



INVENT MEDIC SWEDEN

ANNUAL REPORT

2018

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ANNUAL REPORT

2018

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THE YEAR IN BRIEF

SELECTED EVENTS IN 2018

INVENT MEDIC
SWEDEN

- On March 29, Invent Medic presented positive results from the company's clinical multicenter study with Efemia Bladder Support. During use, urine leakage was reduced by as much as 77 percent in women with stress urinary incontinence.
- In April and May, Invent Medic conducted a share issue. It became heavily oversubscribed and provided the company with 19.3 MSEK before issuing costs.
- On July 9, Invent Medic announced the CE marking of Efemia, which means that the product has market approval in Europe.
- On October 1, Efemia was launched on the Swedish market.
- On November 26, it was announced that Invent Medic initiated a post-launch study with Efemia in collaboration with Aller Media.

SUMMARY OF THE YEAR

- The company's sales amounted to 41 (0) KSEK.
- Other operating income amounted to 17 (153) KSEK.
- Work performed by the company for its own use and capitalized amounted to 427 (694) KSEK.
- Operating costs amounted to 9,795 (8,995) KSEK.
- Result before and after tax amounted to -9,311 (-8,148) KSEK.
- Result per share amounted to -0.94 (-0.90) SEK.
- Cash and cash equivalents at the end of the period amounted to 12,889 KSEK.
- The board and the CEO propose that no dividend be paid for the financial year 2018-01-01 – 2018-12-31.

The company's formal annual report consists of pages 23-36.

RESULTS IN BRIEF

KSEK	2018 Jan-Dec	2017 Jan-Dec
Operating income	485	847
Operating costs	-9,795	-8,995
Operating result	-9,310	-8,148
Profit/loss for the year	-9,311	-8,148

SUMMARY FROM THE CEO AND IMPORTANT EVENTS

CEO KARIN BRYDER SUMMARISES THE YEAR

2018 became an intensive and successful year for Invent Medic, with the company taking the step from development company to a commercial product provider. *The main goal of the year was to achieve CE marking and launch Efemia Bladder Support, our first product, and we managed to do successfully. On the path towards this target, we were able to present very positive clinical study results, which paved the way for the successful share issue that was completed in May. After the end of the period, distribution agreements were signed with the two largest pharmacy chains in Sweden, Apoteket AB and Apotek Hjärtat.*

IMPORTANT EVENTS DURING 2018

FIRST QUARTER

- **On March 8**, Invent Medic announced that the company decided to broaden the market launch of its first medical device TVS to include both the consumer market and the healthcare sector.
- **On March 15**, Invent Medic's Board proposed a preferential share issue of 19.3 MSEK to finance the broadened market launch as communicated. The proposal was approved at an extraordinary general meeting.
- **On March 29**, Invent Medic announced the final results from the clinical study with TVS. The study reached its primary endpoint. When women used TVS, their leakage rates decreased by an average of 77%.

SECOND QUARTER

- **On April 12**, it was announced that Invent Medic filed a new patent application in the USA, as well as design registrations in regions of interest for the company.
- **On May 4**, it was announced that Invent Medic's completed preferential share issue was subscribed at 176 %. The share issue provided Invent Medic with 19.3 MSEK before issuing costs.



IMPORTANT EVENTS, CONTINUED

THIRD QUARTER

- **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 later in 2018, after the summer.
- **On August 9**, it was announced that Invent Medic prepared several activities before and in connection with the market launch of the company's product TVS. These activities included 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.
- **On September 19**, Invent Medic announced that the first product Efemia (previously named 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 is used during the most common surgical solutions where an urethral sling is placed around the urethra via the vaginal wall, but Efemia does not require any surgery.

FOURTH QUARTER

- **On October 1**, it was announced that the product Efemia has been launched through Arcamea's webshop. Arcamea is Invent Medic's brand for women's health products. The webshop is available at www.arcamea.com.
- **On December 11**, Invent Medic announced that Efemia is being evaluated by a potential distributor in Germany. The potential distributor focuses on urology-related products and pharmaceuticals and has a large number of customers in the German health care sector.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- **On February 4**, it was announced that Invent Medic signed an agreement with Sweden's largest pharmacy chain, Apoteket AB, that agreed to include the company's product Efemia bladder support in its assortment. Efemia, which is sold under Invent Medic's women's health brand Arcamea, will initially be available in Apoteket's nationwide webshop Apoteket.se. The inclusion in Apoteket's assortment is an important milestone for Invent Medic as this will give the product a much better exposure towards broad customer groups in Sweden. An approved evaluation by Apoteket is also an import validation of the product.
- **On February 19**, Invent Medic announced that the company has signed a distribution agreement for Denmark with Copenhagen-based Props & Pearls. It covers the right to market and sell the Efemia bladder support to health care entities and end-customers in Denmark. The product will be launched in Q1 2019.

A COMMENT FROM THE CEO KARIN BRYDER

AN INTENSIVE YEAR WITH
THE LAUNCH OF EFEMIA
AS THE HIGH POINT

In 2018, Invent Medic took large steps forward as a company. The market launch of our first Arcamea product, Efemia Bladder Support, in October was the most important milestone. The launch was preceded by reporting of clinical study results and the CE marking of the product.

Invent Medic's significant progress in 2018 builds upon many years of development work. This makes it even more inspiring to finally be able to offer the product to women in the Nordic countries, and soon other parts of the world.

We have already received many positive comments from Efemia users, indicating a good balance between reliability, functionality, and feel of the product. This is important, as the user group is large and heterogeneous with varying profiles in terms of needs. We have also received very positive and inspiring Efemia reviews from important groups in the health care sector, such as urologists and gynecologists.

For Invent Medic, the launch was the start of the company's new phase as a commercial product provider. Our expansion strategy, with an initial focus on Sweden and the Nordic region, followed by the rest of Europe in 2019 and then the United States, remains. As part of the preparations, Helene Dahlberg was hired to build our logistics chain. I am very proud of the hard work and innovative thinking that every one of my co-workers have demonstrated before and after the launch.

To facilitate a quick and efficient expansion, discussions with pharmacy chains, potential distributors and other entities were initiated even before Efemia was CE marked. This allowed us to present the first agreements with Apoteket AB and Apotek Hjärtat, as well as the Danish company Props & Pearls, already in early 2019 just a few months after the market launch.

These entities will contribute to a greatly increased awareness of Efemia in Sweden and Denmark. We hope to be able to report a progressive increase in sales during 2019 and onwards as we reach out to an increasing number of recurring users.



Since February 25, 2019, our new Head of Sales Karin Wåborg is responsible for our marketing efforts. Her extensive experience and broad business network is exactly what we need to accelerate our sales in an efficient and successful manner.

With Sweden and Denmark activated, we are now shifting into a higher gear to establish Efemia in the rest of the Nordic countries, Europe and the USA. In December, we announced that a major potential distributor in Germany had initiated an evaluation of Efemia, and we are receiving a significant interest from other large European countries as well.

In parallel with the launch of Efemia, new potential development projects that fit into the company's profile are evaluated. Contributing to improved health and well-being for women all over the world is a fundamental driving force for us, and it will take Invent Medic very far.

Karin Bryder, CEO Invent Medic Sweden AB

Lund, March 2019



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The launch of Efemia was the start of the company's new phase as a commercial product provider. Our expansion strategy with an initial focus on Sweden and the Nordic region, followed by the rest of Europe in 2019 and then the United States, remains.

Karin Bryder, CEO Invent Medic Sweden AB

INVENT MEDIC – AN INNOVATIVE FORCE IN WOMEN’S HEALTH AND WELL-BEING

VISION AND BUSINESS ACTIVITIES

Invent Medic’s vision is to facilitate everyday life for women around the world by improving 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 (urine leakage), and the product has demonstrated high efficacy and safety in clinical studies. The product is easy to carry around and can be used when needed. Efemia is offered directly to consumers via Arcamea’s online store, www.arcamea.se, and soon via Apoteket.se. In Denmark, Efemia will be available for clients directly in store and through www.propsandpearls.com. The company has ongoing discussions with additional healthcare and women’s healthcare providers, including additional 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. The product can therefore be sold and marketed in an efficient way, either independently or through licensing agreements.

In 2018, the company launched Efemia and product sales were initiated in Sweden. In 2019, the company will intensify its marketing and sales activities in Sweden, with the aim of increasing demand from consumers and entities in the healthcare sector. Ongoing efforts towards launching the product in the rest of Europe, and then in the USA through distributors or license partners, will continue in parallel with the marketing and sales efforts in Sweden.

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 entities in the healthcare sector include urotherapists, midwives, gynecologists and urologists. 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 offers the product directly to consumers via Arcamea’s online store, the company receives all the revenue, but at the 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 through social media, as well as in connection with activities that caters to women’s health and an active life style, such as exercise events.

EFEMIA BLADDER SUPPORT – AN INNOVATIVE PRODUCT FOR WOMEN SUFFERING FROM SUI

efemia

Invent Medic's first product Efemia Bladder Support is a unique, CE-marked and patented medical technology aid for stress urinary incontinence (SUI). The product is produced in soft, smooth and flexible silicone.

Efemia supports the mid-urethra through the vaginal wall, and it is designed to stay in position and be functional even during movement. The product is designed based on the same scientific principles as the TVT method, the most common surgical solution for SUI, but does not require any surgery.

DESIGNED FOR A BROAD INTERNATIONAL TARGET GROUP

Efemia comes in three different sizes, is easy to handle and has a user-friendly design. This makes the product suitable for a very broad target group, including the large number of women that only experience problems in specific situations.

No medical certificate or prescription is required to buy Efemia. Nevertheless, Invent Medic puts a lot of resources into educating various health care entities so that they can recommend the product to their patients when necessary.

RECURRING REVENUE POTENTIAL

To ensure great functionality and hygiene, it is recommended to replace Efemia every three months. This translates into a strong opportunity for Invent Medic to build long-term customer relations, enabling continuous and predictable cash flows to the company.

efemia

A: SUPPORT RINGS

FRONT

B: HANDLE

BACK



CLINICAL STUDY AND POST-LAUNCH USER STUDY

Efemia has shown significant positive results in a clinical study and in a post-launch user study. The company is also planning to conduct a follow-up study with participants from the completed clinical study.

CLINICAL STUDY – COMPLETED IN THE SPRING 2018

In a randomised, controlled multicenter study with Efemia, with 97 women as participants, the product was shown to reduce urine leakage by an average of 77%. The study was coordinated by Aino Fianu Jonasson (associate professor at Karolinska University Hospital).

POST-LAUNCH USER STUDY – COMPLETED IN MARCH 2019

In November 2018, Invent Medic initiated a post-launch user study with Efemia bladder support together with Aller media, Sweden's largest publisher of popular magazines. In March 2019 (after the end of the period), it was announced that the study showed a significant improvement in quality of life in women with self-diagnosed stress urinary incontinence. As much as 83 percent of the participants stated that Efemia made their everyday life easier. In total, the study included 40 women with an average age of 58 years, that were recruited among female readers of the Swedish lifestyle magazine Femina. Of these, 30 participants completed the whole study.

FOLLOW-UP STUDY – SCHEDULED FOR 2019

In addition to the post-launch study, Invent Medic is also preparing a similar study in collaboration with Aino Fianu Jonasson, associate professor at Karolinska University Hospital located in Stockholm, Sweden and a specialist in urogynecology. This study is aimed at participants from the completed clinical study. The recruitment strategy will enable the company to gather results from a target group with clinically diagnosed stress urinary incontinence.



INTERVIEW WITH LEADING UROGYNECOLOGY RESEARCHER

Aino Fianu Jonasson is associate professor at Karolinska University Hospital in Stockholm and was the coordinator of the completed clinical study with Efemia.

Can you describe the collaboration with Invent Medic regarding the clinical study?

"It was terrific. The Invent Medic team is very accessible, and we had an open and great dialogue throughout the period. When adjustments were required, they listened to my feedback and were very flexible, especially with regards to the protocol.

Can you say something about the response from the study participants?

"Most of them were satisfied. For some, the leakage stopped entirely, which is incredible. Looking at the design development that has been made since the study, Efemia now looks even more user-friendly. I believe in Efemia. Additional sizes may be needed, this would be interesting to investigate.

Based on the results of the clinical study and your experience in general, which patient groups do you think Efemia is suitable for?

"Efemia works for all women with stress urinary incontinence and mixed incontinence where the main problem is stress urinary incontinence. The product is also interesting for women suffering from urge incontinence, but additional studies are needed to know for sure.



COMMENTS FROM WOMEN USING EFEMIA

"Surprisingly easy to use. And with excellent results!"

"I have only used it during training, and it has worked perfectly."

"It works very well to ski and use ski lifts with Efemia, it's nice to avoid leakage when the slopes are very bumpy."



PRODUCT DEVELOPMENT

Invent Medic sees significant value-creating potential in including additional products in the company's portfolio over the next few years. The process of evaluating potential products is ongoing in parallel with the market expansion in Europe and subsequently the USA.

The company is primarily interested in products that are in an advanced development stage, so that they can be taken to market in a time and cost-effective manner. Such acquisitions could create substantial value for the inventor and Invent Medic by utilising the manufacturing and distribution chain, as well as the brand awareness, that is being created for Arcamea/ Efemia.

Women's health products will be marketed under the Arcamea brand, while additional related potential products promoting women's quality of life and well-being may also be evaluated. Invent Medic already has a group structure that makes it possible to create additional brands effectively when needed.

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Invent Medic sees significant value-creating potential in including additional products in the company's portfolio.



INTELLECTUAL PROPERTY AND PATENT STRATEGY

Invent Medic's main strategy is to own all immaterial rights for the products offered by the company, including patents, brands and design protection. This creates maximum flexibility when negotiating with potential distributors and license partners, while Invent Medic can avoid ongoing licensing fees.

At present, the portfolio includes all rights to the company's first product, Efemia Bladder Support. Invent Medic is thus 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.

A gradual increase in the number of patents and the regions covered by the patents is expected over time as the product range and Invent Medic's geographical scope become more extensive.

INVENT MEDIC'S INTELLECTUAL PROPERTY

Type of right	Case number	Status	Period of validity
Patent – vaginal product			
Europe ¹	2376020	Approved	2029-12-17
USA	9,445,882	Approved	2030-12-29
USA	15/243,834	Notice of upcoming approval	
Patent – vaginal product ²			
Sweden - priority application	1850402-7	In progress	
Design – vaginal plug			
Australia	201816052	Approved	2028-10-10
Canada	183988	In progress	
China		In progress	
EU	005230521	Published	2043-04-11
Japan	2018-022275	In progress	
South Korea	30-2018-0046675	In progress	
Russia	2018504391	In progress	
USA	29666186	In progress	
Brand - Efemia			
EU	017994075	In progress	
Norway	201816224	In progress	

1) Validated in Switzerland, Germany, Denmark, Estonia, Spain, Finland, France, UK, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Lithuania, Latvia, Netherlands, Norway, Poland, Portugal, Sweden and Slovenia.

MARKET AND OUTLOOK

MARKET ESTIMATE AND ECONOMIC POTENTIAL

Globally, around 50 million women experience symptoms connected to stress incontinence according to the company's estimation. This means that there is a substantial potential market for a non-surgical aid like Efemia. The target group consists of women who are having problems but decide not to or are unable to undergo surgery for different reasons, and those who are waiting for an operation.

Today, around 400 000 women (in the ages 45-70 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 is women who are having daily or weekly problems. This group consists of around 300 000 women in Sweden. It is further recommended that the product should be replaced every three months, which means that a user needs four units per year.

COMPETITORS

There are several different types of products that can be considered to compete with Invent Medics product Efemia Bladder Support. The two main product categories are different types of soft/collecting incontinence protection products, and vaginal plugs in plastic or silicone material.

The unique design of Efemia, which provides a comfortable support for the body's natural function, distinguishes Efemia from all competitors according to the company's assessment. This means that Invent Medic sees great potential to take market shares from both of these competing product categories.



EFEMIA'S MAIN MARKETS AND EXPANSION PLAN



Norway

Number of women with SUI: approx 290,000

Efemia available: Launch scheduled in 2019

Evaluation: Contacts initiated in H1 2019

Sweden

Number of women with SUI: approx 500,000

Efemia available: From October 2018

Distribution: Arcamea (arcamea.se), Apoteket AB (www.apoteket.se),

Apotek Hjärtat (www.apotekhjartat.se)

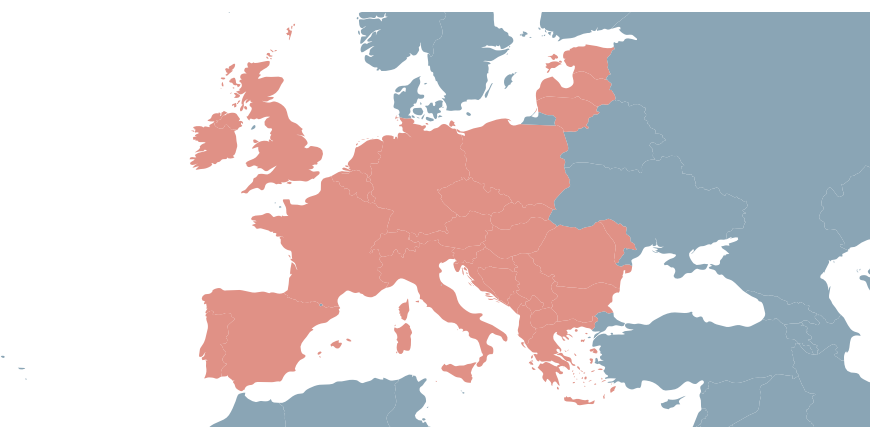
Evaluation: Ongoing discussions with additional pharmacy chains

Denmark

Number of women with SUI: approx 260,000

Efemia available: From Q1 2019

Distribution: Props and Pearls (www.propsandpearls.com)

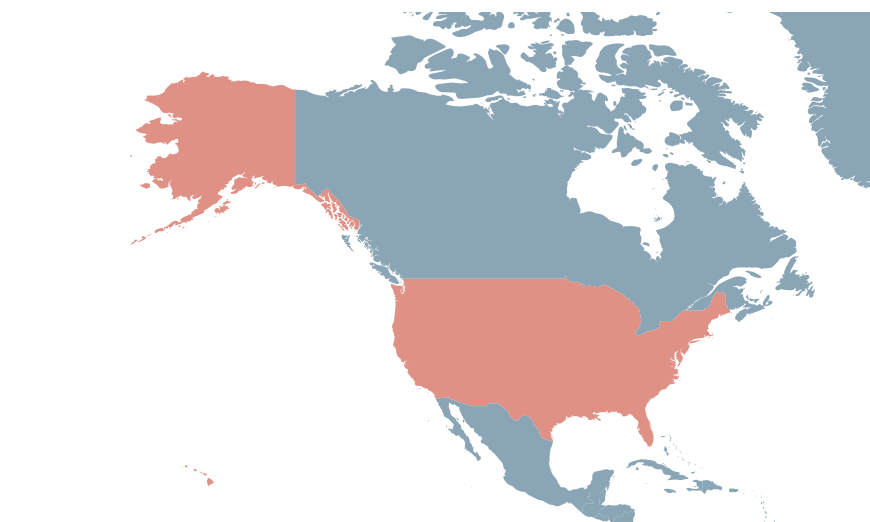


Europe (excluding the Nordics)

Number of women with SUI: approx 24,000,000

Efemia available: Launch scheduled after the Nordics

Evaluation: Ongoing evaluation by a major distributor in Germany focused on urology-related products



USA

Number of women with SUI: approx 16,000,000

Efemia available: Launch scheduled after Europe

OUTLOOK



In 2019 and beyond, Invent Medic will focus on broadening its market presence and distribution for Efemia in the Nordic countries and the rest of Europe. The company will do this on its own, mainly focusing on Sweden, as well as through distributors or license partners in additional European markets.

The company already receives a great deal of interest in the product from several relevant European entities, and an evaluation by a major potential distributor in Germany was initiated by the end of 2018. After the product has been solidly established in Europe, the company plans a market launch in the USA.

In parallel with the market expansion, Invent Medic will evaluate additional related products and projects that can be taken to market in a time and cost-effective manner. This is expected to generate a gradual expansion of the company's portfolio of products that promotes women's quality of life and well-being.

“The company already receives a great deal of interest in the product from several relevant European entities.”

EXPECTED MILESTONES IN 2019

- Signed distribution agreements for Efemia with major Swedish pharmacy chains (completed in Q1 2019)
- Launch of Efemia in Denmark (completed in Q1 2019)
- Launch of Efemia in Norway
- Initiation of follow-up study with Efemia
- Launch of Efemia in Europe, outside the Nordic countries



DIRECTOR'S REPORT

OPERATIONS

Invent Medic Sweden AB (Publ), 556682-1046, based in Lund, conducts activities that include product development and marketing of new and innovative products for women with the aim of improving their health and quality of life.

IMPORTANT EVENTS DURING THE FINANCIAL
YEAR OF 2018

FIRST QUARTER

- On March 8, Invent Medic announced that the company decided to broaden the market launch of its first medical device TVS to include both the consumer market and the healthcare sector.
- On March 15, it was announced that the Board of Invent Medic invites its shareholders to an extraordinary general meeting with a suggestion to carry out a preferential rights issue. The Board proposes a preferential rights issue of 19.3 MSEK to finance the extended market launch previously communicated.
- On March 29, Invent Medic announced the final results from the clinical study with TVS. The study reached its primary endpoint. When women used TVS, their leakage rates decreased by an average of 77%.

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- On April 12, it was announced that Invent Medic filed a new patent application in the USA, as well as design registrations in regions of interest for the company.
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MULTI-YEAR OVERVIEW

KSEK	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2014-07-01- 2015-12-31	2013-07-01- 2014-06-30
Net sales, KSEK	58	135	0	500	0
Profit/loss after financial items	-9,311	-8,148	-4,243	-1,157	-45
Equity/assets ratio, %	92	84	89	81	20
Cash and cash equivalents, %	981	449	701	466	32

For definitions of key financial indicators, see the consolidated financial statements.

Amounts in the annual report are stated in SEK, unless otherwise stated.

CHANGES IN EQUITY

SEK	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings	Profit/loss for the year	In total
Opening balance as of 2018-01-01	902,250,902,250	1,533,518	20,676,896	-6,960,936	-8,148,365	8,003,363
<i>Proposed appropriation of retained earnings</i>						
Carried forward				-8,148,365	8,148,365	0
Change in fund for development expenditure		329,616		-329,616		0
Rights issue	128,893		19,205,027			19,333,920
Expenses related to rights issue			-1,572,300			-1,572,300
Profit/loss for the year					-9,310,943	-9,310,943
Closing balance as of 2018-12-31	1,031,143	1,863,134	38,309,623	-15,438,917	-9,310,943	16,454,040

PROPOSED APPROPRIATION OF RETAINED EARNINGS

SEK	Share capital
<i>Retained earnings to appropriate</i>	
Retained earnings	-15,438,917
Share premium reserve	38,309,623
Profit/loss for the year	-9,310,943
Total	13,559,769
<i>Proposed appropriation of retained earnings</i>	
Carried forward	13,559,763
Total	13,559,763

The company's results and financial position are stated in the following income statement and balance sheet with notes.

INCOME STATEMENT

SEK	Note	2018 Jan-Dec	2017 Jan-Dec
Operating income etc.			
Net sales		40,744	0
Capitalised development expenses		427,676	693,946
Other operating income	1	17,000	153,541
Total operating income etc.		485,420	847,487
Operating expenses			
Commodities		-16,041	0
Additional external expenses	2	4,339,362	-6,213,579
Personnel costs	3	-5,178,836	-2,750,312
Depreciation of tangible and intangible fixed assets		-170,358	-31,896
Additional operating costs		-90,620	0
Total operating costs		-9,795,217	-8,995,787
Operating profit/loss		- 9,309,797	-8,148,300
Financial items			
Interest expense and similar profit/loss items		-1,146	-65
		-1,146	-65
Profit/loss after financial items		-9,310,943	-8,148,365
Profit/loss before tax		-9,310,943	-8,148,365
Tax		0	0
Profit/loss for the year		-9,310,943	-8,148,365

BALANCE SHEET

SEK	Note	2018 31 Dec	2017 31 Dec
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development, patents and brands	4.5	3,522,259	2,727,543
<i>Total intangible fixed assets</i>		3,522,259	2,727,543
<i>Tangible fixed assets</i>			
Furnishings, equipment and installations	6	407,550	108,998
<i>Total tangible fixed assets</i>		407,550	108,998
Total fixed assets		3,929,809	2,836,541
Current assets			
<i>Inventory etc.</i>			
Commodities and consumables		224,515	-
Finished products and commodities		209,050	18,774
<i>Total inventory</i>		433,565	18,774
<i>Current receivables</i>			
Other receivables		341,988	474,835
Prepaid expenses and accrued income		233,180	120,119
<i>Total current receivables</i>		575,168	594,954
<i>Cash and cash equivalents</i>			
Cash and cash equivalents		12,888,568	6,026,764
<i>Total cash and cash equivalents</i>		12,888,568	6,026,764
Total current assets		13,897,301	6,640,492
TOTAL ASSETS		17,827,110	9,477,033

EQUITY AND LIABILITIES

SEK	2018 31 Dec	2017 31 Dec
Equity		
<i>Restricted equity</i>		
Share capital	1,031,143	902,250
Fund for development expenditure	1,863,134	1,533,518
<i>Total restricted equity</i>	<i>2,894,277</i>	<i>2,435,768</i>
<i>Non-restricted equity</i>		
Share premium reserve	38,309,623	20,676,896
Retained earnings	-15,438,917	-6,960,936
Profit/loss for the year	-9,310,943	-8,148,365
<i>Total non-restricted equity</i>	<i>13,559,763</i>	<i>5,567,595</i>
Total equity	16,454,040	8,003,363
Current liabilities		
Accounts payable	581,601	820,626
Other liabilities	100,572	89,802
Accrued expenses and deferred income	690,897	563,242
	1,373,070	1,473,670
	17,827,110	9,477,033

CASH FLOW ANALYSIS

SEK	2018 Jan-Dec	2017 Jan-Dec
Operating activities		
Operating profit/loss	-9,309,797	-8,148,300
Adjustments for items not included in the cash flow		
- Depreciation	170,359	31,896
- Capital profit/loss	87,734	-
- Capitalised development	-427,676	-693,946
Interest paid	-1,146	-65
<i>Cash flow from operating activities before changes in working capital</i>	-9,480,526	-8,810,415
Changes in working capital		
- Increase(-)/Decrease(+) in inventory	-414,790	-18,775
- Increase(-)/Decrease(+) in current receivables	18,664	-37,843
- Increase(-)/Decrease(+) in current liabilities	-99,459	594,379
Cash flow from operating activities	-9,976,131	-8,272,654
Cash flow from investment activities		
Acquisition of intangible fixed assets	-494,685	-502,291
Acquisition of tangible fixed assets	-429,000	-
Cash flow from investment activities	-923,685	-502,291
Financing activities		
Rights issue	17,761,620	9,169,140
Cash flow from financing activities	17,761,620	9,169,140
Cash flow for the year	6,861,804	394,195
Cash and cash equivalents, opening balance	6,026,764	5,632,569
Cash and cash equivalents, closing balance	12,888,568	6,026,764

ADDITIONAL DISCLOSURES

ACCOUNTING AND VALUATION POLICIES

Selected regulations

This annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting and valuation policies are unchanged from those of the preceding year.

Income tax

Recognised income taxes include tax to be paid or received for the current year as well as adjustments of taxes paid in previous years. Tax liabilities / receivables are valued at what is, according to the company's assessment, to be paid to or received from Skatteverket.

Government grants

Government grants are valued at the fair value of the asset that the company has received or will receive. Contributions from the state that are not associated with a future performance are reported as revenue when the conditions for the grant are met. Government grants that are linked to demands for future performance are reported as revenue when the performance is performed.

Inventories

Inventories have been valued at the lower of cost and net realizable value.

Short-term remuneration

Short-term remuneration in the Group consists of salary, social security contributions, paid holiday, paid sick leave, healthcare and bonus. Short-term remuneration is reported as a cost and a liability when there is a legal or informal obligation to pay out a compensation.

Compensation after termination of employment

There are defined contribution pension plans in the company. In defined contribution plans, the company pays fixed fees to another company and does not have any legal or informal obligation to pay anything further even if the other company cannot fulfil its commitment. The company's results are charged with costs as the employees' pensionable services are performed.

Compensation for termination of employment

Compensation upon termination of employment is based on a decision to terminate an employment before the normal time of termination of employment or when an employee accepts an offer of voluntary departure in exchange for such compensation. If the compensation does not give the company any future economic benefit, a liability and an expense are recognized when the company has a legal or informal obligation to provide such compensation. The compensation is valued at the best estimate of the compensation that would be required to settle the obligation on the balance sheet date.

Intangible fixed assets

Intangible fixed assets are reported at cost less accumulated depreciation and impairment losses. The activation model is applied for internally generated intangible assets. Depreciation is made on a straight-line basis over the expected useful life, taking into account significant residual value. Depreciation begins when the asset can be used.

Type	Useful life	Percent
Development work	5	20
Patents	7	14

CONTINUED ADDITIONAL DISCLOSURES / NOTES

Tangible fixed assets

Depreciation is made on a straight-line basis over the expected useful life, taking into account significant residual value. The useful life below is applied.

Type	Useful life	Percent
Furnishings and equipment	5	20

Definition of key financial indicators

Depreciation is made on a straight-line basis over the expected useful life, taking into account significant residual value. The useful life below is applied. Below is a definition of the key financial indicators in the multi-year overview

Equity/assets ratio = Adjusted equity / Total equity

Comment: Adjusted equity is calculated as equity plus 78% of untaxed reserves.

Cash and cash equivalents = (Current assets excluding inventories and work in progress + Unused overdraft facility) / Total current liabilities

NOTES

Note 1 - Other operating income	2018	2017
Grant Vinnova	17,000	153,000
Exchange gain	-	541
Total	17,000	154,541

Note 2 - Auditor's Fees And Compensation	2018	2017
PWC		
Audit engagement	71,000	68,000
Audit services in addition to audit engagement	-	18,000
Other services	21,000	12,000
Total	92,000	98,000

NOTES CONTINUED

Not 3 - Personnel	2018	2017
Salaries and remunerations		
Board of Directors, CEO and executives	1,772,756	1,762,349
Other employees	1,716,558	832,104
<i>Total salaries and remunerations</i>	3,489,314	2,594,453
<i>Social costs and pension costs</i>		
Social costs	1,641,433	744,997
(of which pension costs)	438,675	141,968
Total salaries, remunerations, social costs and pension costs	5,130,747	3,339,450
<i>Average number of employees</i>		
Women	4	3
Average number of employees	4	3

The personnel note for 2017 includes costs from both personnel costs and other external costs in the income statement.

Other external costs include SEK 594,000, which is consulting fee to the CEO, up to 2017-06-30.

From 01/07/2017, the CEO is employed by the company.

NOTES CONTINUED

Not 4 - Capitalized expenditure, patents and brands	2018 31 Dec	2017 31 Dec
Opening cost patents and trademark	1,194,025	691,734
<i>Changes in cost</i>		
Purchase	494,685	502,291
Closing cost	1,688,710	1,194,025
Opening depreciation patents and trademark	0	0
<i>Changes in depreciation</i>		
Depreciation for the year	-29,585	0
Closing depreciation	-29,585	0
Carrying amount	1,659,125	1,194,025

Note 5 - Capitalized expenditure for development work	2018 31 Dec	2017 31 Dec
Opening cost	1,533,518	839,572
<i>Changes in cost</i>		
Capitalised development expenditure, internal development	427,676	693,946
Closing cost	1,961,193	1,533,518
Opening depreciation	0	0
<i>Changes in depreciation</i>		
Depreciation for the year	-98,059	0
Closing depreciation	-98,059	0
Carrying amount	1,863,134	1,533,518

NOTES CONTINUED

Not 6 - Furnishings, equipment and installations	2018 31 Dec	2017 31 Dec
Opening cost	159,500	159,500
<i>Changes in cost</i>		
Purchase	429,000	0
Sales/retirements	-159,500	0
Closing cost	429,000	159,500
Opening depreciation	-50,502	-18,606
<i>Changes in depreciation</i>		
Reversed depreciation on sales/retirements	71,766	0
Depreciation for the year	-42,714	-31,896
Closing depreciation	-21,450	-50,502
Carrying amount	407,550	108,998

Not 7 - Contingent liabilities	2018 31 Dec	2017 31 Dec
Contingent liabilities	300,000	300,000

Responsibility associated with the received contribution against future obligations to pay royalty on revenue from development projects.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

- On February 4, it was announced that Invent Medic signed an agreement with Sweden's largest pharmacy chain, Apoteket AB, that agreed to include the company's product Efemia Bladder Support in its assortment. Efemia, which is sold under Invent Medic's women's health brand Arcamea, will initially be available in Apoteket's nationwide webshop Apoteket.se. The inclusion in Apoteket's assortment is an important milestone for Invent Medic as this will give the product a much better exposure towards broad customer groups in Sweden. An approved evaluation by Apoteket is also an import validation of the product.
- On February 19, Invent Medic announced that the company signed a distribution agreement for Denmark with Copenhagen-based Props & Pearls. The agreement covers the right to market and sell Efemia Bladder Support to health care entities and end-customers in Denmark. The product will be launched in Q1 2019.

SIGNATURES

LUND, MARCH 29, 2019

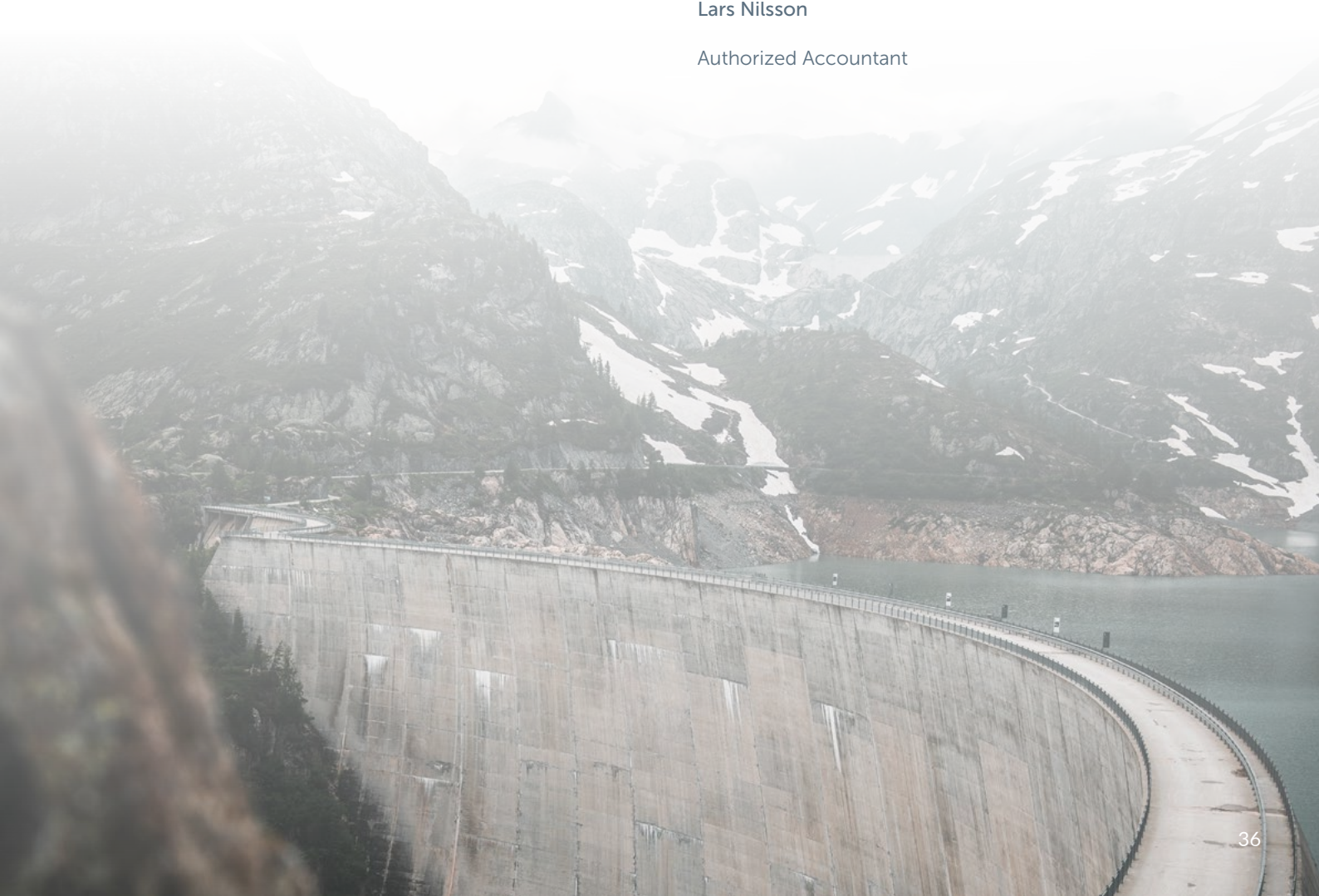
Lars Persson	Chairman of the Board	Helena Liljedahl	Member of the Board
Lars Wilander	Member of the Board	Johan Wennerholm	Member of the Board
Gun-Britt Fransson	Member of the Board	Karin Bryder	CEO

Our audit report was issued on April 5, 2019

Öhrlings PricewaterhouseCoopers AB

Lars Nilsson

Authorized Accountant



AUDITOR'S REPORT

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Invent Medic Sweden AB (Publ) for the year 2018. The annual accounts of the company are included on pages 23-36 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Invent Medic Sweden AB (Publ) as of 31 December 2018 and its financial performance and cash flow for the year in accordance with the Annual Accounts Act. The administration report is consistent with the other sections of the annual accounts.

We, therefore, recommend that the AGM adopt the income statement and balance sheet for Invent Medic Sweden AB (Publ).

Basis for our opinions

We have conducted the audit in accordance with International Standards on Auditing (ISA) and auditing standards generally accepted in Sweden. Our responsibility according to these standards is described in more detail in the section entitled Auditor's responsibility. We are independent of Invent Medic Sweden AB (Publ) in accordance with professional ethics in Sweden and we have otherwise fulfilled our professional ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

Information other than financial statements

This document also contains other information than the annual accounts on pages 5-22. The Board and the CEO are responsible for the other information.

Our opinion in respect of the annual accounts does not cover this information, and we make no substantiating statement concerning this other information.

In the context of our audit of the annual accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this review, we also take into account the knowledge we otherwise obtained during the audit as well as assesses whether the information otherwise seems to contain material misstatements.

If, based on the work that has been done with regard to this information, we conclude that the second information contains a material misstatement, we are obliged to report it. We have nothing to report in this regard.

Responsibilities of the Board and the Chief Executive Officer

The Board and CEO are responsible for ensuring the annual accounts are prepared and that they give a true and fair view in accordance with the Swedish Annual Accounts Act. The Board and the CEO are also responsible for the internal control they deem necessary for the preparation of the annual accounts that do not contain material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board and the CEO are responsible for assessing the ability of the company to continue operations. They inform, as appropriate, on the conditions that may affect the ability to continue operations and to make a going concern assumption. However, the going concern assumption does not apply if the Board and CEO intend to liquidate the company, cease operations or have no realistic alternative but to do so.

Auditor's responsibility

Our goal is to achieve a reasonable degree of certainty as to whether the annual accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains our opinions. Reasonable assurance is a high degree of certainty, but there is no guarantee that an audit performed in accordance with ISA and other generally accepted auditing standards in Sweden will always detect a material misstatement, should such be present. Misstatements may occur due to fraud or error, and are considered to be material if they severally or jointly can be reasonably expected to affect the economic decisions that users make on the basis of the annual accounts.

A further description of our responsibility for the audit of the annual accounts can be found on the Swedish Inspectorate of Auditor's (Revisorinspektionen) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have also audited the Board and CEO's management of Invent Medic Sweden AB (publ) for the year 2018 and also the proposed appropriation of the profit or loss.

We recommend to the AGM that the profit be allocated in accordance with the proposal in the administration report and that the members of the Board and the Chief Executive Officer be discharged from liability for the financial year.

Basis for our opinions

We have conducted the audit in accordance with auditing standards generally accepted in Sweden. Our responsibility in this regard is described in detail in the section entitled Auditor's responsibility. We are independent of Invent Medic Sweden AB (Publ) in accordance with professional ethics in Sweden and we have otherwise fulfilled our professional ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

Responsibilities of the Board and the Chief Executive Officer

The Board is responsible for the proposal for the appropriation of the company's profit or loss. Among the things considered in the proposal are an assessment of whether the dividends are justified with regard to the requirements that the company's business nature, scope and risks place on the size of the company's equity, the need for consolidation, liquidity and general position.

The Board is responsible for the company's organization and the administration of its affairs. This includes ongoing assessment of the company's financial situation and ensuring that the company's organization is structured such that bookkeeping, asset management and the company's financial affairs are otherwise monitored in a reliable way. The CEO takes care of day-to-day administration under the Board's guidelines and instructions and must, among other things, take measures necessary for ensuring that the company's accounting is completed in compliance with legislation and that assets are managed in a satisfactory manner.

Auditor's responsibility

Our goal with regard to the management audit, and therefore our opinion concerning discharge from liability, is to obtain audit evidence that with a reasonable degree of certainty enables us to determine whether any member of the Board or the CEO in any material respect:

- has carried out any act or been guilty of any omission that could give rise to liability for damages against the company, or
- has in some other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the articles of association.

Our goal in regard to the proposal for the allocation of the company's profit or loss, and thus our opinion on this, is to assess with a reasonable degree of certainty whether the proposal is in compliance with the Swedish Companies Act.

Reasonable assurance is a high degree of certainty, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect the actions or omissions that may give rise to liability for damages against the company, or to a proposal for allocation of the company's profit or loss that is not in accordance with the Swedish Companies Act.

A further description of our responsibility for management audit can be found on the Swedish Inspectorate of Auditor's (Revisorinspektionen) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditor's report.

Malmö, April 5, 2019

Öhrlings PricewaterhouseCoopers AB

Lars Nilsson

Authorized Accountant

UPCOMING FINANCIAL INFORMATION AND EVENTS

Annual general meeting 2019		2019-05-03
Interim report Q1 2019		2019-05-03
Interim report Q2 2019		2019-08-22
Interim report Q3 2019		2019-10-31
Year-end report 2019		2020-02-24

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INVENT MEDIC SWEDEN

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