kong, Switzerland or Singapore, will not receive this Information Memorandum. They will not receive subscription rights to their VP-accounts. Subscription rights that they would otherwise have received will be sold and, deducting costs, the proceeds will be paid out to such shareholders. Proceeds up to SEK 100 will not be paid out.

Paid-up subscribed shares

Subscription will be registered with Euroclear as soon as possible, normally within a few business days after payment has been made. When the subscription has been registered, the subscriber will receive a confirmation confirming that paid-up subscribed shares have been registered on the subscriber's VP-account. The subscribed shares will be registered as paid up subscribed shares until the Rights Issue until such time as the New Share Issue has been registered with the Swedish Companies Registration Office (Sw. "Bolagsverket").

Trading in paid-up subscribed shares

Trading in paid-up subscribed shares will be active from 4 December 2018 and until the Swedish Companies Registration Office has registered the New Share Issue.

Concerning delivery of subscribed securities

Delivery of shares will be made as soon as the Swedish Companies Registration Office has registered the shares. Delivery of shares will be made without further notice from the company. Nominee registered shareholders may receive notice from their nominee.

Erroneous or incomplete information on the application form, the Swedish Companies Registration Office's processing of registrations, late payments from investors, procedures at the nominee bank or custodian bank, or other factors beyond Aktieinvest's control may delay the delivery of shares to the investor's VP account or custody account.

Publication of the share issue results

Publication of share issue results will take the form of a press release from the company as soon as possible after the end of the subscription period and is expected to be announced as soon as possible after the subscription period.

Right to dividends

The new shares confer the right to dividends for the first time on the dividend record date immediately following the registration of the new shares with the Swedish Companies Registration Office.

Other information

The company is not entitled to cancel the Issue once the Subscription period has begun.

In case a payment has been made to an amount exceeding the total price of the subscribed shares, Aktieinvest will contact the subscriber to repay the excessive amount. No interest will be added to the excessive amount. Subscription for shares with or without preferential right is irrevocable, and the subscriber may not rescind his subscription.

Erroneous or incomplete subscription forms may be considered invalid and disregarded. If payment is late, insufficient or not paid in accordance with the given instructions, the subscription may be considered invalid and disregarded or the subscription may be subscribed for at a lower amount. Excessive paid-up amounts will be refunded.

Market overview

Dignitana AB produces The DigniCap® Scalp Cooling System to minimize hair loss from chemotherapy (cytostatic drugs).

DigniCap is designed to safely provide uniform scalp cooling with high efficacy and acceptable comfort. The system consists of a tightly fitting cooling cap that is connected to a cooling and control unit, as well as an insulating neoprene outer cap to maintain fit and the treatment temperature.

The patented DigniCap System has shown excellent scientific results in clinical studies – 67 percent of patients had a successful outcome and retained their hair in the pivotal trial which led to U.S. Food and Drug Administration (“FDA”) clearance in December 2015 for female breast cancer patients.

In July 2017, Dignitana received an expanded clearance from the FDA, allowing DigniCap to be used not only by female breast cancer patients but also by male and female patients receiving chemotherapy to treat prostate, ovary, uterus, lung and other tissues affected by solid tumor cancer.

Oncology

Cancer is the second leading cause of death globally and is responsible for an estimated 9.6 million deaths in 2018, approximately 1 in 5 deaths is due to cancer according to the World Health Organization. Dignitana believes that the most common forms of cancer treatment (surgery, radiation and cytostatics) will continue to dominate cancer treatment in the foreseeable future.

Cytostatic drugs reach most cells in the body and affect or kill healthy as well as cancerous cells. Common adverse side effects include nausea, hair loss and fatigue. Hair loss is the most visible side effect and many patients think of hair loss as the most troublesome side effect. Increased life expectancy for patients in combination with an increasing interest in psycho-oncology has made room for so-called Quality-of-life products (“QoL”) in cancer care. QoL products include products that reduce hair loss caused by chemotherapy.

About chemotherapy

Cytostatic drugs are primarily used in the treatment of different cancers. Cytostatics are used to cure cancers that cannot be treated using surgery or radiation. Chemotherapy is administered to patients either directly into the blood, which is the most common, or in the form of pills. The administered cytostatic agent is spread throughout the patient’s body through the patient’s bloodstream, affecting all cells that undergo frequent cell division, including cancerous cells.

Chemotherapy strategies vary, and a patient may receive cytostatic either to complement surgery or radiation or as a mono-treatment. Cytostatics are used for different reasons depending on cancer type and its progression. Chemotherapy can be used either as a curative treatment, trying to cure the patient, or as a palliative treatment, easing the symptoms in patients with incurable cancer.

For a cell to be susceptible to cytostatics, the cell must be in a phase of cell division. As a tumor consists of lots of cells, it cannot be expected to find a point in time when all cells are in a division phase. To target all cancerous cells, a series of administration sessions is required. Administration sessions are typically spread out over a long period of time, with intervals of one to four weeks. It is common that cancer patients undergo six to twelve treatments in six months or more. If cancer is discovered early, or if the tumor has not formed metastases, the treatment may be administered with shorter intervals between treatment sessions. Type of cytostatics, dose, number of sessions and interval lengths are all parameters that the treating physician sets.

Not only cancerous cells are affected

Cancer is commonly described as uncontrolled and very rapid cell division, that threatens vital organs and functions in the patient. Cytostatics bind to cells when they divide, causing the cell to die. Most cells in the human body divide frequently to replace injured or old cells. Cytostatics cannot separate cancerous cells from other non-cancerous cells that divide. Thereby, inevitably some non-cancerous cells, e.g. bone marrow, mucous membranes and hair cells, get affected by cytostatics. While healthy cells get affected by chemotherapy, they typically recover after the treatment is finished.

About medical cooling and scalp cooling

Medical cooling can be applied not only within Dignitana's focus area, oncology, but also in several other disciplines such as neonatal care, heart failure, surgery, insomnia, Multiple Sclerosis and sports medicine.

On average, humans have approximately 100,000 hairs on the scalp, each growing from a hair follicle. In the scalp, fine arteries transport blood containing oxygen and nutrients to the hair follicle and veins remove unwanted residue. When a patient undergoes chemotherapy, cytostatic drugs inevitably reach the hair follicles. A cooling cap can be used to make the blood vessels contract. As the blood vessels contract, less blood flows through them. With less blood flow, less cytostatic drugs find their way to the hair follicles. Reducing the flow of cytostatics to the hair follicles is an efficient method to decrease the number of damaged hair cells which reduces hair loss.

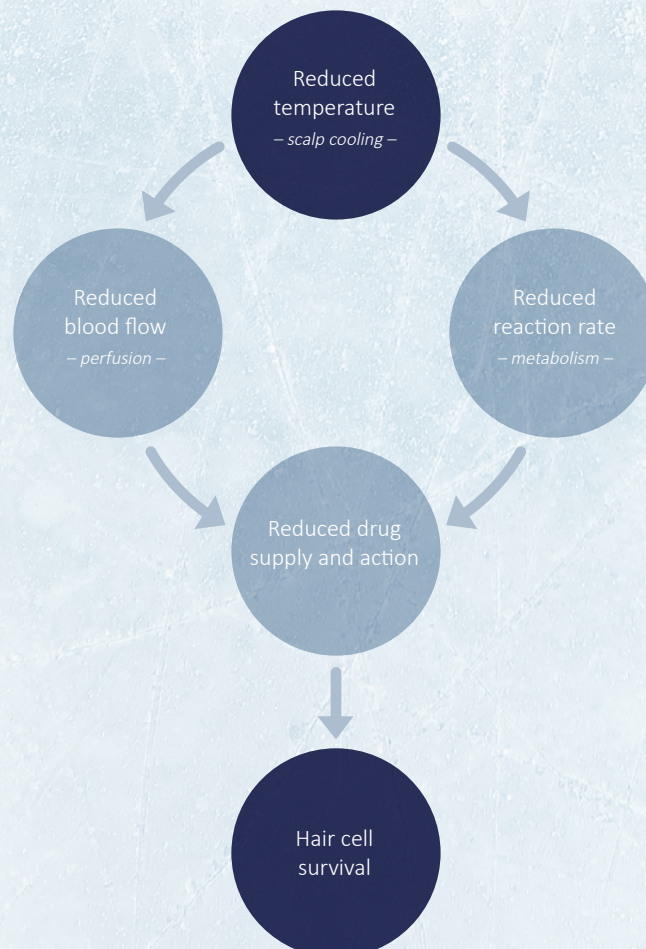
A historical perspective on scalp cooling

Scalp cooling to reduce hair loss from chemotherapy was used as early as the 1970s. At that time, bags filled with ice were used to cool the patient's head. While this method could reduce hair loss, it had its drawbacks. The process was painful,

lacked consistency and was labor intensive as the ice packs needed to be changed constantly. Later, frozen gel cooling caps were introduced. These cooling caps were cooled to -25°C before use. The gel-filled cooling caps could stay on a patient's head for about 30 minutes before reaching an insufficiently high temperature at which time they needed to be replaced with a new frozen gel cap. Just like the ice bags, the gel cooling caps were not comfortable for patients, caused variances in temperature, and were labor intensive.

Subsequently, a system was tried using chilled air to cool the patient's scalp. However, air-cooled systems soon proved unsuccessful as the heat conductivity of air is too low. In addition, the air-cooled systems were very loud, which was disruptive to patients and clinics.

By the end of the 1990s, the first liquid-cooled scalp cooling systems were introduced utilizing liquids with appropriate temperature properties to efficiently cool the scalp. A cooling cap was developed using a silicone tube wrapped around a head-shaped mold. One drawback of these early cooling caps was the lack of flexibility in the cap to conform to different head shapes and sizes. Due to this, pockets of air could form between the cap and the head of the patient which limited the cooling in that area resulting in patches of hair loss.



Side effects

Hair loss is one of the most distressing side effects of chemotherapy. It is visible, greatly impacts the patient's quality of life, and some patients refuse chemotherapy due to fear of hair loss. Most cytostatic drugs currently used result in massive hair loss within one to three weeks of the first administration. After chemotherapy, the hair regrows on most patients. The new hair typically has different properties than pre-treatment hair and such changes are typically permanent.

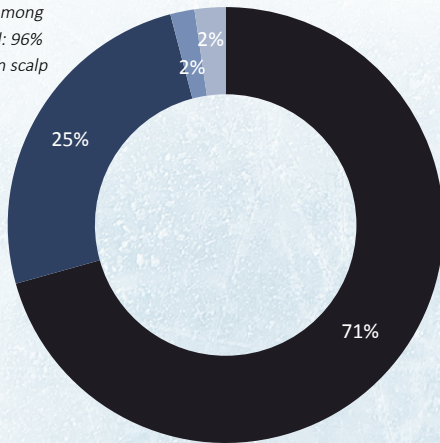
Other than hair loss, chemotherapy may cause other side effects such as nausea, damage to the mouth and pharynx mucosa, diarrhea, constipation, neuropathy, and others. Cumulative overdosing of cytostatic drugs may lead to myocardial infarction, leukemia and damage to the blood cell creation mechanisms in the bone marrow.

Market study

Before Dignitana started marketing in the United States, the company conducted a market study of 400 women across the country representing a demographic distribution. The study revealed a low familiarity with scalp cooling and a strong interest when the participant understood the benefits of scalp cooling. It also demonstrated that hair loss was the side effect that the participants perceived as most severe. Showing that reduced hair loss has a positive effect on patient's quality of life is of high importance to make scalp cooling includable in health care plans. In the US, a scalp cooling offer has become a real competitive advantage for clinics.

Interest in Scalp Cooling

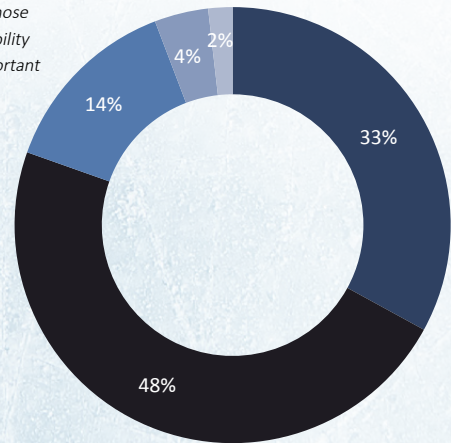
After a short introduction about scalp cooling, among 400 females surveyed: 96% would be interested in scalp cooling.



- Would definitely be interested
- Would probably be interested
- Would probably be uninterested
- Would definitely be uninterested

Selection of Medical Center

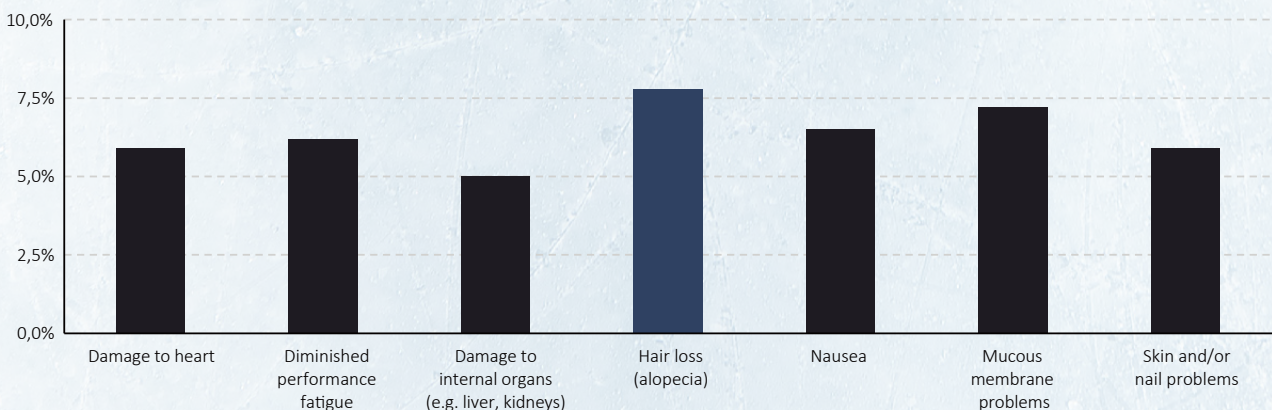
After a short introduction about scalp cooling, 80% those surveyed find availability of scalp cooling important when choosing a hospital.



- Extremely important
- Somewhat important
- Neither important nor unimportant
- Somewhat unimportant
- Extremely unimportant

Ranking of Chemotherapy Side Effects

Among patients diagnosed with Cancer



Market size

According to the World Health Organization (“WHO”), there will be approximately 18 million new cases of cancer diagnosed in 2018, of which about 2 million will be new cases of breast cancer. Available for use by men and women with solid tumor cancers, DigniCap is primarily used by women with breast cancer. The company estimates that 60 percent of breast cancer patients would benefit from using DigniCap. More than 20,000 clinics worldwide offer chemotherapy, and Dignitana estimates more than ten million chemotherapy sessions occur per year.

United States

In Dignitana’s primary market, the United States, more than 100 clinics use DigniCap. In December 2015 DigniCap received FDA clearance with the clinical indication to minimize hair loss in women with breast cancer. In July 2017 the company received an expanded FDA clearance, allowing DigniCap to be used not only by female breast cancer patients but also by male and female patients receiving chemotherapy to treat prostate, ovarian, uterine, lung and other tissues affected by solid tumor cancer. This expanded FDA clearance significantly increased Dignitana’s potential market size in the U.S.

The American Cancer Society’s breast cancer estimates in the U.S. for 2018 are 266,120 new cases of invasive breast cancer and 63,960 new cases of non-invasive breast cancer. Dignitana estimates that approximately 60 percent of breast cancer patients and approximately 50 percent of other solid tumor cancer patients would benefit from using scalp cooling. The potential benefits from scalp cooling vary between different cytostatic drugs. On average, breast cancer patients receive cytostatic drugs on six occasions. Dignitana estimates that the U.S. scalp cooling market for breast cancer patients is worth USD 200m annually and scalp cooling for other solid tumor cancers is estimated to have a market value of USD 400m. Approximately 4,000 clinics in the U.S. administer cytostatic drugs.

Competitors

There are two significant competitors in the global market for scalp cooling of cancer patients:

Paxman AB

Dignitana’s largest competitor is Paxman, headquartered in the United Kingdom and listed on Nasdaq First North in the summer 2017. Paxman received FDA clearance in the spring 2017 and is now focused on the U.S. market. Paxman uses a cooling cap connected to a cooling unit that actively cools the cap placed on the patient’s head.

Penguin Cold Caps, Ltd.

Based in the United Kingdom, Penguin Cold Caps provides patients with gel-based cooling caps that require an external cooler such as dry ice or a special freezer. As these caps are not actively cooled they need to be replaced frequently during treatment which requires a trained helper for the patient. Patients rent the Penguin cap system and Penguin Cold Caps are not FDA cleared.



Overview of Dignitana

Dignitana AB produces, markets and sells the patented DigniCap Scalp Cooling System to minimize hair loss from chemotherapy (cytostatic drugs). DigniCap was developed with close cooperation between the company's research and development team and oncology specialists at leading cancer clinics. Clinical effectiveness of the DigniCap device has been validated in multiple clinical studies worldwide and the FDA clearance received December 2015 was a breakthrough for the company.

Dignitana product

The DigniCap Scalp Cooling System

Dignitana has developed The DigniCap Scalp Cooling System which is in use at cancer clinics treating patients with cytostatic drugs. DigniCap minimizes hair loss, the most visible side effect from chemotherapy. The DigniCap Scalp Cooling System contains three main components:

- Cooling and control unit
- Tightly fitted cooling cap
- Sensors and connectors

The technology in The DigniCap Scalp Cooling System is designed to ensure the best possible treatment outcome in a standardized and repeatable manner. The temperature at the scalp is monitored by patented sensors in the cap to ensure consistent cooling, and the cap hose can be disconnected from the cooling unit for several minutes allowing brief patient mobility if necessary.

In the clinical trial at five prominent cancer centers in the United States, 67 percent of patients kept more than 50 percent of their hair. The results of this pivotal trial led to DigniCap becoming the first scalp cooling system to receive FDA clearance in December 2015.

New DigniCap generation coming

Dignitana is currently working on the next generation of the device which will be introduced to U.S. customers in mid-2019 (pending FDA clearance), with introduction to global locations following thereafter. The new system is a smaller single-patient unit designed to address market needs. The new user interface is highly intuitive, decreasing the required time for clinical staff intervention. The new system will, on average, decrease nurse interaction time from 70 minutes to 12 minutes per patient. This time savings is expected to be a strong and unique selling point to clinics.

Cooling unit

The cooling unit for DigniCap is a compressor controlled by a digital control unit, a well-proven concept, similar to standard refrigeration. The cooling unit cools the liquid coolant to an adequate temperature, then uses pumps to pressurize the coolant making it flow through the cooling cap's labyrinth of circulation zones. The cooling unit constantly monitors the temperature and adjusts accordingly. The automatic temperature surveillance function allows the clinical personnel to perform other tasks during the cooling treatment.



Overview of a DigniCap treatment session

Depending primarily on selected drug and dosage, a chemotherapy session with DigniCap lasts around three to four hours. The treatment is divided into three therapeutic stages, followed by a reacclimation stage, as described below.

Step 1 – Pre-infusion cooling

While still at room temperature the cooling cap is placed onto the patients' head then covered with the insulating DigniTherm neoprene cap. Once securely fitted the system is activated to cool the scalp to a pre-set temperature. This typically takes about 20 minutes.

Step 2 – Cooling during cytostatic treatment

A typical chemotherapy session lasts two to three hours, during which the patient wears the cooling cap to hold the scalp at a constant therapeutic temperature.

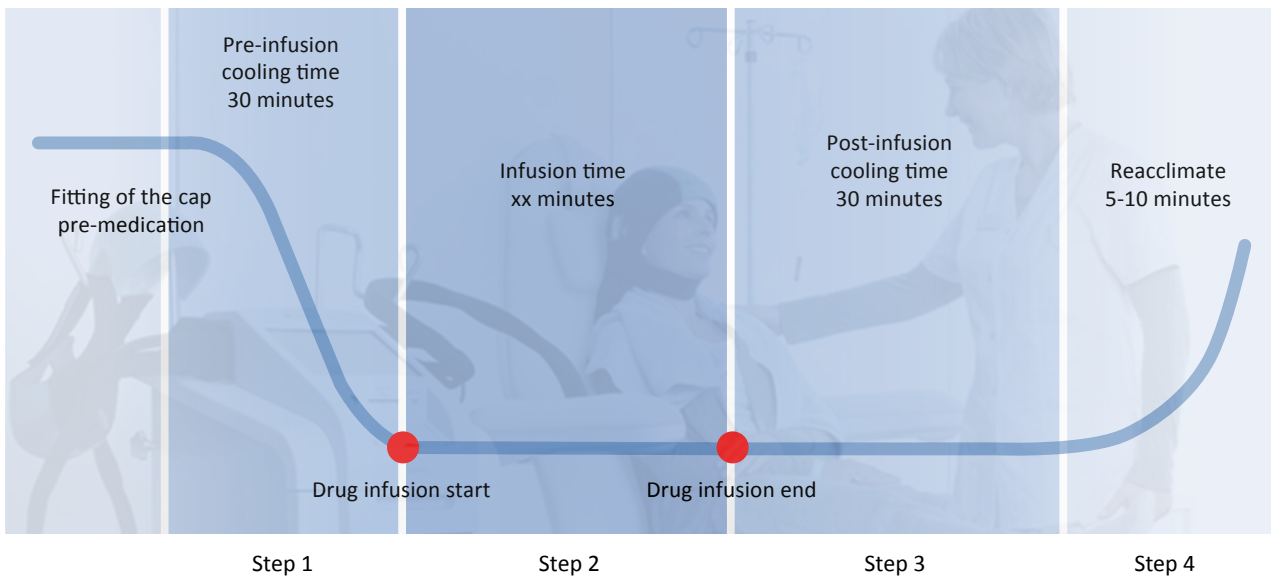
Step 3 – Post-infusion cooling

After the chemotherapy infusion, the patient leaves the cooling cap on for a set period as the cytostatics are still active in the bloodstream. This post-cooling stage lasts 60 to 180 minutes, depending on the specific chemotherapy regimen.

Step 4 – Reacclimation

After the post-cooling time, the patient wears the cap an additional 5 to 10 minutes as the temperature gradually returns to room temperature. This transition time ensures patient comfort, after which the cooling cap can be removed.

DigniCap Treatment Cycle



DigniCap is different from its competitors

A small number of competitors are active in the scalp cooling market with products to decrease hair loss caused by chemotherapy. The Dignitana system provides clinically superior results and product innovations to optimize patient outcomes and comfort.

The benefits of the DigniCap System

- Four cap sizes to fit a wide range of head shapes and sizes
- Patented sensors provide active temperature monitoring for constant scalp temperature during treatment.
- Safety sensor in the cap provides additional protection against frostbite that occurs with other systems.

Clinics and patients

Dignitana's primary customers are hospitals and cancer clinics that wish to offer scalp cooling to patients. Presently, the majority of scalp cooling patients are women undergoing treatment for breast cancer, for which the system originally received FDA clearance in December 2015 in the United States. In July 2017 DigniCap received an extended FDA clearance that made the treatment available to U.S. patients receiving chemotherapy to treat prostate, ovarian, uterine, lung and other tissues affected by solid tumor cancer. The extended FDA clearance significantly expanded Dignitana's addressable market. This is of high importance, above all in the U.S. where Dignitana operates a pay-per-treatment business model.

Business model

The business model is being evaluated in conjunction with the introduction of the new DigniCap System. The new generation is based on patient-specific cooling caps, so the caps can be sold as consumables.

The company currently uses different business models in its three key geographic regions:

United States

In the U.S. Dignitana, Inc. does not sell the device directly to the end customer as various lease models are used instead in conjunction with a pay-per-treatment by the patient. Approximately half of the treatments are paid directly by patients and in the remaining treatments the clinics act as a financial intermediary.

Europe

Dignitana's current business model in Europe is based on standalone system sales, many of which were originally sold through a distribution agreement with Sysmex.

The distribution agreement with Sysmex was terminated in April 2017 and has been replaced with direct sales, although some leases have been initiated as well. Dignitana is evaluating financial models for Europe including consumables, leases, and pay-per-treatment agreements.

Asia

The Asian business model is based on standalone system sales through the distribution partner Konica Minolta. Conversations with Konica Minolta Medical are ongoing regarding plans to seek clearance from the Japan Pharmaceuticals and Medical Devices Agency (PMDA) to begin marketing DigniCap in Japan.

Production

The current DigniCap C3 device is manufactured and assembled in Europe through several contract manufacturers. With the introduction of the new DigniCap device, manufacturing will move from Europe to the United States. The selected U.S. manufacturing partner will have sufficient capacity to accommodate high growth scenarios.

Patents

Dignitana holds approved patents on DigniCap in six European countries as well as China and Japan. Furthermore, Dignitana has submitted pending patent applications in the U.S. and South Korea for the device.

Growth opportunities

United States

The U.S. is Dignitana's single most important market. The market size and Dignitana's business model have the potential to drive strong growth and profitability. The market is driven by demand from patients as well as clinics that see scalp cooling as a competitive advantage. The company has generated significant media attention in the U.S. and has reached a large audience on television including coverage on ABC, CBS, NBC, CNN, and Bloomberg. The DigniCap System has been installed in approximately 111 cancer clinics in 26 states since 2015.

Improved organization

To streamline operations and maximize cost savings Dignitana has transferred its administrative and regulatory functions to Dallas, Texas, however corporate headquarters remain in Lund, Sweden. Support for European sales also originate in Lund. The transition of operations from Lund to Dallas was successfully completed in April 2018, two months ahead of schedule. Dignitana has recruited highly skilled employees for roles in clinical support, marketing, sales, and quality affairs to prepare the organization for continued growth.

A key to the organization's success in the United States is Dignitana's commitment to providing exemplary customer service to both clinical facilities and patients. The DigniCap clinical support personnel provide on-site training and ongoing education to clinicians to ensure that the system is used effectively and efficiently. The clinical support team also works to increase usage of the DigniCap System, which in turn generates incremental income at low cost to Dignitana. Increasing awareness of scalp cooling is a priority for the company and several initiatives are underway to educate and inform patients and the community in general.

Reimbursement for DigniCap treatment

In the U.S. most health care is paid for by private health insurance. This means that the individual patient must have health insurance to avoid the risk of having to pay the high costs for medical treatment. Most employers offer health insurance to their employees and people over 65 can join Medicare, a publicly funded healthcare program. Insurance companies (or Medicare) provide direct coverage or reimbursement for medical expenses, depending on the details of the individual's specific insurance plan.

Insurance coverage for scalp cooling is not yet standard in the United States, however DigniCap patients have submitted insurance claims and received reimbursement for treatment costs at varying levels since DigniCap received FDA clearance in 2015. Success with reimbursement varies depending on plan, coverage, and location. With the July 2017 expansion of DigniCap clinical indications to include patients with solid tumors, claims for reimbursement and demand for coverage will continue to build as more patients utilize this life-changing treatment at infusion centers across the United States.

If insurance coverage or reimbursement for scalp cooling were to become standardized, this would most likely lead to a significant increase in demand for scalp cooling. In the meantime, other means of financial assistance are available to patients. Dignitana was a founding partner of HairToStay, a national non-profit foundation that provides subsidies to scalp cooling patients with demonstrated financial need. In addition, some patients have received funding from individual medical center foundations, community health funds and several regional philanthropic entities that work to increase awareness and provide financial assistance to scalp cooling patients in their communities.

Further treatment areas using DigniCap

In July 2017, Dignitana received an expanded clearance from the FDA, allowing DigniCap to be used not only by female breast cancer patients but also by male and female patients receiving chemotherapy to treat prostate, ovarian, uterine, lung and other tissues affected by solid tumor cancer. This means that Dignitana's addressable markets in the U.S. have significantly increased.

Global usage

Since the 2015 FDA clearance, Dignitana has primarily focused on the American market, however the company recognizes that ample growth opportunities await in the rest of the world. Following the successful launch of DigniCap on the U.S. market, Dignitana has also seen building interest from facilities in countries around the world, as well as current and potential distribution partners.

Product development

Dignitana's current focus is on the development of a single patient cooling unit, which will also enhance ease of use and minimize production costs. The new system is designed to be smaller and easier for customers to install and manage. Furthermore, the system will be designed to treat only one patient, unlike the current system designed to treat two patients simultaneously. The new system is planned to be released 2019 and total development cost is estimated at approximately SEK 10M.

Organization

Dignitana is headquartered in Lund, Sweden, but most of its operations are located in Dallas, Texas. Operational functions steering European operations remain with the company's headquarter in Lund.

Challenges

While scalp cooling can provide the benefit of reduced hair loss induced by chemotherapy, challenges exist.

Theoretic risk of metastases in the scalp

Scalp cooling works by reducing blood flow, and in effect drug administration locally in the scalp, thereby there is a theoretical risk that cancer cells could survive in the scalp. Breast cancer patients have been worried that metastases could develop and survive in the scalp because of scalp cooling. The company has conducted meta-studies on the available literature and found that this seems to be only a theoretic risk. This conclusion is also supported by new research further supporting the conclusion that the risk is only theoretic and highly unlikely to be a risk in practice. Dignitana's patient information is allowed to use the following wording about the risk for metastases in the scalp:

"Based on the medical literature, scalp metastases are unusual (metastases as the first relapse occur in 1 of 4,000 patients and in 1 in 100 patients already with other metastases). The risk of scalp metastases does not appear to differ between patients having used and who have not used scalp cooling."

Hospitals and clinics may lack clinicians

Some hospitals and clinics may not have enough clinicians employed to be able to facilitate the use of scalp cooling. This factor may be negative for scalp cooling's market penetration. The company believes that the introduction of the new generation of the DigniCap System can change this, as the new generation of DigniCap will decrease the time spent per patient per scalp cooling session from 70 minutes to 12 minutes.

History

Before 2007 Dignitana's business was primarily in Scandinavia. In late 2007 the company was relaunched with new ownership, corporate governance and management. Following is a list of significant company events since the relaunch.

2008

- The company starts the development of a new generation of DigniCap and focuses on selling its stock of the older product generation
- Multiple international distribution agreements are made, preparing for the launch of the new DigniCap generation in 2009

2009

- In 2009 the company focus on development, testing and validation of the second generation of DigniCap in cooperation with key accounts
- IPO on Aktietorget (rebranded 2018 to Spotlight Stock Market) in Stockholm, the company issued SEK 15M in its IPO

2010

- The company issued SEK 10M in a directed rights issue
- The subsidiary BrainCool AB is established to drive sales targeting stroke patient care
- Initiated clinical tests in the US, as a first step towards FDA clearance
- Call options exercised, adding SEK 19M to the company

2011

- Dignitana presents clinical results on the 12th international breast cancer conference in St. Gallen
- The European patent organization EPO and the Chinese patent authority grants patents on the new DigniCap System
- The company publishes a distribution and licensing agreement with Konica Minolta, granting Konica Minolta exclusive distribution in Japan, China and India
- The subsidiary BrainCool AB files a patent application in the U.S. for scalp cooling in the treatment of stroke patients
- The company is listed on Nasdaq First North

2012

- Dignitana signs a distribution agreement with Sysmex for multiple European markets
- A collaboration agreement is signed with PartnerTech
- Dignitana issues new stock worth approx. SEK 35M to facilitate continued growth and to fund the BrainCool development

2013

- Patent granted in Japan
- The company issue shares in a directed offering worth approx. SEK 14M
- Exercised call options add SEK 4M to the company

2014

- Dignitana is granted market clearance in China
- The subsidiary BrainCool AB is spun off to the company's shareholders

2015

- A directed share issue brings in approx. SEK 17M
- The FDA revises Dignitana's PMA-application as a De Novo 510(k) application
- Dignitana, Inc. subsidiary in the U.S. established
- SEK 28M directed share issue
- Patents granted in the U.S.
- DigniCap receives FDA clearance

2016

- SEK 53M share issues of SEK 33M in a directed share issue

2017

- Dignitana receives an expanded FDA clearance to include other solid tumor cancers
- Dignitana enters an agreement with Union Business Leasing addressing the financing of working capital
- Dignitana launches a program to provide both comprehensive and continuous education and support to clinicians
- Decision to relocate most of the company's operations from Dignitana's headquarters in Lund to its subsidiary in Dallas.
- The board of directors proposes a new rights issue and made changes to the article of association, both accepted at an extraordinary general meeting
- Dignitana releases the DigniTherm Click Cap, a more adjustable scalp cooling cap developed in cooperation with Boa Technology

2018

- Transition of operations from Lund, Sweden to the U.S. was successfully completed in April, two months ahead of schedule. Dignitana AB headquarters and operational functions steering the European business remain in Lund.
- William Cronin appointed to CEO, starting the first quarter 2018
- Management of European installations of DigniCap was transferred from Sysmex to Dignitana representing 70 locations in 11 countries.
- In July Dignitana S.r.l., a wholly-owned subsidiary, was opened to facilitate contracting with public health facilities in Italy.

Technical list of definitions

Chemotherapy	A medicine that inhibits cell growth and multiplication, used in cancer treatment either as a drug trying to cure the disease or in palliative treatment, easing the symptoms of the cancer.
Cooling caps	A cap that is placed on the patient's skull. A maze inside of the cooling cap forms cooling zones that cools the patient's scalp. The cooling cap connects to the cooling unit with tubes transporting the cooling fluid.
Cooling unit	Active scalp cooling technology uses a cooling unit that cools and pressurizes a cooling fluid, allowing the fluid to flow through tubes to a cooling cap placed on the patient's scalp.
Cytostatic	See "Chemotherapy."
DigniCap Scalp Cooling System	Dignitana's active scalp cooling system.
FDA	U.S. Food & Drug Administration, a federal agency of the United States Department of Health and Human Services, overseeing among other things medical devices.
Gel-based cooling caps	Previous generation of cooling caps, requires an external cooler such as dry ice or a special freezer. These do not have FDA clearance.
Hair loss	Medicines used in cancer treatment inhibits cell growth and multiplication causing hair loss.
Medicare	A national health insurance program providing insurance for Americans aged 65 or older who have paid into the system through payroll tax. Also available to younger people with some disability.

QoL products	Quality-of-Life-product, a product which improves a patient's quality of life during treatment.
Scalp Cooling	Scalp cooling is used to decrease blood flow through the scalp, thereby also reducing flow of cytostatics through the scalp, reducing damage to follicles and reducing hair loss.
Sensor	A device that allows a machine to sense it's surrounding, e.g. a thermometer.
Therapeutic temperature	A constant temperature at which the patients scalp is held during treatment.

Treatment stages

Pre-infusion cooling	Cooling period before infusion of cytostatic drugs, to cool the scalp to the therapeutic temperature. This typically lasts about 20 minutes.
Cooling during cytostatic treatment	A typical chemotherapy session lasts two to three hours, during which the patient wears the cooling cap to hold the scalp at a constant therapeutic temperature.
Post-Infusion cooling	After the chemotherapy infusion, the patient leaves the cooling cap on for a set period as cytostatics are still active in the bloodstream. This typically lasts 60-180 minutes depending on the specific chemotherapy regimen.
Re-acclimation	After post-cooling time, the patient wears the cap for an additional 5-10 minutes to allow the scalp temperature to gradually return to room temperature, ensuring patient comfort.

Selected financial information

The selected historical financial information presented below has been retrieved from the Company's audited accounts for 2016 and 2017 financial years; these accounts were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements.

The selected financial information for the period 1 January 2018 – 30 September 2018, with comparative figures for the period 1 January 2017 – 30 September 2017 has been retrieved from the Company's quarterly reporting, prepared in accordance

with the Swedish Annual Accounts Act (1995:1554) and Swedish Accounting Standards Board General Recommendations BFNAR 2012:1 Annual reporting and consolidated financial statements. The quarterly reports have not been audited or been subject to cursory review by the Company's auditors.

The following information should be read in conjunction with "Comments on financial performance", with the Company's audited annual reports for the 2016-2017 financial years and with the quarterly reports for the periods 1 January 2017 – 30 September 2017 and 1 January 2018 – 30 September 2018, including related notes and audit reports.

Condensed income statement

Amount in kSEK	2018-01-01 2018-09-30 (Unaudited)	2017-01-01 2017-09-30 (Unaudited)	2017 (Audited)	2016 (Audited)
Operating income				
Net revenues	25,039	16,436	22,941	8,902
Own work capitalized	0	15	15	160
Other income	264	143	178	60
Total income	25,303	16,594	23,133	9,122
Operating expenses				
Goods for resale	2,627	2,900	3,725	3,417
Other external expenses	20,071	20,231	28,419	19,580
Personnel expenses	15,532	16,580	24,687	16,564
Depreciation of tangible and intangible assets	5,923	4,707	6,762	3,950
Other operating expenses	28	45	55	215
Total operating expenses	44,183	44,464	63,648	43,726
Operating profit/loss	-18,880	-27,869	-40,514	-34,604
Result from financial investments				
Interest income and similar items	598	2	2	2,341
Interest expenses and similar items	-2,368	-1,393	-1,842	-5
Total income from financial investments	-1,770	-1,392	-1,840	2,335
Net profit after financial items	-20,651	-29,261	-42,355	-32,269
Corporate tax	0	0	-245	0
Results for the Period	-20,651	-29,261	-42,600	-32,269

Condensed balance sheet

Amount in kSEK	2018-09-30 (Unaudited)	2017-09-30 (Unaudited)	2017-12-31 (Audited)	2016-12-31 (Audited)
ASSETS				
Fixed assets				
<u>Intangible assets</u>				
Capitalized expenses for development	14,064	12,204	11,400	13,862
<u>Tangible assets</u>				
Equipment, tools and installations	15,981	17,069	19,356	9,692
Total Fixed Assets	30,045	29,274	30,756	23,555
Current Assets				
<u>Inventories and similar</u>				
Finished goods and goods for resale	4,093	4,268	2,568	2,481
Advance payments to suppliers	2,798	74	276	0
	6,891	4,342	2,844	2,481
<u>Current receivables</u>				
Accounts receivable	7,705	3,095	2,975	3,061
Current tax assets	12	414	220	228
Other current receivables	0	1,206	43,928	791
Prepaid expenses and accrued income	1,386	616	557	855
	9,103	5,331	47,680	4,936
<u>Cash and bank balances</u>				
	4,562	6,192	1,018	32,864
Total Current Assets	20,556	15,865	51,541	40,281
Total Assets	50,601	45,138	82,297	63,835
Equity and Liabilities				
Equity				
<u>Restricted equity</u>				
Share Capital				
(40,548,224 shares par value SEK 1, previous year 20,274,112)	40,548	20,274	20,274	20,274
Unregistered share capital	0	0	20,274	0
Fund for development expenses	2,636	2,636	2,636	2,180
	43,184	22,910	43,184	22,455
<u>Non-restricted equity</u>				
Other paid-in capital	7,868	33,006	50,562	65,685
Results for the period	-20,651	-29,261	-42,600	-32,269
	-12,783	3,745	7,962	33,416
Total Equity	30,401	26,655	51,146	55,870
Long term liabilities				
Liabilities to credit institutions	3,092	11,430	10,878	0
Current liabilities				
Accounts payable	5,859	4,409	5,091	3,529
Liabilities to credit institutions	0	0	5,000	0
Current tax liabilities	0	0	132	0
Other current liabilities	6,737	420	431	412
Accrued expenses and deferred income	4,511	2,224	9,619	4,023
Total current liabilities	17,107	7,053	20,273	7,965
Total Equity and Liabilities	50,601	45,138	82,297	63,835

Condensed cash flow statement

Amount in kSEK	Q1-Q3 2018	Q1-Q3 2017	Full Year 2017	Full Year 2016
Operating activities				
Operating income before financial items	-18,880	-27,869	-40,514	-34,604
Adjustments for items not affecting cash flows	5,923	4,692	7,210	4,083
Interest received	598	2	2	1
Interest paid	-2,368	-354	-622	-5
Income tax paid	0	0	-105	0
	14,727	-23,529	-34,030	-30,526
Changes in inventories	-4,048	-11,105	-363	-1,039
Changes in other current receivables	38,483	-395	-705	-151
Changes in other current liabilities	-3,166	-1,952	1,632	1,111
Cash flows from operating activities	16,543	-36,980	-33,467	-30,605
Investing activities				
Acquisition of fixed assets	-5,212	-1,168	-14,412	-2,926
Cash flows from investing activities	-5,212	-1,168	-14,412	-2,926
Financing activities				
New share issue of share capital	0	0	0	3,500
New share issue premium reserves	0	0	0	48,999
Issuance costs	0	0	-291	-5,554
Subscribed warrants	0	124	124	358
Long term liabilities	-7,786	11,430	16,282	0
Cash flows from financial activities	-7,786	11,554	16,116	47,303
Cash flows in the period	3,545	-26,594	-31,763	13,772
Cash and cash equivalents at start of the period	1,018	32,864	32,864	19,042
Translation difference on cash and cash equivalents	-1	-78	-84	50
Cash and cash equivalents Period End	4,562	6,192	1,018	32,864

Comments on financial performance

The information below should be read in conjunction with the section entitled “Selected financial information”, with the audited financial statements for 2016 and 2017, and with the quarterly reports for the periods 1 January 2017 – 30 September 2017 and 1 January 2018 – 30 September 2018, including related notes and audit reports.

Income statement

Comparison between the periods

1 January 2018 – 30 September 2018 and

1 January 2017 – 30 September 2017

In the period, the Company's net revenue increased from SEK 16,436k in 2018 to SEK 25,039k in 2017, an increase of 52 percent. The increase is primarily attributable to increasing number of installations and treatments in the U.S. market. Other income was SEK 264k (SEK 143k).

Operating expenses were SEK 44,183k in 2018 and SEK 44,464k in 2017, which primarily consist of other external costs of SEK 20,071k in 2018 and SEK 20,231k in 2017 and personnel costs SEK 15,532k in 2018 and SEK 16,580k in 2017. The Company's Operating loss was SEK 18,880k in 2018 and SEK 27,869k in 2017.

Comparison between financial years 2017 and 2016

In the period, the Company's net revenue increased from SEK 8,902k to SEK 22,941k, an increase of 158 percent. The increase is primarily attributable to increasing number of installations and treatments in the U.S. market. Operating expenses were SEK 63,648k in 2017 and SEK 43,726k in 2016, which primarily consist of other external costs of SEK 28,419k in 2017 and SEK 19,580k in 2016 and personnel costs SEK 24,687k in 2017 and SEK 16,564k in 2016. The increase in other external costs and personnel costs are both attributable to an increasing number of installations and treatments. The Company's Operating loss was SEK 40,514k in 2017 and SEK 34,604k in 2016.

Financial position

30 September 2018 compared with 30 September 2017

Dignitana's balance sheet total 30 September 2018 was SEK 50,601k compared with SEK 45,138k on 30 September 2017. Total fixed assets 30 September 2018 were SEK 30,045k

compared with SEK 29,274 k 30 September 2017. Total current assets increased SEK 4 691k, 30 September 2018 were SEK 20,556k compared with SEK 15,865k 30 September 2017. The increase is primarily attributable to advance payments from customers and accounts receivable that increased SEK 2,724k and SEK 4,610k respectively.

Comparison between financial years 2017 and 2016

Dignitana's balance sheet total 31 December 2017 was SEK 82,297k compared with SEK 63,835k 31 December 2016. Total fixed assets 31 December 2018 were SEK 30,756k compared with SEK 23,555k 31 December 2017. Total current assets increased SEK 11,261k, 31 December 2017 were SEK 51,541k compared with SEK 40,281k 31 December 2016.

Cash flow

Comparison between the periods

1 January 2018 – 30 September 2018 and

1 January 2017 – 30 September 2017

1 January 2018 – 30 September 2018, the cash flow from operating activities was SEK 16,543k in 2018 and SEK -36,980k. Cash Flow from investing activities was SEK -5,212k in 2018 and SEK -1,168k in 2017. Cash flow from financing activities was SEK -7,786k in 2018 and SEK 11,554k in 2017.

Comparison between financial years 2017 and 2016

1 January 2017 – 31 December 2018, the cash flow from operating activities was SEK -33,467k in 2017 and SEK -30,605k in 2016.

Cash Flow from investing activities was SEK -14,412k in 2017 and SEK -2,926k in 2016. Cash flow from financing activities were SEK 16,116k in 2017 and SEK 47,303k in 2016, the difference is primarily explained by the new share issue 2016.

Equity, liabilities and other financial information

The tables in this section report the Company's capitalization and indebtedness as of 30 September 2018. The Company's Equity was SEK 30,401k, whereof share capital was SEK 40,548k. Interest-bearing debt was SEK -356,320k.

Equity and liabilities

kSEK	2018-09-30
<u>Current interest-bearing liabilities</u>	
Guaranteed	0
Secured	5,766,361
Unsecured loans	0
Total current interest-bearing liabilities	5,766,361
<u>Long-term interest-bearing liabilities</u>	
Guaranteed	0
Secured	2,062,100
Unsecured loans	0
Total long-term interest-bearing liabilities	2,062,100
<u>Equity</u>	
Share capital	40,548
Fund for development fees	2,636
Profit/loss for the period	-12,783
Total Equity	30,401
Total Equity and interest-bearing liabilities	30,401
<hr/>	
Net debt	
A. Cash	4,561,721
B. Cash and cash equivalents	15,994,191
C. Trading securities	0
D. Total liquidity (A+B+C)	20,555,912
E. Current interest-bearing receivables	0
F. Short-term bank debt	5,766,361
G. Current portion of long-term liabilities	11,341,114
H. Other current liabilities	0
I. Total current liabilities (F+G+H)	17,107,475
J. Current Net debt (I-E-D)	-3,448,437
K. Long-term bank loans	2,062,100
L. Bonds issued	0
M. Other long-term liabilities	1,030,017
N. Long-term debt (K+L+M)	3,092,117
O. Net debt (J+N)	-356,320

Working capital

It is the Company's assessment that its existing working capital is insufficient to finance its operations for the coming twelve months. For the coming twelve-month period the Company assesses the working capital deficiency at approximately SEK 6.5M. The need for working capital is expected to arise in December 2018. In the event that the Offering is fully subscribed, the Company will raise approximately SEK 24.3M before issue costs, in which case the Company will have met its need for working capital for the coming 12 months.

In connection with the Offering, the Company has received Subscription Commitments and Guarantee Commitments amounting to SEK 24.3M, equivalent to 100 percent of the issue amount. The Company has not received, nor requested restricted funds or any other collateral for the above-described subscription commitments in connection with the Offering.

Should the New Share issue not be fully subscribed in spite of the Subscription Commitments and Guarantee Commitments, and should the Company fail to raise additional capital, the company would have to seek other financing options.

Equity and liabilities

Intangible fixed assets

The Company's intangible assets consist of capitalized development expenses, book value as of 30 September 2018 was SEK 14,064k.

Tangible fixed assets

The Company's tangible fixed assets consists of equipment, tools and installations, book value as of 30 September 2018 was SEK 15,981k.

Net debt

Investments 2018

Dignitana is in the final phase of the development of a new generation of the DigniCap scalp cooling system, in which the company will have invested approximately SEK 10M when finalized. Dignitana has no other significant ongoing investments, nor has the Board of Directors decided on significant future investments.

Trends and uncertainty factors

Except as set out in this Information Memorandum, the Company is not aware of any other trends, uncertainties, potential receivables or other claims, undertakings or events that may have a material effect on the Company's business prospects.

Material events after the end of the latest reporting period

The company is not aware of any material events since the end of the latest reporting period, ended 30 September 2018

Share capital and ownership structure

Shares and share capital

Under Dignitana's Articles of Association, the share capital must be minimum SEK 20M and maximum SEK 80M divided into minimum 20M shares and maximum 80M shares.

The shares are issued in pursuance of the Swedish Companies Act (2005:551), are fully paid-up and denominated in SEK. Dignitana's shares are connected to the electronic securities system with Euroclear as the central securities depository, which means that the Company's share register is kept by Euroclear and that no share certificates have been issued. Each share entitles the holder to one (1) vote at the Annual General Meeting. Shareholders normally have preferential right to subscription of new shares, warrants and convertible instruments under the Swedish Companies Act, unless the general meeting or the board by support of authorization decides on deviation from the shareholder's preferential right.

All shares carry equal rights to the Company's assets and profit. In the event of liquidation, the shareholders have right to the Company's potential surplus in proportion to the number of shares they hold. There are no limitations in respect of the shares' transferability. Dignitana's shares are not subject to mandatory offer, right of squeeze-out or right of sell-out. There have been no public takeover bids in respect of the Company's shares during the current or previous fiscal year.

Authorization

At the Annual General Meeting on 24 April 2018, the meeting authorized the board of directors to be able to decide, during the period up to the next annual general meeting, to issue a maximum number of shares and/or warrants which entitle the holder to subscribe for, or involve, an increase in the share capital of a maximum amount of SEK 80M in total issuance with or without deviation from the shareholder's preferential rights.

The reason for the authorization is to enable the board to provide the Company with the working capital and/or new owners of strategic importance for the Company and/or the acquisition of other companies or businesses.

Trade in the Dignitana share

Dignitana's shares are traded on Nasdaq First North since 1 December 2011 under the DIGN ticker. Before that, the share was traded on Spotlight stock market (AktieTarget) since 18 June 2009.

Development of the share capital

Year	Event	Number of shares		Share capital SEK		Quotient value, SEK
		Change	Total	Change	Total	
2012	Share issue	2,634,477	10,537,908	2,634,477	10,537,908	1.00
2013	Exercising of warrants	240,954	10,778,862	240,954	10,778,862	1.00
2013	Share issue	900,000	678,862	900,000	11,678,862	1.00
2015	Share issue	2,595,302	14,274,164	2,595,302	14,274,164	1.00
2015	Share issue	2,500,000	16,774,164	2,500,000	16,774,164	1.00
2016	Share issue	466,666	240,830	466,666	17,240,830	1.00
2016	Share issue	1,742,962	18,983,792	1,742,962	18,983,792	1.00
2016	Share issue	1,154,849	20,138,641	1,154,849	20,138,641	1.00
2016	Share issue	135,471	274,112	135,471	20,274,112	1.00
2017	Share issue	20,274,112	40,548,224	20,274,112	40,548,224	1.00

Dividend policy and dividend

All of Dignitana's shares entitle to equal dividend. The new shares entail a right to dividend for the first time on the first record date for dividend occurring after the new shares have been entered in the share register kept by Euroclear and the Issue has been registered with the Swedish Companies Registration Office. There are no restrictions or special procedures for dividend to shareholders domiciled outside Sweden. Dignitana has so far not paid any dividend to the shareholders. There is currently no dividend policy adopted by the Company.

Share option schemes

Dignitana has two outstanding share option schemes where key individuals in the Company have been offered to subscribe for warrants against payment. The warrants carry the right to purchase 165,000 shares in the period June 1 to 30, 2019 and 100,000 shares in the period June 1 to June 30, 2020 and will, on full exercise, increase the company share capital by SEK 265,000. The conditions for the option schemes are listed below.

Outstanding option scheme	Issue price, SEK/warrant	Strike price, SEK	Maturity period	Number of warrants
TO5 – 2016	2.17	29.00	June 2019	165,000
TO6 – 2017	1.24	17.60	June 2020	100,000

The option schemes are subject to customary recalculation due to the Issue.

Warrants, convertible instruments and other securities

Outside of the above-mentioned warrants and the Company's share, Dignitana has no other outstanding warrants or convertible instruments.

Lock-up

The Board of directors have undertaken not to sell or in any other way transfer shares in the Company until three months from the announcement of the outcome of the Issue by entering into Lock-up agreements.

Board, senior executives and auditor

According to the Company's articles of association the Board of Directors must consist of minimum three and maximum seven members with three deputy members. The registered seat of the Company is Lund. The Board of Directors are elected until

the end of the 2019 Annual General Meeting. The provided information of number of shareholding refers to the date of this Information Memorandum. The Board of Directors have not established any committees within the Board.

Board of directors

Thomas N. Kelly

- Board Chairman
- Born: 1963
- Education: Attended the University of Kansas in Lawrence
- Other current appointments: Managing Member of KMK & Associates LLC, Director of Leaders Bank, Director of Grandstand Sportswear and Glassware, Managing Member of 3840 Greenway Circle LLC, Director of Harger Woods Corporate Center LLC, Managing Member of D.P. Kelly & Associates, Director of Whitnell & Co. Director of Continental Community Holdings, Director and Secretary of Donald P. and Byrd M. Kelly Foundation. of Continental community Holdings, Director and Secretary of Donald P. and Byrd M. Kelly Foundation. Previous appointments (past five years): Director of D.P. Kelly & Associates, Director of Elarasys Worldwide LLC, Vice President of Emerald Air Co., Director of San Miguel Schools Chicago, Director of Maianjoy Hospital, Trustee of Nazareth Academy.



Mikael Wahlgren

- Board Member and Deputy Managing Director CEO
- Born: 1965
- Education: Law degree, Lund University, Chairmen training, StyrelseAkademien, Executive Board member training, Executive Foundation Lund.
- Other current appointments: Board Chairman of Nattaro Labs and Gran Man AB, Director and CEO of Linton & Wahlgren AB, Board Chairman of Gran Man AB.
- Previous appointments (past five years): Director of Arc Aroma Pure AB, Director and Vice President of Alfa Laval Försäkrings AB, Director of Alfa Laval Treasury International AB (publ), WRC Sweden AB, Deputy member of Breezwind AB, Director of Alfa Laval Corporate AB, Director of Alfa Laval Holding AB, Director of Tranter International AB, and SenzaGen AB, Deputy member of Breezwind AB.



William Cronin

- CEO since 2018, Board member since 2015
- Born: 1965
- Education: Bachelor of Arts, Economics, Political Science, Muhlenberg College. MBA, Finance, University of Texas.
- Other current appointments: Board Chairman C3 Device Partners, Director Chemo Cold Caps, LLC
- Previous appointments (past five years): Director Electronic Inventory Solutions
- Shareholding in the Company: 3,679,955 in total, of which 3,561,494 are owned through C3 Device Partners.



Ingrid Atterey Heiman

- Board Member
- Born: 1958
- Education: Degree in Business Administration, Lund University. MBA, International Business, Uppsala University.
- Other current appointments: Board Chairman of Doxa AB and Doxa Dental AB, Director of Redwood Pharma, Director of AB and Parkinson Research Foundation, Deputy member of Ilama AB.
- Previous appointments (past five years): Board Chairman, Director and CEO of Ellen AB (Publ), Board Chairman of Svensk Egenvärd AB and Sensori AB (publ), Director of Aino Health AB (publ), Director of Valpurgius 2 AB, Director of Akloma Tinnitus AB, Director of Svenska Tinnitus AB, Director of Radix Kompetens AB and Bostadsrättsföreningen Åkermannen 42, Deputy member of Flundrör AB.



Senior Management

James O. McKinney

- President and COO, Dignitana, Inc.
- Born: 1953
- Education: BS, Columbia State University, , MBA Colombia State University
- Shareholding in the Company: 286,285 shares

Tina O'Banion

- Chief Financial Officer, Dignitana Inc.
- Born: 1972
- Education: Bachelor of accounting, University of Texas, MBA SMU Cox School of Business

Melissa Ann Bourestom

- VP Marketing and Investor Relations, Dignitana Inc.
- Born: 1967
- Education: Bachelor of Science – International Communication, Vanderbilt University
- Previous appointments (past five years): Executive Director of American Advertising Federation DFW

Auditor

At the Annual General Meeting on 24 April 2018, the authorized public accountant Lars Nilsson was re-elected as auditor of the Company until the end of the Annual General Meeting 2019. Lars Nilsson was born in 1965, is a member of the professional association FAR (the professional institute for authorized public

accountants and highly qualified professionals in the accounting sector in Sweden) and active at PwC Sweden AB. Lars Nilsson has been an accountant in the Company since 2007. The address of the auditor is PwC Sverige AB, Box 4009, 203 11 Malmö.

Other information regarding the Board of Directors and Group management

No Board member or senior executive has been involved in bankruptcy, liquidation or administration in bankruptcy or convicted of fraud related crime during the last five years. During the last five years there have been no allegations and/or sanctions from the authority or any organization representing a profession which is regulated by public law against a Board member or senior executive. No Board member or senior executive has for the past five years been prohibited by the court to act as a member or have a function in the senior management or to have a leading or overall function in the Company.

William Cronin's wife Elizabeth Cronin has a consultancy agreement with the Company and provides services to the Company on occasion. Her payment is USD 25 per hour. During the year of 2017 her total compensation amounted to less than USD 2.500. During 2018, the Company has paid SEK 32,000 to Ingrid Atteryd Heiman, above board fee, regarding consultancy services carried out for the Company. Board member Mikael Wahlgren has invoiced 607,649 SEK through company, above board fee, regarding consultancy services carried out for the

Company during the period 1 April 2018 to 23 November 2018. There are no other agreements between the Company and Board members and senior executives in addition to the employment contracts. The agreements is are described in more detail under "Legal Questions and Supplementary Information". No Board member or senior executives have any family relationships or other relations to other Board member or senior executives. There are no potential conflicts of interest for Board members or senior executives, i.e. no member of the Board or senior executives has any private interest that may conflict with the Company. As stated above, two of the Board members and senior executives have economic interests in the Company through shareholdings. No Board members or senior executives have undertaken not to divest their holdings of shares in the Company within a certain period of time. There are no special agreements with major shareholders, customers, suppliers or other parties that has resulted in the appointment of senior executives or Board members.

All Board members and senior executives are reached via the Company, 10925 Estate Lane, Suite W- 185, Dallas, TX 75238.

Corporate governance within Dignitana

The Company's shares are not admitted to trading on a regulated market. The Company is not formally covered by the Swedish Corporate Governance Code. The Company is governed by the Swedish Companies Act (Sw. Aktiebolagslagen), the Market Abuse Regulation and apply the rules and recommendations resulting from the Company's listing at the Nasdaq First North, as well as good practice on the stock market.

The Board has established rules of procedures, instructions on the division of work between the Board and the CEO, which deals with the CEO's work assignments and reporting obligations, and determined instructions for the financial reporting. The rules of procedures are reviewed annually. Audit issues and remuneration issues are handled by the Board in its entirety.

Remuneration to the Board, senior executives and auditors

Remuneration to the Company's Board of Directors were decided on the Annual General Meeting on 24 April 2018. It was resolved that the Board fee shall be paid at 100,000 SEK to Ingrid Atteryd Heiman and Mikael Wahlgren and that no Board

fee shall be paid to William Cronin and Thomas Kelly for the assignment in the Company. The remuneration to the auditor is provided in accordance with approved invoice.

Remuneration to the Board and senior executives during the financial year 2017.

Fees to the Board amounted to a total of SEK 224,000 in 2017, distributed to the Board as shown below.

Magnus Nilsson	44,800
Johan Stormby	44,800
Semmy Rölf, Chairman	89,600
Erik von Schenck	44,800
Total	224,000

During 2017 CEO William Cronin received remuneration amounting to SEK 1,780,000. Other senior executives' remuneration consist of fixed and variable salary. Total remuneration to former CEO Johan Ericsson in 2017 amounted to SEK 1,679,074 of which SEK 1,277,640 related to basic salary. For the period of January to May 2018 Johan Ericsson received

SEK 845,884 of which SEK 643,650 related to basic salary. Pension benefits amounted to SEK 350,400. For the current CEO, a termination period of six months is due on resignation and termination by the Company. The Company has entered into an agreement on severance pay for the CEO. The remaining terms of the employment contract contains customary terms of employment, such as competition rules and provisions on the transfer of intellectual property rights during employment in the Company.

There are no other agreements with members of the Board, senior executives or members of control body regarding commitments by the Company concerning pensions or benefits after termination of the assignment.

Remuneration to the auditor amounted to SEK 636,100 in 2017, of which SEK 416,100 related to assignments other than the audit.

Legal considerations and supplementary information

General

Dignitana AB, reg. no. 556730-5346, was incorporated on 16 April 2007 and was registered with the Swedish Companies Registration Office on 24 May 2007. The current name was registered with the Swedish Companies Registration Office on 11 July 2007. The Company is a public limited liability company and is governed by the Swedish Companies Act. The Company has its registered office in Lund, Sweden. The current Articles of Association were adopted at the Extra General Meeting on 4 December 2017.

Group structure

The Company is parent company in a group of companies consisting of the Company and its wholly-owned subsidiaries Dignitana Inc. and Dignitana S.r.l.

Dignitana Inc. was incorporated in Delaware, USA on 15 August 2015. CEO William Cronin is operatively responsible for the operations in Dignitana Inc.

Dignitana S.r.l. was incorporated on 16 July 2018. The registration of the company is intended to enable Dignitana to provide scalp cooling services to public health facilities throughout Italy.

Material contacts

License agreement with BrainCool AB

The Company has entered into a license agreement with BrainCool AB on 10 December 2013 which license certain technology, including patent and know-how, for products within the applications “brain hypothermia, medical cooling, oral mucositis and insomnia”. The license to BrainCool AB is exclusive, worldwide and not limited in time. Improvements in the technology which has been developed by the Company are included in the license on the same terms and conditions. With regard to improvements in the technology which has been developed by BrainCool AB the Company is provided with a license to such improvements that has occurred up until 31 December 2016. This right applies in relation to the DigniCap. The agreement expires on the 31 December 2028.

Agreement with InterTek Testing Services NA Inc.

Dignitana has entered into an agreement concerning certification with InterTek Testing Services NA Inc. The purpose

of the agreement is that the Company’s product DigniCap shall receive “ETL-marking” and be approved for sales on the North American market. An “ETL-marking” certifies that the product achieves the national standards.

Development and manufacturing agreement with ThermoTek, Inc.

The Company entered into a development and manufacturing agreement with ThermoTek Inc. in March 2018. ThermoTek Inc. shall manufacture DigniCap Delta model units. The Company shall also market and sell Single Patent Use (Disposable) Caps and accessories sold by ThermoTek Inc. for use with the DigniCap Delta throughout the world. The term of the agreement begins on the day the products receive FDA clearance and continues for five years. The Company has minimum order requirements for the term of the agreement.

Distribution agreement with Konica Minolta Medical & Graphic, Inc.

Dignitana has an exclusive distribution agreement with Konica Minolta Medical & Graphic, Inc. (“Konica Minolta”), which provides Konica Minolta with an exclusive right to distribute Dignitana’s product DigniCap with complementary accessories in Japan, India and China (including Hong Kong and Macao). Konica Minolta may authorize companies within the group to perform any part of rights and obligations of Konica Minolta under the agreement.

Other distribution agreements

Dignitana has entered into other distribution agreements which provides distributors with the exclusive right to market and sell Dignitana’s product DigniCap with complementary accessories in Mexico, Greece, Cyprus, Colombia, Australia, New Zealand and Singapore.

Agreements with customers

Dignitana Inc. has entered into equipment lease agreements with a number of customers, cancer clinics, in the U.S. according to which the customers lease the DigniCap scalp cooling system and patients pay a per-treatment fee.

Dignitana Inc. has also entered into agreements with different treatment centres in the U.S. under which Dignitana Inc. shall provide the treatment center with the DigniCap System.

Agreement regarding financing

Dignitana and Dignitana Inc., have jointly, in August 2017, entered into a loan agreement with Union Business Leasing Inc., with Union Leasing Corp. as a lender. Union Leasing Corp. shall make loans available up to an aggregate amount of USD 2,500,000. The credit limit may change from time to time during the term of the agreement. An initial loan is provided with an interest of 12 % and may change for each provided loan. The term of the agreement is three years. The Company has provided collateral comprising of receivables and the equipment which is provided to Dignitana's customer within in each agreement between Dignitana and the customer. Dignitana has to maintain a leverage ratio for the collateral.

Other agreements

Dignitana has entered into an agreement regarding supply and manufacture of products with Scanfil Åtvidaberg AB. Dignitana has also entered into a quality agreement with Scanfil Åtvidaberg AB regarding cooling and control units.

Dignitana Inc. has entered into a contract manufacturing agreement with TMRubber sp. zo.o. with regard to the production of DigniCap. The agreement expires on 31 December 2019 and the Company may terminate the agreement with six months notice.

Transactions with related parties

During 2018, the Company has paid SEK 32,000 to Ingrid Atteryd Heiman, above board fee, regarding consultancy services carried out for the Company. Board member Mikael Wahlgren has invoiced SEK 607,649 through company, above board fee, regarding consultancy services carried out for the Company during the period 1 April 2018 to 23 November 2018. Disputes

During the past 24 months, the Company has not been party in any legal proceedings or arbitrations, which have had or could have significant impact on the Company's financial position or earnings.

Disputes

During the past 24 months, the Company has not been party in any legal proceedings or arbitrations, which have had or could have significant impact on the Company's financial position or earnings.

Intellectual Property

Patents

The Company has been granted patents for a head cooler device in USA, South Korea, Japan, China, Sweden, Italy, UK, France, Spain and Germany. In addition Dignitana has patents for a method and device for controlling the temperature of local regions of a patient's body in USA, France and Germany. The Company's Board of Directors assess that the Company's operations are not dependent on the Company's patents.

Trademarks

The Company has trademark protection for the trademarks DIGNITANA and DIGNICAP in EU, USA, China and Japan. In addition, the Company has the trademark DIGNILIFE registered in numerous countries, such as, USA, EU, Russia and other countries.

The Company has distribution in countries where the trademarks DIGNITANA and DIGNICAP are not registered. In addition, the Company also use other attributions without them being registered in the actual territory.

Design

The Company has design rights for a scalp cooling cap in the EU.

Domain names

The Company has several registered domain names such as www.dignicap.com, www.dignitana.se and www.dignitana.com.

Certifications and permits

CE marking and ISO-certification

Dignitana holds an EC declaration confirming compliance with Directive 93/42/EC concerning medical devices in respect of the Company's product "scalp cooling devices with related accessories (cooling caps)". By complying with the directive, the Company's products are CE-marked. Dignitana also has a certificate in accordance with ISO 13485:2012.

ISO certification

Dignitana has a certificate in accordance with ISO 13485:2012.

Other permits and approvals

On 8 December 2015 the Company received clearance from the American FDA, to market and sell the DigniCap System

for women with breast cancer. On 3 July 2017 the Company received an expanded market indication by the FDA to use the DigniCap for patients with solid tumors. Certifications have been provided by corresponding authorities in other countries, such as Australia, EU, Canada, Russia and China.

Insurances

The board of Dignitana deems that the Company's current insurance cover is adequate with respect to the nature and scope of the business.

Interests and conflicts of interest

A number of Dignitana's shareholders have undertaken, via subscription undertakings, to subscribe for shares in the Issue. No remuneration will be paid to the shareholders for these undertakings. In addition, a number of external parties have entered into issue guarantee agreements for which remuneration will be paid. Apart from the above parties' interest in the Issue being implemented successfully, there are no financial or other interests in the Issue. There are not considered to be any conflicts of interest between the parties which, as described above, have financial or other interests in the Issue.

Advisers

Redeye is financial adviser and law firm Delphi is legal adviser to the Company in connection with the Issue. The Company's certified adviser is Erik Penser Bank.

Subscription- and guarantee commitments

The Company has received subscription commitments from a number of the Company's shareholders amounting to approximately SEK 5,3M, equivalent to approximately 22 per cent of the preferential rights issue. The Company has also entered into agreements on guarantee commitments with Swedish and American investors, amounting to approximately SEK 19M equivalent to approximately 78 per cent of the preferential rights issue, which will be used to cover up to 100 per cent subscription in the preferential rights issue, at a total amount of approximately SEK 24.3M.

The subscription- and guarantee commitments were entered into in November 2018. The Company will pay compensation for the guarantee undertakings. No remuneration is paid for the subscription commitments.

Certain tax considerations

Below is a summary of certain tax consequences that may arise under current Swedish tax legislation as a result of the current offer to subscribe for New Shares made to holders of shares and Subscription rights in Dignitana. The summary applies only to natural persons with unlimited tax liability and limited companies, unless specified otherwise. The summary is based on current legislation and is only intended as general information. The summary does not cover securities held by partnerships or held as stock items in business activity. Nor does the summary cover the special rules for tax-free capital gains (including a ban on deductions in the event of capital losses) in the corporate sectors that may be applicable when shareholders hold shares that are considered to be for business purposes. Nor does it cover the special rules that may be

applicable to holdings in companies that are or were previously close companies or to shares acquired with the support of qualified participations in close companies. Nor does the summary cover shares or other securities that are acquired in an investment savings account and are covered by special rules on flat-rate taxation. Special tax rules apply to certain types of tax-payers, for example investment funds, investment companies and insurance companies. Taxation for each individual shareholder depends on their specific circumstances. Each holder of shares and Subscription Rights should therefore consult a tax adviser to obtain information on the specific circumstances that may arise in their case, including the applicability and effect of foreign rules and tax agreements.

Natural persons

Taxation of capital gains

When listed shares or other securities, for example subscription rights, are sold or otherwise disposed of, a taxable capital gain or deductible capital loss may arise that is taxed in the income category at a rate of 30 percent. The capital gain or capital loss is normally calculated as the difference between the sales proceeds, after deduction of selling expenses, and the cost amount (for specific information regarding the cost amount for subscription rights, see Exercise and sale of subscription rights below) The cost amount for all securities of the same class and type is calculated jointly using the average method. It should be noted that paid subscribed shares in this context are not considered to be of the same class and type as the shares that entitled the shareholders to the preferential rights in the Issue until the resolution on the Issue has been registered with the Swedish Companies Registration Office.

Exercise and sale of subscription rights

The exercise of subscription rights does not trigger any taxation. The cost of a share is the Issue price. If subscription rights exercised to subscribe for shares were acquired by purchase or similar (i.e. they were not received based on holdings of existing shares), the cost amount of the subscription rights must be taken into consideration when calculating the cost amount of shares acquired.

A capital gain or loss is calculated for shareholders who do not wish to exercise their preferential rights to participate in the Issue and who sell their Subscription Rights. Subscription Rights that are based on holdings of existing shares are considered to have been acquired for SEK 0.00. Accordingly, the entire sales proceeds after deduction of the selling expenses, will be subject to tax. The standardised method may not be applied in this case. The cost amount of the original shares is not affected.

Limited companies

Tax on capital gains and dividend

Limited companies are taxed on all income, including taxable capital gains and dividend, in the business operations category at a rate of 22 percent. Capital gains and losses are calculated as described above for natural persons. Deductible capital losses on shares or other securities are only deductible against taxable capital gains on such securities. Such a capital loss may also, if certain conditions are met, be offset against capital gains in companies within the same group, provided that a right to make group contributions exists between the companies. A capital loss that cannot be utilised in a given fiscal year may be carried forward and offset against taxable capital gains on shares and other securities in the following fiscal years for an unlimited time.

Exercise and sale of subscription rights

The exercise of subscription rights does not trigger any taxation. The cost of a share is the issue price. If subscription rights exercised to subscribe for shares were acquired by purchase or similar (i.e. they were not received based on holdings of existing shares), the cost amount of the subscription rights must be taken into consideration when calculating the cost amount of shares acquired.

A capital gain or loss is calculated for shareholders who do not wish to exercise their preferential rights to participate in the Issue and who sell their Subscription Rights. Subscriptions Rights that are based on holdings of existing shares are considered to have been acquired for SEK 0.00.

Addresses

The Company

OPERATIONS

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HEADQUARTERS

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DIGNITANA

Clinically superior scalp cooling