

Press release July 22, 2024, 20.00 CEST.

## **Sedana Medical to acquire its main supplier to take control of supply chain and reduce cost of goods**

**Sedana Medical AB (publ) announces it has today entered into an agreement to acquire Innovatif Cekal, the supplier of the company's main product (Sedaconda ACD). The acquisition will enable better control of the supply chain and improved profitability by reducing the cost of goods sold. The purchase price of 34 MSEK on a cash and debt free basis will be financed with existing cash.**

"I am excited about acquiring Innovatif Cekal as this transaction is a perfect fit with our strategy. After streamlining our non-customer-facing functions and implementing a vigorous shift of resources towards the frontline, this strategic move represents a logical next step towards building a long-term profitable company.", said Johannes Doll, President and CEO of Sedana Medical.

Innovatif Cekal (IC) is a manufacturer of medical devices based in Klang near Kuala Lumpur, Malaysia. IC has two customers: Sedana Medical (SM) and another Nordic medical technology company. IC produces SM's main product Sedaconda ACD and certain accessories such as adapters, and SM has accounted for the majority of IC's sales in recent years. On average during the period 2019-2023, IC reported annual sales of 10.9 million Malaysian Ringgit (approx. 24.7 MSEK based on today's exchange rate).

### **Rationale for the acquisition**

The acquisition of IC is a good strategic fit and is expected to be financially accretive for SM.

- Improved control of the supply chain: By vertically integrating IC, SM assumes direct control over a larger share of its cost of goods sold, which reduces the risks related to future cost fluctuations and supply disruptions. The acquisition enables improved control of the future scale-up of production capacity to meet SM's growth plans. In addition, it allows for potential cost reduction initiatives to be implemented over time.
- Improved profitability: The acquisition is expected to improve SM's margin on its main device and drive value creation, in particular over time as sales are expected to grow further. Integrating IC is estimated to add approximately 2 percentage points to SM's EBITDA margin when the inventory at the time of closing has been depleted. Consequently, SM expects value creation from the acquisition well in excess of the purchase price.

### **Purchase price and valuation metrics**

SM will purchase all shares in IC for 34 MSEK on a cash and debt free basis. 75% of the purchase price is paid upon closing of the transaction, and the remaining 25% is to be paid 2 years after closing. Based on IC's financial result for the year 2023, the purchase price corresponds to an EBITDA multiple of 4.3x and a P/E multiple of 5.7x. There is no long-term debt in IC.

### **Financing and effects on cash flow**

SM will finance the transaction with existing cash. At the end of Q1 2024, SM had a cash balance of 361 MSEK. The acquisition is expected to have a net positive impact on SM's



cash flow from operations from 2025 and a net positive impact on its cash balance from 2028. Importantly, SM remains financed to deliver on the company's strategic plan also after the acquisition, including obtaining market approval in the USA.

### **Timeplan**

Closing of the transaction is expected to take place during the second half of 2024.

### **For additional information, please contact:**

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*This information is such that Sedana Medical AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the contact persons above, on July 22, 2024 at 20:00 (CEST).*

### **About Sedana Medical**

Sedana Medical AB (publ) is a pioneer medtech and pharmaceutical company focused on inhaled sedation to improve the patient's life during and beyond sedation. Through the combined strengths of the medical device Sedaconda ACD and the pharmaceutical Sedaconda (isoflurane), Sedana Medical provides inhaled sedation for mechanically ventilated patients in intensive care.

Sedana Medical has direct sales in Benelux, France, Germany, Great Britain, the Nordics, and Spain. In other parts of Europe as well as in Asia, Australia, Canada, and South- and Central America, the company works with external distributors.

Sedana Medical was founded in 2005, is listed on Nasdaq Stockholm (SEDANA) and headquartered in Stockholm, Sweden.