



INVENT MEDIC SWEDEN

Year-end report

Q4 2018

Summary of the year-end report

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

efemia

Summary of the year-end report

TWELVE MONTHS (January – December 2018)

- The company's sales amounted to 41 (0) KSEK.
- Other operating income amounted to 17 (153) KSEK.
- Capitalised development expenses amounted to 427 (694) KSEK.
- 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 (-0.94) 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.

FOURTH QUARTER (October – December 2018)

- The company's sales amounted to 41 (0) KSEK.
- Other operating income amounted to 0 (0) KSEK.
- Capitalised development expenses amounted to 0 (172) KSEK.
- Costs amounted to 2,747 (3,110) KSEK.
- Result before and after tax amounted to 2,706 (2,938) KSEK.
- Result per share amounted to 0,26 (-0,33) KSEK.

Results in brief

KSEK	2018 Oct – Dec	2017 Oct – Dec	2018 Jan – Dec	2017 Jan – Dec
Operating income	41	172	485	847
Operating costs	-2,747	-3,110	-9,795	-8,995
Operating result	-2,706	-2,938	-9,310	-8,148
Result for the period	-2,706	-2,938	-9,311	-8,148

CEO summary and important events



CEO Karin Bryder summarises the quarter

In the beginning of October, we were able to finally launch the first Arcamea product Efemia Bladder Support via arcamea.se after a strong finish of the development phase in 2018. Thanks to our strategy to initiate discussions early with potential distribution partners, we were able to announce that an evaluation of the product was initiated in Germany during the quarter. The first agreement, with Sweden's largest pharmacy chain Apoteket AB, was then presented after the end of the period. We were also able to initiate a post-launch study during the quarter with Aller media, and the company received notification on an additional patent approval in the USA.

Important events during 2018

FIRST QUARTER

- On March 8, Invent Medic announced that the company has decided to extend the market launch of its first medical device TVS to include both the consumer market and healthcare.
- 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%.



SECOND QUARTER

- On April 12, it was announced that Invent Medic has filed a new patent application in the USA and design registrations in regions considered interesting by 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 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.
- 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 is focused on urology-related products and pharmaceuticals and has a large number of customers in the German health care sector.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On February 4, it was announced that Invent Medic has signed an agreement with Sweden's largest pharmacy chain, Apoteket AB, that has 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 word from our CEO Karin Bryder

Strong finish after a very intense year

In October 2018, we launched our first Arcamea product Efemia Bladder Support, thus reaching the most significant milestone during a very intense year. The launch was preceded by reporting of clinical study results and the CE marking of the product earlier during the year.

Invent Medic's significant progress in 2018 builds upon many years of development work, which 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, 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. Here are some examples:

"Surprisingly easy to use. And with excellent results!" "I have only used it during training, and it has worked perfectly," and "It works very well to ski and use ski lifts with Efemia, it's nice to avoid leakage when the slopes are very bumpy".

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 everyone 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 the Danish company Props & Pearls already in early 2019, just a few months after the market launch.

These entities will contribute to an immense increase in awareness of Efemia in Sweden and Denmark, and 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.



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 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.

A handwritten signature in blue ink, appearing to read "Karin Bryder".

Karin Bryder, CEO Invent Medic Sweden AB

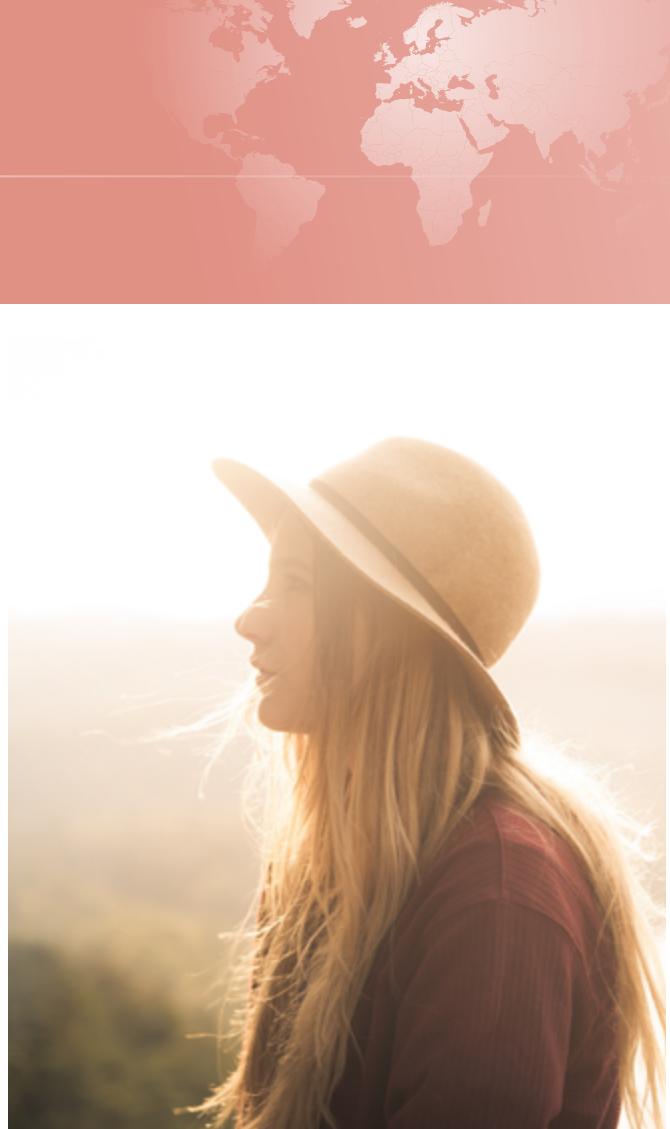
Lund, February 22, 2019

Business activities

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). The product has in clinical studies proved to be as effective as a surgical procedure without requiring any operation. The product 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, and soon via Apoteket.se. In Denmark, Efemia will be available for clients directly in store and through 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, and the sales work can therefore be done efficiently, either independently or through licensing.

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 as well as 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, gynaecologists 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 of 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. It is further recommended that the product should be replaced every three months, which means that a user needs four units per year.

Clinical study and post-launch user study

A randomised controlled multicenter study with Efemia where 97 women participated showed that the product reduced urine leakage by an average of 77%. The study was coordinated by Aino Fianu Jonasson (associate professor at Karolinska University Hospital).

In November 2018, Invent Medic initiated a post-launch user study with Emezia Bladder Support together with Aller media, Sweden's largest publisher of magazines. The company expects to present the results during the first quarter of 2019.

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.

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 (2 patents)	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, Japan, 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. The sales for the fourth quarter amounted to 41 (0) KSEK and the net result was -2,706 (-2,938) KSEK. Additional income for the full year 2018 amounted to 444 (847) KSEK and mainly consisted of capitalised work. The net result was -9,311 (-8,148) KSEK.

Cash flow

Cash and cash equivalents at the start of the period amounted to 12,889 (6,027) 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 fourth quarter amounted to -3,124 (-2,896) KSEK.

Numbers in parentheses are from the corresponding period last year.

KSEK	2018 Oct – Dec	2017 Oct – Dec	2018 Jan – Dec	2017 Jan – Dec
Cash flow, operating activities	-3,124	-2,896	-9,976	-8,273
Cash flow, investment activities	-284	-49	-924	-502
Cash flow, financing activities	0	0	17,762	9,169
Cash flow for the period	-3,408	-2,945	6,862	394
Cash and cash equivalents, opening balance	16,297	8,972	6,027	5,633
Cash and cash equivalents, closing balance	12,889	6,027	12,889	6,027

Assets

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

KSEK	2018 Oct – Dec	2017 Oct – Dec	2018 Jan – Dec	2017 Jan – Dec
Capitalised development expenses	0	172	427	694
Patent, brand	284	49	495	502
Equipment and furnishing	0	0	429	0
Total investments	284	221	1,351	1,196

Development during the period

Equity

The tables below show information regarding Invent Medic's equity. The company's equity per December 31, 2018 amounted to 16,454 (8,003) KSEK, of which share capital amounted to 1,031 (902) KSEK.

KSEK	2018 Oct - Dec	2017 Oct - Dec	2018 Jan - Dec	2017 Jan - Dec
Equity at the beginning of the year	19,160	10,941	8,003	6,983
New share issue	0	0	19,334	10,225
Share issue costs	0	0	-1,572	-1,057
Result for the period	-2,706	-2,938	-9,311	-8,148
Amount at the end of the period	16,454	8,003	16,454	8,003
Earnings per share, SEK	-0.26	-0.33	-0.94	-0.94

Personnel and organisation

During the period, Invent Medic's organisation consisted 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 -0.90 (-0.90) SEK. Invent Medic has around 2 000 shareholders.

	2018 Oct - Dec	2017 Oct - Dec	2018 Jan - Dec	2017 Jan - Dec
Average of shares	10,311,428	9,022,500	9,881,785	8,688,333
Result per share, SEK	-0.26	-0.33	-0.94	-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 2018-12-31	10,311,428	0.1

Development during the period

Accounting principles for the year-end report

For the year-end 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 year-end 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 year-end 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 FEBRUARY 22, 2019

THE BOARD OF INVENT MEDIC SWEDEN AB

Lars Persson | Helena Liljedahl | Lars Wilander

Gun-Britt Fransson | Johan Wennerholm

Financial statements

Income statement

KSEK	2018 Oct – Dec	2017 Oct – Dec	2018 Jan – Dec	2017 Jan – Dec
Sales	41	0	41	0
Additional operating income	-0	0	-17	153
Capitalised development expenses	-0	172	427	694
Total operating income	41	172	485	847
Commodities	-16	0	-16	0
Additional external expenses	-1,165	-1,917	-4,339	-6,213
Personnel costs	-1,417	-1,,185	-5,179	-2,750
Depreciation	-149	-8	-170	-32
Other operating expenses	0	0	-91	0
Total operating costs	-2,747	-3,110	-9,795	-8,995
Operating result	-2,706	-2,938	-9,310	-8,148
Result from financial items	0	0	-1	0
Result before tax	-2,706	-2,938	-9,311	-8,148
Result for the period	-2,706	-2,938	-9,311	-8,148

Financial statements

Balance sheet

KSEK	2018 Dec 31	2017 Dec 31
ASSETS		
Intangible fixed assets		
Development costs	1,863	1,533
Patents and brands	1,659	1,194
Total intangible fixed assets	3,522	2,727
Furnishings and equipment	408	109
Total tangible fixed assets	408	109
Total fixed assets	3,930	2,836
Total current assets		
Inventory	433	19
Current receivables	575	595
Cash and bank	12,889	6,027
Total current assets	13,897	6,641
TOTAL ASSETS	17,827	9,477
Equity and liabilities		
Equity	1,6454	8,003
Current liabilities	1,373	1,474
TOTAL EQUITY AND LIABILITIES	17,827	9,477

Financial statements

Cash flow analysis

KSEK	2018 Oct – Dec	2017 Oct – Dec	2018 Jan – Dec	2017 Jan – Dec
Cash flow, operating activities	-3,124	-2,896	-9,976	-8,273
Cash flow, investment activities	-284	-49	-924	-502
Cash flow, financing activities	0	0	17,762	9,169
Cash flow for the period	-3,408	-2,945	6,862	394

Changes in equity

KSEK	2018 Oct – Sept	2017 Oct – Sept	2018 Jan – Dec	2017 Jan – Dec
Equity at the start of the period	19,160	10,941	8,003	6,983
New share issue	0	0	19,334	10,225
Other additional income	-0	-0	-1,572	-1,057
Result for the period	-2,706	-2,938	-9,311	-8,148
Amount at the end of the period	16,454	8,003	16,454	8,003

Financial ratios

KSEK	2018 Dec 31	2017 31 Dec
Working capital ¹ , KSEK	12,524	5,167
Cash liquidity ² , %	984%	450%
Solidity ³ , %	92%	84%
Debt-to-equity ⁴ , %	0	0
Number of employees	5	4

¹ Total current assets minus current liabilities.

² Total current assets excluding inventory in percent of current liabilities.

³ Equity in percent of the balance sheet total.

⁴ Interest bearing liabilities in percent of equity.

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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