



# INVENT MEDIC SWEDEN

Interim report  
Q3 2018

## Summary of the interim report

*The company's first product **Efemia** was launched on the Swedish market on the 1<sup>st</sup> of October*

**efemia**

### First nine months (January – September 2018)

- The company's sales amounted to 0 (0) KSEK.
- Other operating income amounted to 17 (153) KSEK.
- Capitalised development expenses amounted to 428 (522) KSEK.
- Operating costs amounted to 7 048 (5 886) KSEK.
- Result before and after tax amounted to -6 604 (-5 211) KSEK.
- Result per share amounted to -0,68 (-0,61) SEK.
- Cash and cash equivalents at the end of the period amounted to 16 297 KSEK.

### Third quarter (July – September 2018)

- Other operating income amounted to 17 (153) KSEK.
- Capitalised development expenses amounted to 67 (170) KSEK.
- Operating costs amounted to 2 537 (2 076) KSEK.
- Result before and after tax amounted to -2 453 (-1 753) KSEK.
- Result per share amounted to -0,24 (-0,19) SEK.

### Results in brief

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Operating income	84	323	445	675	847
Operating costs	-2,537	-2,076	-7,048	-5,886	-8,995
Operating result	-2,453	-1,753	-6,603	-5,211	-8,148
Result for the period	-2,453	-1,753	-6,604	-5,211	-8,148

## CEO summary and important events

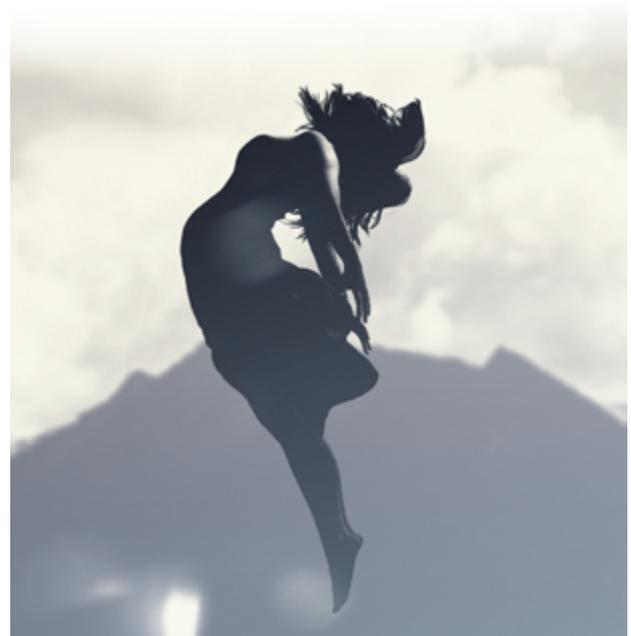
### CEO Karin Bryder summarises the quarter

During the third quarter of 2018 we received the CE mark approval for Efemia continence support, our first product. We also focused on the preparations for the market launch of the product that was initiated after the end of the period. Efemia has been developed for several years, and we are happy to now be able to offer a unique solution that can change the everyday life for a large number of women. With the market launch, Invent Medic is starting a new chapter with the Efemia launch in the Nordics and then the rest of Europe followed by the USA as the main priority. At present, the product is available for businesses and individuals through Arcamea's online store, and we are also in discussions with potential distributors and pharmacies to make the product visible to even more women and possible to purchase through retail stores.

### Important events during the third quarter of 2018

- **On July 9, Invent Medic announced the CE approval of TVS, the company's first medical technology aid.** This means that the product is approved to be sold on the European market. The TVS market launch in Sweden is planned to be initiated in 2018 after the summer.
- **On August 9, it was announced that Invent Medic has prepared several activities before and in connection with the market launch of the company's product TVS.** These activities include participation at relevant conferences and events, initial contacts with pharmacies and the recruitment of a Supply Chain Manager responsible for Invent Medic's product flow. Additionally, larger collaborations are ongoing on a consultant basis to secure the digital marketing and a future launch on the international market.

The Arcamea brand and the TVS product has already been very well received when presented by the company at events such as the Swedish urotherapeutics' annual congress and the OGU days (an educational congress for obstetrics and gynecologists).



- **On September 19, Invent Medic announced that the first product Efemia (previously referred to as TVS) will be launched in Sweden on October 1, 2018** under the company's Arcamea brand. The product is designed based on the same scientific principles as the most common surgical procedures, where a sling is placed around the urethra via the vaginal wall, but does not require any surgery.

In a randomised, controlled multicentre study with 97 women, Efemia was shown to reduce urine leakage with 77 % on average. The study was coordinated by Aino Fianu Jonasson, senior scientist at Karolinska University Hospital in Stockholm, Sweden.

### Important events after the end of the period

- **On October 1, the unique medical device Efemia was launched on the Swedish market.** The product can help reduce urine leakage from stress incontinence (SUI) in an effective and comfortable way. Efemia requires no surgery and is thus an excellent option for affected women that for different reasons are not able to, or do not want to undergo surgery, and while waiting for an operation. Efemia is available directly via Arcamea's online store with the address [www.arcamea.com](http://www.arcamea.com).

## A word from our CEO Karin Bryder

**D**uring the third quarter Invent Medic received an approved CE for Efemia, the company's first product that is used for continence support. This made it possible to finalize for the market launch and initiate it in the beginning of October.

The product is now available in Arcamea's online store at [www.arcamea.se](http://www.arcamea.se).

The development of Efemia required several years of hard work, and it feels wonderful that it is now available in the market. Above all, it is inspiring that we now can offer the large group of women suffering from stress incontinence an efficient product that is easy to use in everyday life. During development, we have prioritised equally between reliability, functionality and the feel of the product, and we are convinced that the end result will improve the quality of life and the sense of freedom for many women.

For Invent Medic, the launch also marks the beginning of the next chapter in our history. We are now taking the important step from development company to a commercial provider of a leading product. Our strategy for Efemia is to initially focus on Sweden and the Nordics, and then to initiate the launch in the rest of Europe in 2019 and thereafter in the United States.

If we are to reach this target, we need to broaden our distribution and marketing channels. We are therefore having discussions with potential distributors and pharmacies that can help us make the product available in retail stores. At the same time, we also want to enable healthcare entities to offer Efemia directly to their customers.

During our work to prepare for the launch we participated in several conferences and events, while also initiating discussions with representatives for important commercial entities. The reception has been very positive, and we notice an explicit interest for Efemia from urotherapists, doctors and other important occupational groups. We therefore have a positive view on our possibilities to be able to broaden our distribution network. Feedback from users, the healthcare industry and pharmacies will at the same time be taken into careful consideration ahead of the continued expansion and business development.

As we start up a new phase in Invent Medic's progression as a company, I would like to thank everyone who has contributed to our positive development so far. We can all be proud of the fact



that Efemia now has excellent possibilities to increase the quality of life for an international target group. At the same time, we are now shifting into a higher gear to be able to sell the product in the rest of the Nordics, Europe and the United States while also evaluating new potential development projects. Contributing to improved health and a strong sense of well-being for women all over the world is still an important driving force for us, and it will take Invent Medic very far.

A handwritten signature in blue ink that reads "Karin Bryder". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karin Bryder, CEO Invent Medic Sweden AB  
Lund, October 26, 2018

## Business activities

### Vision and business activities

*Invent Medic's vision is to offer new and innovative products to women with the aim to improve their health and quality of life. The product portfolio shall include safe, effective and dependable products that are easy to use in everyday life.*

Invent Medic owns the women's health brand Arcamea, and the first CE approved medical technology product Efemia was launched as an Arcamea product during the fall of 2018. Efemia targets the millions of women around the world that are being limited in their everyday life by stress incontinence (SUI). SUI is defined as involuntary urinary leakage when experiencing increased abdominal pressure. The product has in clinical studies proved to be as effective as a surgical procedure without requiring any operation. Efemia is easy to carry around and can be used when needed. Efemia is being offered directly to consumers via Arcamea's online store, [www.arcamea.se](http://www.arcamea.se), and discussions are being held with entities in the healthcare and women's health space, including several large pharmacy chains.



### Business model

Invent Medic can develop products and services with no or low licensing costs to the immaterial rights owners by utilising internal development or acquisition of immaterial rights. In line with this strategy, the company owns all immaterial rights to Efemia, and the sales work can therefore be done efficiently, either independently or through licensing.

During the remainder of 2018, Invent Medic will focus on launching and selling Efemia in Sweden. A launch in the rest of Europe will then be initiated in 2019 followed by the United States. In Europe outside the Nordics and in the USA, Asia and Africa, the product will only be offered through distributors or licensees.

When selling via external entities in the healthcare and women's health space, including pharmacies, Invent Medic functions as a distributor with its own warehousing. Price levels and other terms are negotiated separately with each entity, and the product can be included in their existing marketing activities. Thanks to procured, flexible manufacturing capacity, the company is able to minimise its warehousing costs.

Important professional categories within healthcare to contact include urotherapists, midwives, gynaecologists and urologists, and the company will focus on reaching them via industry events and personal meetings to build relations, trust and knowledge about the product. If an entity does not want to set up its own sales operation, the personnel can recommend Arcamea's online store instead.

When Invent Medic sell the product directly to consumers via Arcamea's online store, the company receives all the revenue, but at same time there are additional costs for running the online store and customer service as well as marketing costs. Arcamea plans to market the brand and the product via social media as well as activities that caters to women's health and an active life style, such as exercise events.

## Business activities

### Market estimate and economic potential

Around 50 million women globally suffer from stress incontinence according to the company's estimation, which means that the potential market for a non-surgical aid like Efemia is substantial. The target group consists of women who are having problems but for different reasons are not able to or do not want to undergo surgery, and those who are waiting for an operation.

Today, around 400 000 women (in the ages 45-75 years) in Sweden are using some kind of protection against urine leakage and are thereby potential regular users. According to the company's assessment, the main target group are women who are having daily or weekly problems, which are around 300 000 women in Sweden. During regular use, the product should be replaced every three months, which means that a user needs four units per year.

### Existing and future development projects

Invent Medic is cooperating with experienced people and teams in medical research, innovation and product development to develop products and services in areas where the company identifies a substantial need combined with the possibility to launch a product with unique advantages. The company is continuously evaluating new potential development projects.

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### Patents

Invent Medic owns the rights to the patents that describe the Efemia product and its potential use cases in Europe and the USA. The company is not dependent on patents owned by any third party, licenses, industrial, commercial or financial contracts or new manufacturing processes to be able to implement the planned successive global market launch of the product.

Region/Country	Status
Europe	Approved, valid through December 17, 2029.
USA	Approved, valid through December 29, 2030.
Sweden	Supplementary application submitted in the first quarter of 2018; approval if received will be valid until 2038.
Design registration	Applications submitted in Australia, Canada, China, South Korea, Russia and the USA in October, 2018 based on the application in Europe that was submitted in April, 2018.

## Development during the period

### Income and result from business activities

Up until September 2018, Invent Medic was a development company and did not generate any income from sales activities. From October 2018, Invent Medic is a commercial company with sales activities. Additional income for the third quarter was 84 (323) KSEK and mainly consisted of capitalised work. The net result was -2 453 (-1 753) KSEK.

### Cash flow

Cash and cash equivalents at the start of the period amounted to 16 297 (8 972) KSEK. The increase in cash and cash equivalents was due to the share issue conducted in May 2018. The cash flow from the operating activities during the third quarter amounted to -1 479 (-1 314) KSEK.

*Numbers in parentheses are from the corresponding period last year.*

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Cash flow, operating activities	-1,479	-1,314	-6,852	-4,855	-8,273
Cash flow, investment activities	-467	-210	-640	-975	-502
Cash flow, financing activities	0	-5	17,762	9,169	9,169
Cash flow for the period	-1,946	-1,529	10,270	3,339	394
Cash and cash equivalents, opening balance	18,243	10,501	6,027	5,633	5,633
Cash and cash equivalents, closing balance	16,297	8,972	16,297	8,972	6,027

### Assets

Invent Medic's assets consists of patents, development costs and production tools as shown in the table below.

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Capitalised development expenses	67	170	428	522	694
Patent, brand	38	40	211	453	502
Equipment and furnishing	429	0	429	0	0
Total investments	534	210	1068	975	1196

## Development during the period

### Equity

The tables below show information regarding Invent Medic's equity. The company's equity per September 30, 2018 amounted to 19 161 (10 941) KSEK, of which share capital amounted to 1 031 (902) KSEK.

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	Year 2017
Equity at the start of the period	21,614	12,699	8,003	6,983	6,983
New share issue	0	-5	17,762	9,169	9,168
Result for the period	-2,453	-1,753	-6,604	-5,211	-8,148
Amount at the end of the period	19,161	10,941	19,161	10,941	8,003
Earnings per share, SEK	-0.24	-0.19	-0.68	-0.61	-0.94

### Personnel and organisation

Invent Medic's organisation consists of five employees including the CEO, and it has presently all the competence and experience necessary to run the company. Invent Medic is managed in a virtual organisation model where the hired employees have the core competence while additional competence that is required during specific circumstances is acquired through consultants. During the development of the company, additional core competence will be included by hiring additional employees in the company when needed.

### The Share

The result after tax divided by the number of shares at the end of the report period amounts to -0,24 (-0,19) SEK. Invent Medic has around 2 000 shareholders.

	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Average of shares	10,311,428	9,022,500	9,738,571	8,576,944	8,688,333
Result per share, SEK	-0.24	-0.19	-0.68	-0.61	-0.94

	Number of shares	Quota value per share
Number/value at the start of the year	9,022,500	0.1
Number/value per 2018-09-30	10,311,428	0.1

## Development during the period

### Accounting principles for the interim report

For the interim report, Invent Medic applies the accounting principles of the Swedish Annual Accounts Act and the Swedish Accounting Standards Board (BFN) general rules. More information on additional accounting principles used can be found in the company's annual report for the period 2017-01-01 – 2017-12-31.

### Auditor review

The interim report has not been reviewed by the company's auditor.

### Risks and uncertainties

Apart from the general uncertainties related to market launches and sales growth, there are no known tendencies, uncertainties, potential factors or other demands, commitments or events that is expected to have a substantial impact on the company's outlook.

### Affirmation by the board

The board and the CEO assure that this interim report gives a true and fair view of The Invent Medic's operations, financial position and performance and that it describes the important risks and uncertainties that the company is subject to.

LUND OCTOBER 26, 2018

THE BOARD OF INVENT MEDIC SWEDEN AB

Lars Persson | Helena Liljedahl | Lars Wilander

Gun-Britt Fransson | Johan Wennerholm

# Financial statements

## Income statement

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Total operating income	84	323	445	675	847
Additional external expenses	-839	-1,160	-3,174	-4,297	-6,213
Personnel costs	-1,605	-908	-3,762	-1,565	-2,750
Depreciation	-5	-8	-21	-24	-32
Other operating expenses	-88	0	-91	0	0
Total operating costs	-2,537	-2,076	-7,048	-5,886	-8,995
Operating result	-2,453	-1,753	-6,603	-5,211	-8,148
Result from financial items	0	0	-1	0	0
Result before tax	-2,453	-1,753	-6,604	-5,211	-8,148
Result for the period	-2,453	-1,753	-6,604	-5,211	-8,148

## Balance sheet

KSEK	2018 18-09-30	2017 17-09-30	2017 17-12-31
<b>Assets</b>			
Intangible fixed assets			
Development costs	1,961	1,362	1,533
Patents and brands	1,405	1,145	1,194
<b>Total intangible fixed assets</b>	<b>3,366</b>	<b>2,507</b>	<b>2,727</b>
Furnishings and equipment	429	117	109
<b>Total tangible fixed assets</b>	<b>429</b>	<b>117</b>	<b>109</b>
<b>Total fixed assets</b>	<b>3,795</b>	<b>2,624</b>	<b>2,836</b>
<b>Total current assets</b>			
Inventory	215	19	19
Current receivables	427	413	595
Cash and bank	16,297	8,972	6,027
<b>Total current assets</b>	<b>16,939</b>	<b>9,404</b>	<b>6,641</b>
<b>Total assets</b>	<b>20,734</b>	<b>12,028</b>	<b>9,477</b>
<b>Equity and liabilities</b>			
Equity	19,161	10,941	8,003
Current liabilities	1,573	1,087	1,474
<b>Total equity and liabilities</b>	<b>20,734</b>	<b>12,028</b>	<b>9,477</b>

## Financial statements

### Cash flow analysis

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Cash flow, operating activities	-1,479	-1,314	-6,852	-4,855	-8,273
Cash flow, investment activities	-467	-210	-640	-975	-502
Cash flow, financing activities	0	-5	17,762	9,169	9,169
Cash flow for the period	-1,946	-1,529	10,270	3,339	394

### Changes in equity

KSEK	2018 Jul – Sept	2017 Jul – Sept	2018 Jan – Sept	2017 Jan – Sept	2017 Jan – Dec
Equity at the start of the period	21,614	12,699	8,003	6,983	6,983
New share issue	0	-5	17,762	9,169	9,168
Other additional income	0	0	0	0	0
Result for the period	-2,453	-1,753	-6,604	-5,211	-8,148
Amount at the end of the period	19,161	10,941	19,161	10,941	8,003

### Financial ratios

KSEK	2018 Sept	2017 Sept	2017 Dec
Working capital <sup>1</sup> , KSEK	15,366	8,317	5,167
Cash liquidity <sup>2</sup> , %	1063%	863%	450%
Solidity <sup>3</sup> , %	92%	91%	84%
Debt-to-equity <sup>4</sup> , %	0%	0%	0%
Number of employees	5	4	4

<sup>1</sup> Total current assets minus current liabilities

<sup>2</sup> Total current assets excluding inventory in percent of current liabilities

<sup>3</sup> Equity in percent of the balance sheet total

<sup>4</sup> Interest bearing liabilities in percent of equity

## Upcoming financial information and events

2019-02-22: Year-end report 2018

2019-05-03: Annual general meeting 2019

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# INVENT MEDIC SWEDEN