



Annual Report 2017

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SciBase in brief

About SciBase

SciBase is a medical technology company that develops instruments for the detection of skin cancer and other skin conditions. The Nevisense products can detect malignant melanoma, the most dangerous form of skin cancer, directly on the skin without needing to cut away suspected moles. The products are based on comprehensive research on Electrical Impedance Spectroscopy (EIS), and SciBase has conducted the largest study to date on the detection of malignant melanoma, in which Nevisense achieved excellent results. The study was published in May 2014 in the prestigious British Journal of Dermatology. Nevisense is approved for sale in the United States (PMA), Europe (CE mark) and Australia.

In addition to detecting malignant melanoma, SciBase plans to increase the number of clinical applications for

Nevisense. By using Nevisense as a platform, the Company may integrate functionality that uses the EIS method in assessing other skin diseases, such as non-melanoma skin cancer and atopic dermatitis.

SciBase was founded in 1998 by Stig Ollmar, a researcher at The Karolinska Institute, and has its headquarters in Stockholm. The company is listed on the Nasdaq First North exchange since June 2, 2015. Avanza is the Company's certified advisor.

Business model

The company's business model is based on customers initially purchasing a Nevisense instrument then buying disposables (electrodes) on an on-going basis. Each electrode can only be used on one patient but on multiple moles or skin areas.



Highlights of the Year

Nevisense receives US market approval (PMA)

SciBase receives PMA approval from the US Food and Drug Administration (FDA) for Nevisense and enters the US market.



Additional clinical benefits with Nevisense

A clinical study was published in the British Journal of Dermatology (BJD) showing that Nevisense can detect most malignant melanoma three months earlier in follow-up cases and reduce the need for follow-up by nearly half.

SciBase secures MSEK 66

The Company secures the capital needed to execute an updated strategy through a rights offering providing MSEK 66 after issue costs.

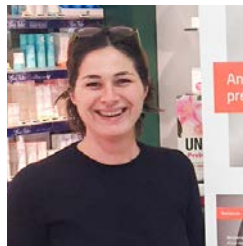


SciBase initiates cooperation with DermoScan

An agreement was signed with the German medical technology Company DermoScan GmbH to integrate systems and co-market in Germany.

Distribution agreement with Skin Care Sweden in Italy

SciBase enters a new customer segment in the Italian market through a distribution agreement with Skin Care Sweden AB focusing on pharmacies and other non-specialists.



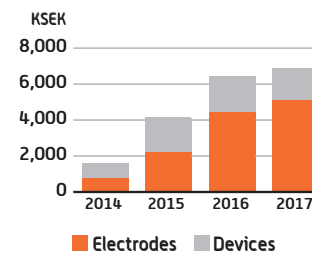
Updated version of Nevisense

An updated version of Nevisense was released providing improved ease-of-use for existing users and new electrodes and functionality for the investigation of two new clinical application areas.

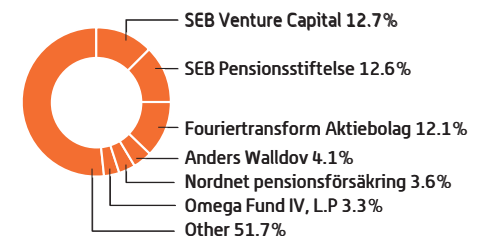
Key ratios

	2017	2016
Net sales, SEK ths	6,859	6,436
Gross margin, %	35.4%	34.5%
Equity/Asset ratio, %	90.5%	90.8%
Net indebtedness, multiple	0.11	0.10
Cash equivalents, SEK ths	110,015	84,955
Cashflow from operating activities, SEK ths	-44,180	-47,850
Earnings per share (before and after dilution), SEK	-5.00	-6.41
Shareholder's equity per share, SEK	13.63	11.19
Average number of shares, 000'	8,493	8,285
Number of shares at closing of period, 000'	16,618	8,285
Share price at end of period, SEK	7.80	19.00
Number of sold electrodes, pieces	16,704	15,200
Average number of employees	21	21

Turnover



Ownership structure



2017 in brief

First quarter

- Significant resources continued to be invested in the PMA process, with continued progress. During the period the Company supplied FDA with feedback within several areas.
- SciBase signed an agreement with the German medical device company DermoScan GmbH to link Nevisense with DermoScan's digital dermoscopy system DermoGenius Ultra. DermoScan is one of Europe's foremost manufacturers of digital dermoscopy systems. DermoScan's systems are used by several hundred clinics in Germany and other markets. The agreement means that EIS measurements from Nevisense will be integrated as a standard option in DermoGenius Ultra. The result is that both patient data and Nevisense (EIS) measurements can be shared between the two systems. The solution improves both the clinic workflow and the diagnostic process for dermatology clinics.

Second quarter

- In June the Company announced that the US Food and Drug Administration (FDA) had approved SciBase's Pre-market Approval (PMA) for its product Nevisense.
- The Australian study previously presented at the World Congress of Cancers of the Skin showing that Nevisense can detect malignant melanoma three months earlier in follow-up cases and reduce the need for follow-up by nearly half, was published online in the British Journal of Dermatology (BJD).
- At the 2017 AGM held on May 16th, three new members of the Board were elected strengthening the commercial experience of the Board in Germany and the US.
- SciBase was granted a US patent for the electrode design.
- In June the Company announced that David Melin was to be appointed as new Head of Product Development from August.
- SciBase relocated from central Stockholm to Sundbyberg (a suburb of Stockholm).

Third quarter

- Following the Pre-Market Approval (PMA) of Nevisense in the US in June, SciBase presented an updated strategic growth plan. The focus of the plan is SciBase's entry into the US market, the continued growth in the core market Germany, and the utilization of the current product platform for additional clinical indications.
- At the British Association of Dermatologist's annual meeting in July a new study from Southampton University Hospital was presented showing Nevisense's potential to help clinicians detect melanomas that otherwise could have been missed.
- SciBase released a new generation of Nevisense and a new type of electrode for the evaluation of new clinical applications.
- In September software to integrate Nevisense with DermoScan's digital dermoscopy system DermoGenius Ultra was launched. The cooperation with DermoScan represents a great opportunity to integrate Nevisense with the more than 400 clinics using DermoGenius Ultra in Germany today.

Fourth quarter

- The Company announced a preferential share issue and summons to an EGM. The preferential share issue, which provided the Company with approximately MSEK 66 (after deduction of issue costs), was finalized in December.
- Nevisense was presented as one of the top ten most important news stories within skin cancer for dermatologists at the Fall Clinical Dermatology Conference in the US.
- The first Nevisense system in the US was installed with the well-known key opinion leader Darrell S. Rigel, MD and Clinical Professor of Dermatology at the New York University Medical Center.

- The first presentation of data in a scientific poster by a US center occurred as a poster at the Fall Clinical meeting by Dr Ryan Svoboda, a Clinical Research Fellow at the National Society for Cutaneous Medicine.
- SciBase signed a distribution contract with Skin Care Sweden AB to sell to non-specialist clinics and pharmacies in Italy. The agreement included an initial order of approximately MSEK 0.5, which was delivered during Q4, and potential for an additional MSEK 0.5 order in 2018.
- The first US commercial order for Nevisense was received from a private clinic focused on self-pay patients in New York.
- In the period SciBase received the first order from a customer as a result of the co-operation with the German medical technology company DermoScan.
- A nominating committee was appointed.
- An extra general meeting was held on November 15th where a decision regarding the rights offering was made. The prospectus was published on November 20th.

Full Year 2017

- Net Sales increase by 7%.
- Number of sold electrodes increased by 10%.

After the end of the year

No significant events have occurred after the end of the year.

Word from the CEO

SciBase has a rewarding task, in that we help people to detect a very dangerous disease early on, while at the same time increasing health care efficiency and lowering its costs. According to the Cancerfond report of 2017 skin cancer is the fastest growing cancer in Sweden with a yearly growth rate of over 5%. During 2016 4,000 patients were diagnosed with the most dangerous form of skin cancer, malignant melanoma, and a total of about 39,000 people live with that diagnosis. Professor Christian Ingvar at the University of Lund and dermatologist Hanna Eriksson at the Karolinska University hospital states in an article in "Läkartidningen" in May 2017 that a Swede is affected by malignant melanoma every two hours, 24 hours a day. A similar growth trend can be seen in many other countries all around the world. The American Cancer Society predicts that over 90,000 Americans will be affected by melanoma in 2018 – and of these around 10% will die from the disease*.

Nevisense reduces risk and costs

The mortality of malignant melanoma is strongly linked to the stage in which melanoma is detected where "Stage 0" is the least developed and "Stage IV" the most developed melanoma. It is therefore important to detect and treat the disease as early as possible so that mortality can be reduced. If a melanoma is detected in the earliest phase, "Stage 0", the survival rate of the patient is almost 100%. The later the stage in which the melanoma is detected the higher the risk that the patient does not survive. Tragically according to studies in the US by the US Cancer Society, only 15-20% of patients survive more than five years after surgery if the melanoma is detected in "Stage IV".

Unfortunately it is sometimes not easy to identify a malignant melanoma with today's diagnostic tools. These tools are mostly based on subjective, visual methods, such as dermoscopy. This means that the knowledge and experience of the dermatologist is a crucial factor. Although there

*American Cancer Society. Cancer Statistics Center.

“ Pre-market Approval for Nevisense was a very important milestone for our US expansion.



are many skilled dermatologists there is no denying that melanomas are missed and that far too many lesions are surgically removed unnecessarily. A missed melanoma can have dire consequences for the patient, while removing benign lesions means unnecessary suffering for the patient as well as high costs for the health care system. With that background, Nevisense has a natural place in the market as it brings a quick, safe and cost efficient detection method to the dermatologist.

The earlier a melanoma is detected the higher the chances are of recovery, and at the same time the cost of treating the disease also decreases substantially. Statistics from the US show that the cost of treating a melanoma detected in "Stage 0" is around 40,000 SEK while if detected in "Stage IV" it increases to MSEK 1.2.

PMA approval by the FDA in the US

In June of 2017 the Food and Drug Administration (FDA) in the US approved SciBase Pre-market Approval (PMA) for Nevisense. This was a very important milestone for our US expansion and it has been very interesting to be part of FDA's rigorous process. The actual application submission process started at the end of 2015 but the whole process has taken over eight years to complete.

For a company of our size it is a huge and rare achievement and I'm very proud of the team's success. The market approval means that we now are part of an exclusive group of only a

“ By leveraging Nevisense as a platform, SciBase can address unmet needs within other skin conditions and be even more useful as a tool for dermatologists.

handful of Swedish Companies that have gone through one of the world's most complex and demanding regulatory processes. In concrete terms, it meant that we could begin to market and sell Nevisense in the US market.

It is worth noting that the FDA did not require SciBase to perform a 'post-marketing study' with Nevisense in the US market. This is unusual and very positive as these studies can take several years and be very expensive to conduct.

Updated strategy

After receiving the PMA- approval in June we updated our strategy. In particular, there are were two geographic markets of particular focus in the updated strategy – one established and one new. The established market is Germany where we want to broaden the use of Nevisense and the new market is the US. The updated strategy is briefly described below:

- That the company plans the US introduction of Nevisense first in the North-East, initially targeting self-pay clinics, while building a general reimbursement case
- That there will be a continued focus on growth in the German market, addressing more mainstream private Dermatologists with improved Nevisense features
- By leveraging Nevisense as a platform, SciBase can address unmet needs within other skin conditions and be even more useful as a tool for dermatologists. The new applications not only mean more value and utility for dermatologists, but would, if successful, open up new and complementary markets with significant sales potential. The concept of Nevisense as a dermatology platform means that dermatologists, regardless of their area of interest, can be approached with an integrated tool providing multiple software analyses and electrodes designed for a range of clinical situations.

“ We have our first sales consultant in place and have received our second order in the beginning of 2018.

- To utilise our successful three year development project conducted together with the Royal Institute of Technology (KTH) to miniaturise the measurement electronics for Nevisense to a 5mm x 5mm Application Specific Integrated Circuit (ASIC). The project proves that the size and cost of Nevisense can be significantly reduced. This opens up the possibility of a new generation of Nevisense that is smaller and cheaper where the target group potentially can be expanded to general practitioners and others.

New share issue

During 2017 the Company also performed a new share issue. I want to take the opportunity to thank our current and new shareholders who contributed MSEK 66 (after issue costs) in new capital through our rights issue, making it possible for us to deliver our updated strategy. The final quarter of 2017 was mostly taken up with this activity but we also experienced the first positive results of our updated strategy. It is encouraging to see that we already have come a way towards our goals. We have, among other things, established a bridgehead in the US, expanded our target customer group in Germany and started to investigate a new market segment in Italy.

Progress in the US

Our first installation in the US, at Professor Darrell Rigel's clinic in New York, is up and running and already has seen some interesting cases. Professor Rigel's enthusiasm for our method in combination with his reputation in the US market is invaluable. Our ambition is to initially develop the private self-pay market in the North-East of the US, but eventually reach the nearly 13,000 practicing dermatologists in the US. So we are off to a flying start with the installation at Professor

Rigel's clinic, as well as through our first commercial sale to the Goldenberg Dermatology clinic, also in New York. We have our first sales consultant in place and have received our second order in the beginning of 2018. There are several reasons why we have chosen to start with this particular geographical area. First and foremost, it is the United States' most populous region. Secondly, the region has a high incidence of malignant melanoma. There is also increased acceptance for "self-pay" direct payment to dermatologists outside the normal insurance reimbursement system.

Our long term ambition is to secure insurance-based reimbursement. Reimbursement is necessary for a broad penetration in the US but is a complex and time-consuming process.

We do however see a good level of interest for Nevisense in the US. In February of 2018 we participated in the AAD (American Academy of Dermatology) conference – the first time for SciBase with an approved product. Nevisense was also presented as one of the top ten news stories within skin cancer at the October 2017 Fall Clinical Dermatology Conference in Las Vegas.

Continued development of the German market

Germany is our largest market with Nevisense already installed at more than 160 clinics and almost 200 systems sold. To be able to increase the usage even further the key is to integrate Nevisense into the existing workflow of clinics. This is very much about ease of use and the time taken to

“ In Italy we are working with an exciting opportunity after signing a distribution agreement at the end of 2017.

perform a measurement. Our recent software release improved the situation considerably, but there is still more work to be done. Our development team continues to focus on these issues and we believe this to be essential to be able to reach our long-term sales targets. Integration with a clinic's IT systems is also important. In December we installed our first customer system integrated with DermoScans' digital dermoscopy system. As DermoScan has over 400 such systems installed around Germany there is potential through this collaboration, to increase our market share even further.

New market segment

In Italy we are working with an exciting opportunity after signing a distribution agreement at the end of 2017. Our partner will focus on non-specialists and pharmacies, which we see as a possibility to broaden our target customer group. During January 2018 we have trained our distributor and they have introduced Nevisense to their first pharmacy customer.

Sales development and cost focus

Sales in 2017 did not meet our expectations and we saw weaker sales of devices than expected, especially in the second half of the year. It always takes time to implement a new method, especially if it is a change of behaviour product i.e. a product that changes the way a physician treats or diagnoses a patient. The transfer from "early adopters" to the main market in Germany has posed some challenges that we are working hard to address.

During 2017 we worked to lower the Company's cost level and reduce our 'burn rate'. Compared to 2016 we reduced operating expenses by 19% year-on-year. This is partly due to the finalisation of the PMA-process in the second quarter but also thanks to our cost focus. We are now entering a phase of careful expansion in the US but despite this we don't anticipate an increase in our operating expenses during the coming year.

“ The study showed, that by introducing Nevisense 83% of all melanomas were detected 3 months earlier and that the need for patients to undergo follow-up was reduced by almost half.

An exciting year in front of us!

SciBase makes a difference. In the world's largest trial within the detection of melanoma, Nevisense identified 97% of all melanomas and showed that 34% of unnecessary excisions could have been avoided. When looking at real world data from our users we see even better results.

During 2017 a very interesting Australian study was published, performed by an independent research group. The study showed, that by introducing Nevisense 83% of all melanomas were detected 3 months earlier and that the need for patients to undergo follow-up (so called sequential monitoring) was reduced by almost half.

We have set the foundation to exploit these opportunities during 2017 but we still have much work to do to execute our strategy. We have successfully started our introduction of Nevisense into the US, the world's largest market. We continue to develop the German market, building on our nearly 200 systems installed there. The research with New Applications continues as does the Italian market partnership. Both represent real opportunities for growth. On top of this is the important, continued development of Nevisense and our method, so that it can be both quicker and easier for customers to use and integrate into their practices.

I'm personally looking forward to an exciting 2018.

Simon Grant, CEO

Skin cancer facts

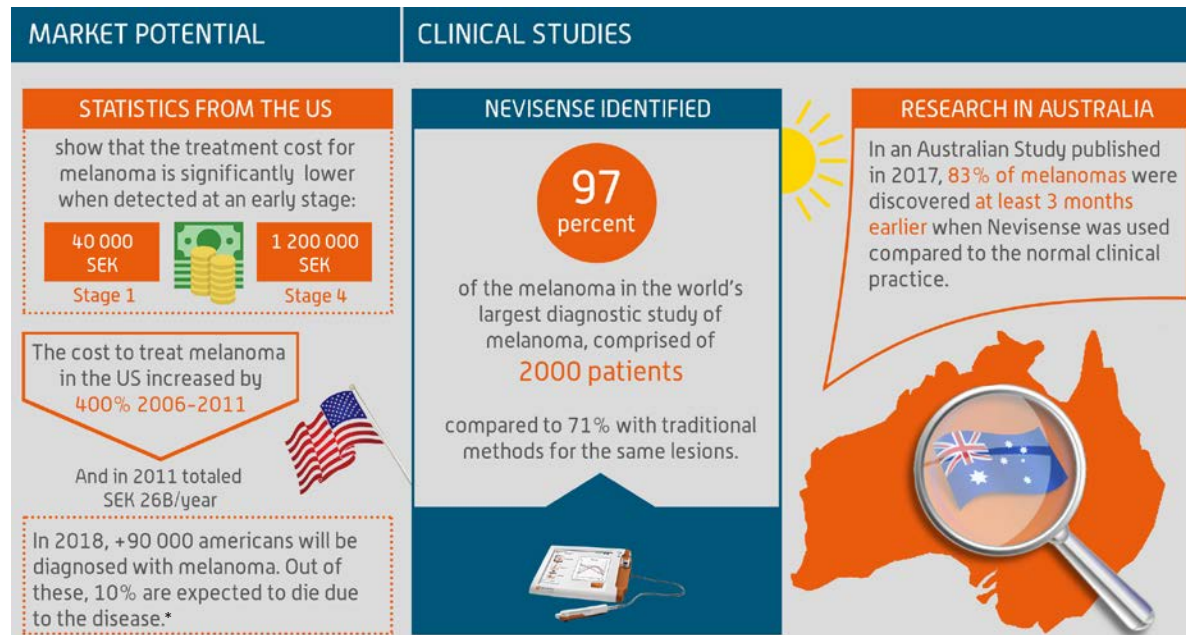
Skin cancer is the most common cancer worldwide and represents a third of all cancers diagnosed. There are many different types of skin cancer with malignant melanoma being the most lethal form due to its rapidly metastasising nature, meaning it can spread very quickly to other parts of the body. The number of cases of malignant melanoma is increasing steadily worldwide. On average, the number of new cases, the incidence, has grown by 3-7 percent annually in Europe during the last 50 years¹. While the definitive cause of the increased incidence of melanoma remains unclear, it is widely believed that it is related to an increased level of UV-exposure (possibly caused by factors such as vacation in high UV risk areas and due to the use of sun beds).

As the tumour in patients with malignant melanoma can rapidly advance to the metastatic stage, melanoma is one of

the deadliest forms of cancer if it is not detected in time. Each year 232,000 people are diagnosed with melanoma and globally 24 percent of these are expected to die as a result of the disease². The annual treatment cost for skin cancer related diseases in the United States (US) is estimated at around USD 8.1 billion. Although the incidence of melanoma is only a fraction of the number of skin cancer cases, melanoma accounts for almost half of all skin cancer-related treatment costs in the US³. The explanation for the disproportionate distribution of costs is due to the aggressive nature of melanoma which causes the disease to be very resource-intensive and expensive to treat.

Melanoma is highly treatable if identified at an early stage; however, to accurately identify if a change in the skin is melanoma related can be difficult. Identification methods

are currently usually limited to visual screenings mainly performed by general practitioners or dermatologists. A definitive diagnosis requires either a biopsy or complete excision of the lesion, followed by a histopathology analysis. Even with the help of tools such as dermoscopy the sensitivity (percentage of melanomas identified) of most clinicians using visual methods remains relatively low^{4,5}. In addition, studies suggest that 86-97 percent of excised lesions are not malignant i.e. not cancerous⁶. Even with a high excision rate, there are studies showing that melanomas are missed⁷. SciBase's assessment is that there is a clear need for improved accuracy within melanoma detection. SciBase's goal is to improve the screening process through the use of Nevisense, an instrument created to improve and simplify the detection of melanoma compared to visual methods that are used today.



*American Cancer Society. Cancer Statistics Center.

Short facts

- Skin cancer is the most common and one of the fastest-growing forms of cancer in the world.
- Malignant melanoma is the most dangerous form of skin cancer with a high mortality rate if not detected early.
- In the United States, expenditure for the treatment of melanoma in 2011 was approximately USD 3.3 billion annually, equivalent to 41% of expenditure for skin cancer. This represented a four-fold increase in expenses.
- Today, some 50-60 million annual examinations for malignant melanoma are performed, of which approx. 5-6 million lead to biopsies or excisions. Of these, some 86-97% are shown to be benign.
- With SciBase's Nevisense® the number of unnecessary interventions can be reduced by up to 50%, representing a reduction of up to 2.4 million interventions annually and thus leading to significant cost savings.
- Nevisense® provides physicians with an objective instrument to support better diagnoses.
- Management of atopic dermatitis (eczema) represents the greatest burden globally of all skin diseases. As many as 20 percent of all children and between 1 and 10 percent of all adults are afflicted by atopic dermatitis.
- The number of patients affected by non-melanoma skin cancer (NMSC) is over ten times the number affected by melanoma. In the US there are approximately 2.8M cases of basal cell carcinoma (a common type of NMSC) each year.

Skin cancer facts

Skin cancer is categorised into two main groups; Non-melanoma and melanoma skin cancer.

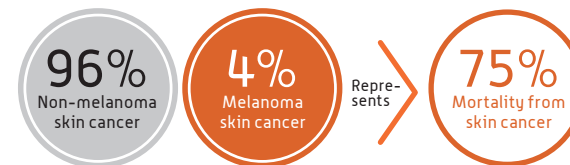
Non-melanoma skin cancer is the most common form of skin cancer and exists in two main forms: basal cell carcinoma (BCC) and squamous cell carcinoma (SCC). BCC is much more common (about 80 percent of all non-melanoma skin cancer) and is not as dangerous as it rarely spreads to other parts of the body. Both BCC and SCC are unusual before the age of 40 but the risk increases with age. SCC is usually found on the face, head or hands. SCC is more prone to spreading into the body by forming daughter tumours and therefore it is important to detect the cancer as early as possible⁸.

Both forms of non-melanoma skin cancer are strongly associated with exposure to UV radiation from both the sun and the solarium⁹.

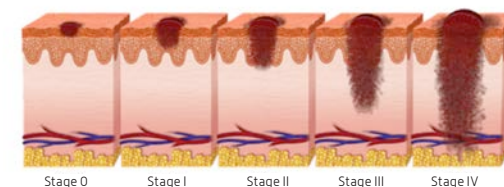
Melanoma or malignant melanoma skin cancer means that the tumour is malignant and it is the deadliest form of skin

cancer. Although malignant melanoma accounts for only about 4 percent of all reported skin cancer cases, malignant melanoma accounts for 75 percent of all deaths related to skin cancer^{10,11}. Malignant melanoma usually occurs in moles but may also occur in the mucous membranes and eyes. Malignant melanoma is formed by changes in cells called melanocytes that produce the skin's pigment and colour. Malignant melanoma begins with healthy melanocytes changing and beginning to grow out of control and then forming a cancerous tumour. If a malignant melanoma lesion is left untreated, the tumour may grow further into the skin tissue and the risk of the cancerous tumour spreading rapidly into other parts of the body (metastasis) increases and it is therefore important to detect the cancer as early as possible¹². The course and the various stages of melanoma are illustrated in the figure to the right. When the tumour has reached stage IV, the cancer has spread and metastases are present in both lymph nodes and other parts of the body.

Malignant melanoma mortality (US)



Different stages of malignant melanoma



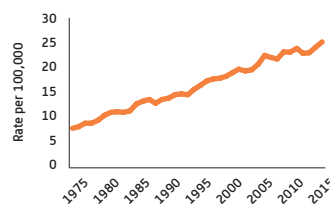
Incidence and mortality of malignant melanoma

Approximately 2.2 percent of all the people in the US will be diagnosed with malignant melanoma during their lifetime. The rate of new cases (incidence) of malignant melanoma has increased more than 300 percent during the period 1975–2014¹³ and is expected to almost double again by 2030¹⁴. Data covering the historical mortality in the US (illustrated in the diagram below) shows an increase of 30 percent since 1975. The increase has flattened out during the most recent years and is currently decreasing slightly, possibly impacted by improved treatment methods and increased public awareness of skin cancer.

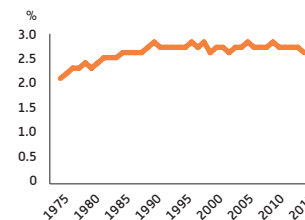
The mortality of malignant melanoma is strongly linked to when and at what stage the melanoma is detected, where stage 0

(in situ melanoma) is the least developed and stage IV is the most developed¹⁵. The key to increased rates of survival is therefore early detection of the malignant melanoma¹⁶. A major challenge however for early detection is that malignant melanoma is difficult to identify at an early stage with current visual methods, which means that many melanomas can be misdiagnosed. The five-year survival rate after detection at various stages of melanoma skin cancer is shown below.

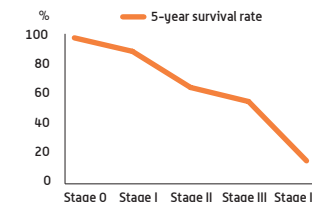
Malignant melanoma incidence (US)



Malignant melanoma mortality (US)



Survival rate at different stages of malignant melanoma (US)



Market for melanoma detection

Overview of melanoma detection

Currently the Company estimates that around 50–60 million formal skin cancer screenings are performed annually around the world and the majority of them are performed in SciBase's target geographies¹⁷.

Primary screenings are usually performed either by GPs (general practitioners), who often refer suspicious cases to dermatologists, or by dermatologists themselves, depending on the accessibility of dermatologists in each geography¹⁸. Screenings are most commonly performed visually using the naked eye or using a dermoscope, which involves the use of an illuminated magnifier to gain a more detailed view of the lesion. Visual inspection involves evaluation of the lesion's size, shape, colour and borders to spot irregularities, which together with clinical risk factors, forms the basis of an evaluation. However, as visual signs on the skin surface are an indirect effect of the growth beneath, detection of melanoma skin cancer can be very difficult, especially in early stages. Limitations of visual screening methods and differences in detection accuracy between physicians mean that around 10 percent of all screenings result in a biopsy or excision due to suspicion of melanoma¹⁹. 86–97 percent of these biopsies are later found to be non-malignant²⁰.

Limitations of visual screening

A physician's accuracy when visually evaluating lesions is largely dependent on the type of lesion in question but is of course also influenced by training and experience. To state that a skin lesion is benign, based solely on visual inspection, is often relatively easy. A simple visual inspection is however often insufficient to decide whether an excision and a histopathology analysis are really needed. Studies show great disparity in detection accuracy between physicians with sensitivity values ranging from 42–93 percent²¹.

The main contributing factors to the variance in screening accuracy are the level of experience, utilisation of dermoscopy, specialisation²² and the population being studied.

Even with the use of dermoscopy there can be a lack of clear visual cues on the skin surface. The uncertainty and difficulty to detect malignant melanomas leads many physicians to excise or biopsy lesions "just in case" to avoid the risk of missing a melanoma. The difference in detection accuracy between physicians with varying experience is estimated to unnecessarily cost payers around USD 1.5 billion annually, based on an estimated 1.6 billion total cost for suspected lesion excisions or biopsies of which around 95 percent are later found to be benign²³.

SciBase's solution

SciBase aims to improve the detection accuracy of melanoma screenings through their clinically proven Nevisense device, reducing the number of unnecessary benign excisions and also reducing the risk of missed melanomas. The Nevisense device could also help in raising the overall standard of clinical melanoma detection as the device's accuracy is not dependent on the skill of the operator and has proven detection sensitivity possibly surpassing that of even some of the most experienced dermatologists.



SciBase's addressable market

SciBase estimates that at least 50 million formal melanoma screenings are performed annually in the Company's addressable geographies²⁴.

The cost for these 50 million screenings is estimated to be around USD 2 billion. SciBase estimates that at least 10 percent of patients or more than 5 million lesions are suspicious enough to be biopsied or excised²⁵.

SciBase estimates that in addition to the 5 million lesions currently excised or biopsied in the company's addressable geographies, there are an additional 1–2 million lesions that are not suspicious enough to excise or biopsy but are still of some concern. The Company believes that even if this group is generally lower risk lesions, it still has a likelihood of containing melanomas and can therefore potentially represent a sizeable market opportunity. For this reason it is also included in the Company's initial addressable market. Together with the 5 million lesions currently excised the total market potential for SciBase is 240–280 million USD per year. Furthermore, the Company believes that a version of the Nevisense device could be used in screenings of lesions being performed by GPs and others. These informal screenings and the suspicious lesions currently not excised represent an additional and possibly much larger market opportunity where Nevisense could be used in the future to identify malignant melanoma.

Out of the 5 million estimated annual excisions performed in SciBase's addressable markets around 95 percent or 4.8 million lesions are later found to be benign. SciBase estimates that Nevisense could reduce the number of benign lesion excisions by 34–50 percent²⁶ (1.6–2.4 million lesions annually) based on the EIS value (see page 18 – section "Technology and use" for further information). These lesions represent around USD 520–770 million in excision costs²⁷. The additional cost of performing a Nevisense screening on the 5 million estimated applicable lesions (in order to reduce benign lesion excisions) is USD 250 million of which around 80 percent comes from the cost of the electrode and the rest

from procedural costs, implying total net savings for payers of USD 270–520 million. These estimates show an initial market potential for the excised lesions alone of around USD 200 million.

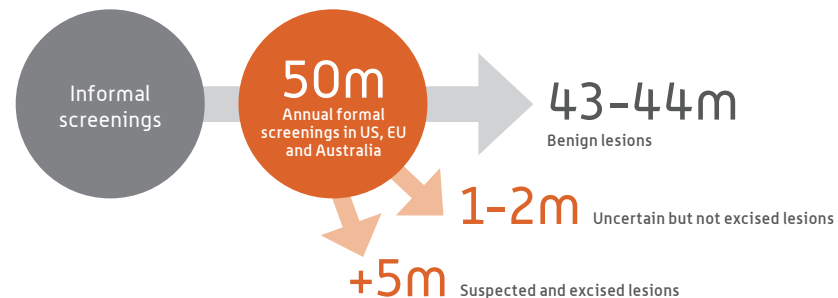
Market for new application areas

As part of the growth plan, SciBase has identified two new clinical application areas for Nevisense within dermatology. The Company intends to use Nevisense to investigate the areas of non-melanoma skin cancer and atopic dermatitis. The population of non-melanoma skin cancer patients includes more than ten times the number of patients compared to the melanoma patient population. The treatment of atopic dermatitis (eczema) is the skin disorder area that represents the most burden overall globally²⁸, with up to 20 percent of all children and in between 1–10 percent of all adults affected by the disease²⁹. Moreover, the Company believes that EIS technology has the potential to be used to address the needs of general practitioners. For more information, please see the section "New clinical applications for EIS" under "Company description".

Competitor overview

In the beginning of 2017 Strata Skin Sciences (previously MelaSciences) communicated that they would stop selling their FDA-approved product Melafind in the US and elsewhere. During 2015 the Company acquired a number of products within laser aesthetics and shifted their focus towards that segment. Verisante (with their product Aura) has not been visible in the market during the last year and is no longer considered an active competitor.

Both Melafind and Aura were focused on technology-assisted image capture and analysis to determine if a lesion was melanoma or not. SciBase is using a completely different technology, electrical impedance spectroscopy (EIS), which measures changes in the impedance of the skin with the help of a weak electrical signals.



DermTech offers a technology which is a non-invasive gene expression test. This method requires that physicians remove samples of RNA from the lesion in question using tape patches. These patches are then sent to DermTech's laboratory for analysis. In a single-center study with 398 cases, DermTech showed a sensitivity of 91 percent and a specificity of 69 percent³⁰. It takes five days to obtain results from the test, and a significant proportion of lesions in the study could not be analysed due to insufficient amount of RNA on the patches. The cost per test for DermTech's solution is approx. USD 250³¹. The need to send away a sample together with the high cost and the long turnaround time for results lead SciBase to believe that the test is less suitable for routine clinical use.





Caliber Imaging & Diagnostics offers a system called Vivascope, a system of reflective confocal microscopy (RCM). RCM is a tool that permits in vivo³² high-magnification images of skin lesions at a cellular level similar to that of histopathology. Similarly to Nevisense, the system can be used for evaluation of equivocal lesions where melanoma is suspected, though the indication in the US is approved for imaging of the tissue only, not the diagnosis of skin cancers³³. Although Caliber's RCM system has good accuracy and can be used clinically, it is mainly used for research. SciBase's assessment is that the main reasons for the limited clinical uptake are the time taken per lesion investigation, the extensive training needed to use the device and the very high cost of the equipment.

Characteristics of the medical device market

US regulatory clearance

The medical device market is characterised by stringent regulatory requirements prior to access to market, particularly in the US. The Food and Drug Administration (FDA) classifies medical devices under Classes I, II or III, depending on the level of control necessary to assure safety and effectiveness of the device or its equivalence to previously approved devices. Class I devices do not require regulatory clearance and Class II devices only need to prove equivalence to a previously cleared device. Generally there are no requirements for significant clinical data for these classes. Class III devices, however, are required to go through a premarket approval (PMA) process, which includes additional studies with FDA oversight due to the significant risk posed by the device or the lack of similarity to previously approved devices. The Nevisense device has been classed as a Class III device by the FDA due to a lack of similarity to an already approved device.

In the preparations for the Nevisense PMA submission, the FDA, apart from the pivotal study, requested that SciBase perform a Reader-study. The initial findings from the study were available in August 2015. 41 US dermatologists reviewed online 141 randomly selected potential melanoma lesions; first with an image of each lesion together with patient information, and then with Nevisense information added. The results show that the use of Nevisense significantly improves physicians' ability to detect melanoma, whilst also satisfying the goal set for accuracy. This meant the study met both primary endpoints agreed with the FDA and that SciBase could finalise its PMA-application. Due to the complex and resource-intensive process, only 20-30 companies per year complete the PMA process and it is mostly larger companies that go through the demanding process. After the granting of their PMA in June 2017, SciBase is now one of only a handful of Swedish companies that have successfully completed the PMA process.

Companies	Method	Price	Strengths & Weaknesses
 SCIBASE (Nevisense)	 Electrical Impedance Spectroscopy	Low	+ Good sensitivity (97%) + Good specificity (34%+) + Designed for day to day clinical use + Test can be performed by nurse
DermTech (Pigmented Lesion Assay)	 Gene Expression Assay Test	High (per test)	+ Reasonable sensitivity (91%) and good specificity, but limited data - Difficult to remove adequate amount of RNA - Not point of care, takes days/weeks for answer
Caliber Imaging & Diagnostics (Vivascope system)	 Confocal laser scanning microscopy	Very high	+ Good data, similar sensitivity to Nevisense - Research oriented, not really clinical - Very difficult for average Dermatologist to use clinically

European regulatory approval

Within the European Economic Area (EEA) products defined in the Medical Device Directive (Directive 93/42/EEG, as amended, MD Directive) need to have a CE marking and EC declaration of conformity. SciBase's device is classed as a Class IIa device. SciBase's Nevisense is CE-marked for sale in European medical device markets.

Australian regulatory approval

Regulatory approval for medical devices in Australia is similar to the approval process in Europe. Due to the similarities in regulatory requirements, CE-marking in Europe essentially qualifies a medical device to gain approval in Australia. Nevisense has been approved by the Therapeutic Goods Association (TGA) for sale in Australia.

Reimbursement process within the health care system

In many countries clinicians can apply for reimbursement of clinical procedures from insurance companies or government authorities. After a patient has been tested or treated,

the doctor may seek reimbursement to cover parts of the costs incurred during the treatment. For SciBase, this could potentially mean that clinicians and clinics would be able to seek reimbursement when using Nevisense. The reimbursement is usually paid from government agencies or private insurance companies. The amounts of reimbursement differ between countries and the requirements for qualifying for reimbursement differ as well. As a general rule, reimbursement codes are required for each procedure or treatment and these codes are linked to different reimbursement levels. The reimbursement levels are often determined based on clinical data and health-economic assessments.

After gaining marketing approval from the relevant regulator in a market, broad uptake of a product is greatly affected by the ability of the clinician or clinic to claim reimbursement for their costs when using that product. Coverage under different reimbursement systems is therefore essential for SciBase to grow as in general reimbursement coverage drives many more clinicians to adopt and use Nevisense.

Commercialisation strategy

SciBase is aiming to develop Nevisense to become the standard of care for the evaluation of suspicious or atypical lesions in melanoma screenings. The Company is still in the early stages of commercialisation in Europe after publication of the pivotal trial in May 2014. To become the standard of care, Nevisense needs to first become accepted by Key Opinion Leaders (KOLs) and be utilised by experienced and well known dermatologists and GPs. Once an active installed base is established, the focus becomes local clinical guidelines or patient management guidelines. These are usually developed in conjunction with local or regional dermatology organisations or consensus groups. Usually, but not always, the last step is the establishment of reimbursement for the procedure or the device. This is the case in most markets and SciBase is following this basic approach in the markets entered to date. The Company has now started commercialisation efforts in the US after receiving approval in June 2017.

Market acceptance

Although reimbursement is critical for broad commercial success, it can be a lengthy process. SciBase has therefore identified opportunities for a market introduction outside the normal reimbursement processes such as 'self-pay' clinics.

SciBase is utilising distributors to assist in driving adoption through contact with clinics, while also engaging KOLs to drive acceptance of the device among physicians. In markets where the right conditions exist SciBase invests in its own sales resources. The Company has done this in Germany and new markets are continuously being evaluated for the best approach. The Company is also conducting smaller follow-on studies to show the effects of adopting the device into a clinic's screening workflow. Early adoption forms a base for broader acceptance of Nevisense while also creating demand for reimbursement.

Guidelines

The Company also aims to gain inclusion into national melanoma screening guidelines and guidelines produced by medical associations. Currently Nevisense is mentioned, but not yet recommended, in both the German and Australian guidelines. These guidelines for the screening and treatment of malignant melanoma have a lot of influence over standard practice and awareness among physicians. Inclusion into these guidelines could significantly increase adoption.

Reimbursement

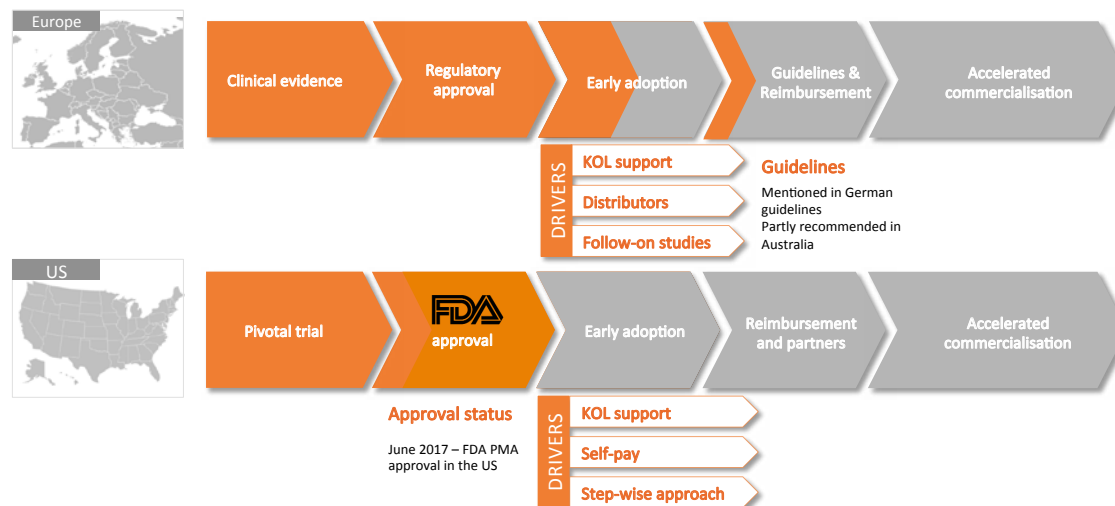
Reimbursement from payers such as insurance companies and governmental bodies requires demand from patients and physicians for a test, in addition to proof of health economic benefits through overall cost savings or improvements in quality of life. SciBase is supporting a number of clinical use studies which will hopefully deliver the health economic, clinical utility and outcome data needed to support a case for reimbursement in different markets. The health economic model for reimbursement of the Nevisense device is being built around the cost saving benefits of utilising the device on suspicious lesions to lower the number of unnecessary benign lesion excisions.

Accelerated commercialisation

As adoption and reimbursement increase in key markets, commercialisation is expected to accelerate. As reimbursement for utilisation of the device increasingly attracts a wider group of physicians to adopt the device, this will increase the size of the addressable market.

After the initial stages of commercialisation, SciBase hopes to develop a smaller and easier to use generation of the Nevisense device for adoption into screening procedures at a GP level. The eventual expansion into non-specialised GPs would allow the company to widen its target melanoma screening market.

Overview of SciBase's commercialisation strategy



Updated growth strategy

Strategy for the US market

With the FDA's approval of the SciBase PMA application in June, the Company is now able to start exploiting the world's largest and most profitable medical technology market, the United States. The market is characterised by a complex health care system which takes time to penetrate and become standard of care. Central to achieving long-term sales success in the US market is to secure reimbursement for Nevisense tests from insurance companies. This process is complex, resource intensive and time consuming, which is why it may take time to achieve a broad penetration of the US market with Nevisense. SciBase intends to take a step-wise approach to the market initially focusing on 'self-pay' clinics, where the patient pays healthcare costs directly and not through an insurance company. Focus is initially on the highly populated New York metropolitan area/Tri-State Area, which also is one of the regions in the US with the highest number of cases of malignant melanoma.

The launch strategy aims to first build awareness of SciBase and Nevisense in these three states as well as to further develop SciBase's existing networks of KOLs in the north-eastern part of the United States. These KOLs play an important role in spreading knowledge and experience of EIS and Nevisense in the United States, but also to help drive the reimbursement process. As Nevisense gains traction and shows success in the region, the Company will approach selected local and regional insurance companies to apply for local reimbursement for EIS testing. Later, SciBase will approach potential distribution partners which will be necessary to allow for broader penetration of the US market. Private dermatologists are the main target group in the US for SciBase.

Private dermatologists regularly perform biopsies and this approach is supported by the current reimbursement system. SciBase will initially target private dermatologists who work outside of the normal reimbursement system (self-pay clinics). In time, the positioning of Nevisense towards private dermatologists will primarily be to:

- Help dermatologists to choose the correct lesion to biopsy when there are multiple lesions of concern
- To avoid unnecessary biopsies when excision is not preferred (e.g. on face, breasts, hands)
- To test with Nevisense instead of following or leaving minor-concern lesions.

Nevisense and the EIS value can potentially also be used to support decisions regarding biopsies or the margin around the lesion when the excision is chosen, though this methodology is not yet fully developed.

Though the US public hospital system is not seen as a short or medium term goal, Nevisense has the potential to be used within large managed care organisations such as Kaiser Permanente³⁴, where focus is on optimising the resource allocation. These organisations often employ a similar approach to European hospitals where cost reductions is an important goal and thereby also have the possibility to decrease the number of unnecessary excisions. Including Nevisense as a standard treatment in these organisations will take time, but the potential patient volumes means that there is also a significant upside for SciBase.

“ In the US SciBase intends to take a step-wise approach to the market initially focusing on 'self-pay' clinics, where the patient pays healthcare costs directly and not through an insurance company.



Continued development on the German market

In addition to the US market, SciBase will build on its growth in Germany; currently its largest market with a user base of more than 160 private dermatology clinics offering Nevisense. SciBase believes that it can now shift sales focus from these “early adopter” clinics to the mainstream private dermatology market. The recently released Nevisense product improvements and enhancements will help to reach the broader German market.

Integration of Nevisense and DermoGenius Ultra

SciBase has completed a software integration between Nevisense and the DermoGenius Ultra digital dermoscopy system from DermoScan. DermoScan is the first company within digital dermoscopy to integrate EIS as a standard parameter and DermoGenius Ultra is currently used in approximately 400 clinics in Germany. This integration helps SciBase reach a broader customer group in both Germany as well as other countries in Europe. DermoScan and SciBase will market the integrated solution together.

The integration means that both systems share patient data and measured values that are transmitted between Nevisense and DermoGenius. The integration brings a unique solution to optimise information flow in the diagnostic assessment. The solution also saves resources when clinicians do not need to register patient data in both systems.

New clinical applications for EIS

It has long been known that EIS can be useful in assessing other skin conditions. Before the Company decided to focus purely on melanoma, it published more than 15 studies within other clinical areas, including non-melanoma skin cancer and atopic dermatitis³⁵. Both of these conditions are common and involve significantly larger patient groups than malignant melanoma. SciBase aims to utilise the current product Nevisense as a unique platform that can both investigate and support treatment options for atopic dermatitis and non-melanoma skin cancer as well as the current detection of melanoma.

In July 2017, SciBase released the first CE-marked electrodes for the investigation of these new applications. SciBase has also launched new software for Nevisense that provides research and measurement functionality. The result is a platform device with electrodes that can be used to better develop applications and indications for non-melanoma skin cancer and atopic dermatitis.

SciBase is currently conducting clinical trials with leading academic and clinical centers within dermatology to investigate these new indications. The first published results are expected during 2018 and following this SciBase will start the commercialisation of the first application. The new applications not only mean more value and utility for dermatologists, but would, if successful, open up new, complementary markets with significant sales potential. Considering Nevisense as a platform product expands the attractiveness for SciBase’s main target group. Dermatologists, regardless of their area of interest, can be approached with an integrated tool providing multiple software analyses and electrodes designed for a range of key clinical situations. A brief description of the new application areas follows.

Non-melanoma skin cancer

Non-melanoma skin cancer (NMSC) is in general less dangerous than melanoma but it is much more common and still requires detection and treatment. The number of patients affected by NMSC is more than ten times the number affected by melanoma. As an example in Sweden there are fewer than 4,000 melanoma cases per year and more than 47,000 cases of Basal Cell Carcinoma (BCC) per year³⁶. In the US there are more than 87,000 cases of melanoma and approximately 2.8 million of cases of BCC every year^{37,38}.

Final diagnosis, as with melanoma, is often through a biopsy and pathologist. A number of issues can arise in the management of these cases and detection and classification can be difficult, and the dermatologist often wants to avoid a biopsy or multiple biopsies.

Within NMSC (and also for ‘pre-cancer’ or actinic keratosis) there is also interest for mapping the ‘spread’ area or area of field cancerisation around a lesion. This is often subclinical (i.e. cannot easily be seen) but is tissue that should be removed or treated. Better control over the area of spread for a lesion means that the treatment area can be more accurately defined and in turn recurrence rates (and the associated costs) can potentially be reduced. SciBase has performed a number of studies within the area and currently has two studies on-going.

Atopic dermatitis

Atopic dermatitis (AD) or eczema represents one of the most common noncontagious inflammatory skin diseases in childhood with a prevalence of up to 20 percent. In adults, the prevalence can be in between 1-10 percent and for both children and adults eczema can have significant impact on quality of life³⁹. AD is also one of the most common occupational diseases.

The skin of AD patients has a thinner epidermis, has poor hydration and an increased permeability to irritants and allergens⁴⁰. The ‘skin barrier function’ is considered to be impaired. Though one method (Trans-epidermal water loss or TEWL) exists, there are no practical tools available today for the objective evaluation of skin barrier function.

EIS has been shown to correlate to TEWL⁴¹ and skin barrier function⁴² and therefore has potential as an objective and practical method to evaluate skin barrier function and AD. This opens up a number of exciting potential clinical uses for EIS – from detection of the subclinical skin barrier impairment preceding AD, to the selection of tailored treatment methods. SciBase has performed a number of studies⁴³ within this space and currently has a study ongoing with a leading center.

The market for General Practitioners

The group that, according SciBase, would most benefit from improved detection tools for melanoma are GPs. Most GPs are neither sufficiently trained nor see enough cases to become proficient in melanoma detection⁴⁴ and as a result either miss melanomas and/or have high rates of excision/ biopsy and referral to specialist care.

The role of Nevisense in GP or similar settings is still being developed, but it clearly has the potential to improve detection and reduce referral or excision rates in primary care. GPs with a special interest in dermatology are becoming more and more common in Europe as are Physician Extender nurses in the US and Australia. Both these groups perform a high number of skin checks every year and are two specific groups of interest for SciBase.

The development of an application specific integrated circuit

SciBase has successfully finalised a three year development project (supported by Vinnova) together with The Royal Institute of Technology in Stockholm to minimise the measurement electronics within Nevisense to a 5 mm x 5 mm application specific integrated circuit (ASIC). Impedance measurements with a custom ASIC have been found to be comparable to Nevisense's current system, which means that both the size and cost of Nevisense could be significantly reduced. This creates the opportunity to develop a new generation of Nevisense, which is smaller and cheaper, enabling expanding the Company's target group to include GPs and potentially even pharmacies and as a simpler screening tool for broader use.



Company strengths and weaknesses

Strengths:

- Product based on a methodical scientific approach
- Results from clinical trials including around 5,000 patients to date are best in class
- Management and Board with deep experience within international commercialisation of medical devices
- A sustainable business model that offers a low barrier to adoption
- A strong product addressing a clear need with a unique value proposition for clinicians
- Support of KOLs and a world-class Scientific Advisory board
- Quick and objective method
- Product approved for marketing in the EU and Australia, and since June 2017 PMA approval in the US
- Potential for new applications addressing large patient populations
- Potential to use the current platform and technology for Nevisense for new application areas
- Strong patent portfolio

Weaknesses:

- Have not yet achieved widespread commercial success
- Method not yet recommended in national clinical guidelines
- A streamlining of the electrode production process is ongoing but not yet complete
- A new method such as Nevisense takes time to reach clinical acceptance and gain inclusion into the standard of care
- The method is not included in the reimbursement system of most markets
- Currently lacking published clinical data on new applications

Progress in the United States

Goldenberg Dermatology is the first commercial customer in the US and of strategic importance as it can be seen as an early sign that the launch strategy is the right one. SciBase's initial launch strategy is to focus on private-pay clinics in the New York Metropolitan area.

Goldenberg Dermatology, office of Dr. Gary Goldenberg and Dr. Kristina Goldenberg, is a comprehensive medical and cosmetic dermatology practice. The practice focuses on prevention and early detection of skin cancer, including melanoma, as well as other aspects of medical and cosmetic dermatology. The Goldenbergs strive to formulate an all-encompassing skin health treatment plan with regards to every patient's needs, concerns and well-being.

"Melanoma is one of the deadliest cancers in the US. Prevention and early detection of melanoma should be a focus of every dermatology practice. We are excited to be the first practice in USA to offer Nevisense to our patients. This device will allow us to focus on lesions that are abnormal and detect these at the earliest stage, potentially saving lives of our patients. It will also allow us to carefully monitor less atypical lesions, decreasing unnecessary biopsies and scarring. We look forward to using Nevisense, along with careful physical examination, dermoscopy and photography, to offer the most comprehensive melanoma and dysplastic nevus detection approach available", says Gary Goldenberg, MD.

Dr. Gary Goldenberg is a medical and cosmetic dermatologist and an Assistant Clinical Professor of Dermatology at The Icahn School of Medicine at Mount Sinai Hospital in New York City. He is also the former Medical Director of the Dermatology Faculty Practice at The Mount Sinai Medical Center. Board Certified in both Dermatology and Dermatopathology, Dr. Goldenberg provides comprehensive dermatological care in medical and cosmetic dermatology. Dr. Goldenberg is the author of over 100 original articles, abstracts and book



chapters. He regularly lectures at the American Academy of Dermatology Meetings, as well as other national and international dermatology meetings.

Dr. Goldenberg is frequently sought after by the media on cosmetic and medical dermatology topics.

"There is a melanoma epidemic in US. This is especially true in young women who use tanning beds or had sunburns before the age of 18. Every day we see young patients with atypical moles or even melanoma in our office. Nevisense will allow us to detect abnormal lesions early, potentially saving lives of our patients. For many, it will also decrease the need for unnecessary biopsies of less abnormal lesions, saving

the patients from unneeded scarring. We look forward to using Nevisense in our practice and are excited to be the first practice in US to bring this potentially life-saving device to our patients", says Kristina Goldenberg, MD.

Dr. Goldenberg is a Board Certified Dermatologist, and Clinical Instructor of Dermatology at The Icahn School of Medicine at Mount Sinai Hospital in New York City.

Products

SciBase markets and sells the Company's product, Nevisense and a further development of the product, Nevisense View, which includes functionality to manage digital images. Nevisense is a point-of-care device which can be used by doctors and health care staff in either inpatient or outpatient visits. The device utilises tiny (imperceptible) alternating electric currents at varying frequencies to measure the electrical impedance within areas of skin tissue. These impedance measurements are used as the basis for an analysis of the structure and consistency of skin cells to detect malignant melanoma.

Nevisense

The Nevisense device consists of three parts: a portable control unit which includes the screen and electronics for analysis, a probe used to perform measurements and a single patient disposable electrode which comes into contact with the skin to perform the impedance measurement. The electrode is designed for single patient use (for up to 10 lesions) and cannot be re-used on other patients or for later measurements.

During 2016 and 2017, a new generation of Nevisense was released. This included both an update in the Nevisense hardware but also significant improvements in the system software. The enhancements included improved performance, screen enhancements, a system that uses artificial intelligence to provide feedback to users regarding the measurement process, enhanced connectivity (Wi-Fi and Ethernet), improved patient data management and body map, and added functionality for follow-up. The Company has also launched software to integrate Nevisense with a digital dermoscopy system DermoGenius Ultra from DermoScan. This is first digital dermoscopy system that includes EIS information as a standard parameter.



Nevisense View

Nevisense View is a development of Nevisense with the same basic functionality and design but with the added benefit of being able to store and handle digital images of lesions. With Nevisense View it is possible to import clinical and dermoscopic images of lesions and store them together with patient data and the EIS test results. Nevisense View thereby facilitates full documentation of suspicious lesions and helps



clinicians monitor difficult to diagnose lesions. Nevisense View also improves workflow for clinical staff by providing the following functions:

- Wireless transfer of images to Nevisense
- Combination of EIS value, clinical and dermoscopy images, and patient information in one PDF-report for complete documentation of an examination
- Easy-to-use follow-up functionality, such as split screen for easy comparison of lesions over time

Important suppliers

SciBase utilises external suppliers for the manufacturing of Nevisense. During 2016, SciBase took over production of the single-use electrode from Ginolis AB (please see page 20). Ginolis is a partner in the development of an automated production process. Kitron AB performs the complete manufacturing process, including software installation for the Nevisense control unit and probe. Kitron AB is certified according to ISO-13485.

Positioning

SciBase focuses primarily on two segments in healthcare; public hospitals and private clinics. The needs of these two customer groups differ significantly, which is why SciBase has chosen to position and highlight different characteristics of Nevisense for each segment.

Public hospitals

Public hospitals are government-financed and usually have tight budgets and a strong cost reduction focus. Treatment of suspected skin cancer is both resource-intensive and expensive for the hospitals. The high proportion of unnecessary excisions is a result of a low precision of current diagnostic methods. At a cost of between SEK 2,000–3,500 per excision, reducing the high numbers of unnecessary excisions is an opportunity for hospitals to reduce cost.

SciBase's positioning of Nevisense towards public hospitals is to offer clinicians an objective detection tool with high precision that can determine if excisions really are necessary or not.

Private dermatology clinics

For private dermatologists, the cost side is not as central as for public hospitals. For this customer group it is key to offer a product that can help deliver better care to patients and potentially increase the revenues for the clinic. With Nevisense, clinics can offer patients a unique technology that supports their diagnostic assessment of lesions, the difficult ones in particular. This helps the dermatologist deliver a higher service level to its patients, while also providing the clinics an opportunity to charge patients for the test. For patients with many suspicious lesions, Nevisense creates an objective basis for choosing the lesion[s] to remove. This helps lead to a better clinical diagnosis and to safer outcomes for patients.

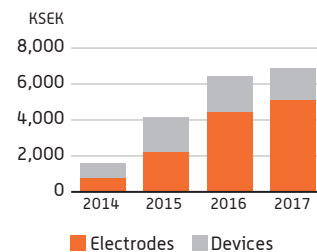
Some private insurance companies in the US require a prior approval of a case⁴⁵ before a biopsy or excision qualifies for reimbursement. Nevisense can potentially help make a better basis for the decision to biopsy or excise and reduce the burden of this administrative step.

Sales model

SciBase is applying a disposable-driven sales model for Nevisense. The purchase of the device represents an initial investment of EUR 5,000–6,500. Thereafter, the focus shifts to the sale of disposable electrodes, where one electrode is required per patient but can be used on up to ten different lesions on the same patient. One electrode costs approximately EUR 35. The margin for the Nevisense device is set relatively low to reduce the investment threshold for the customer, while SciBase's goal is that the margin of the electrode is high.

This model allows the Company to keep the initial investment for clinics on an attractive level (facilitating adoption) while capitalising on high electrode volumes as usage grows. Electrodes as a percentage of total sales volume have increased since 2015 and now constitute a majority of the Company's sales, which is illustrated in the graph to the left. The majority of Company revenue is estimated to continue to come from electrodes in the future with a mid-term gross margin target of approximately 70 percent. To achieve this

Sales split
(Devices/electrodes)



target, the Company has been working for some time on streamlining the production process for the electrodes to continue to bring down the cost per electrode.

The Company is conducting projects with the aim of automating the current manual electrode production process in a stepwise fashion. The first step was validated at the end of 2016 and the production process has been partially implemented at the Company's production facility in Uppsala. The full implementation is expected to be finalized during 2018 and may, together with a number of other ongoing projects, lead to improved margins. Being however a new process, it may take longer to complete the development.

Financial goals

The Company's medium term goal is to reach a gross margin of 70 percent and to have a positive operating margin.

The above assessments and goals are linked with SciBase's current business plan and are based on, among other things, the following assumptions:

- That SciBase's launch and strategy in the US market is successful
- That the new applications can be commercialised in a reasonable timeframe
- That the production process of the SciBase's electrode can be streamlined and that the Company can achieve the expected gross margin
- That the development on the German market continues to be positive

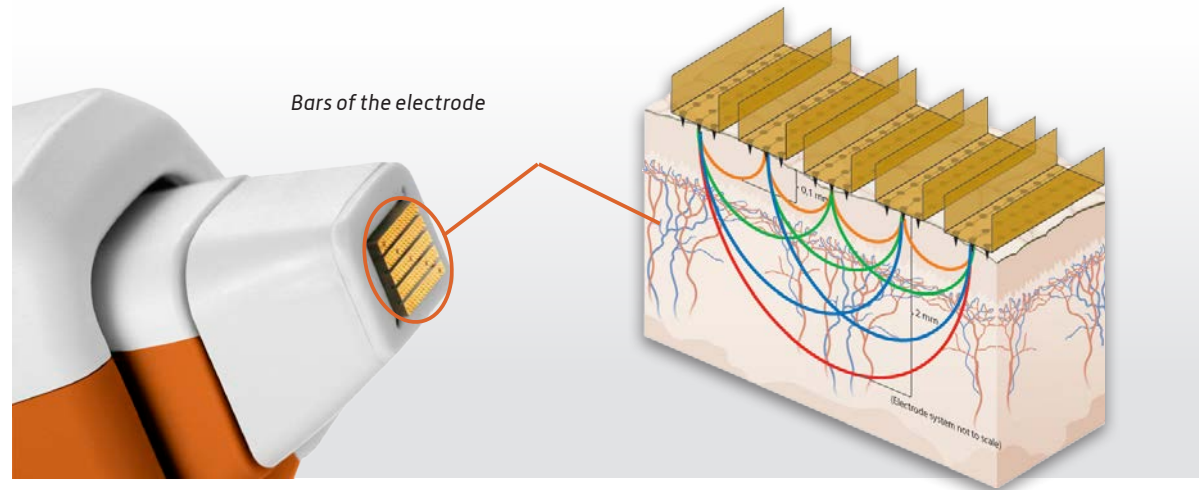
SciBase has so far not expressed any goals or provided any forecast of when the Company is expected to be cash-flow-positive. To be able to reach break-even and be cash-flow-positive, the Company has made the assessment that it will require an installed base of between 800 and 1,000 Nevisense devices which are each used approximately six times per week.

Technology and use

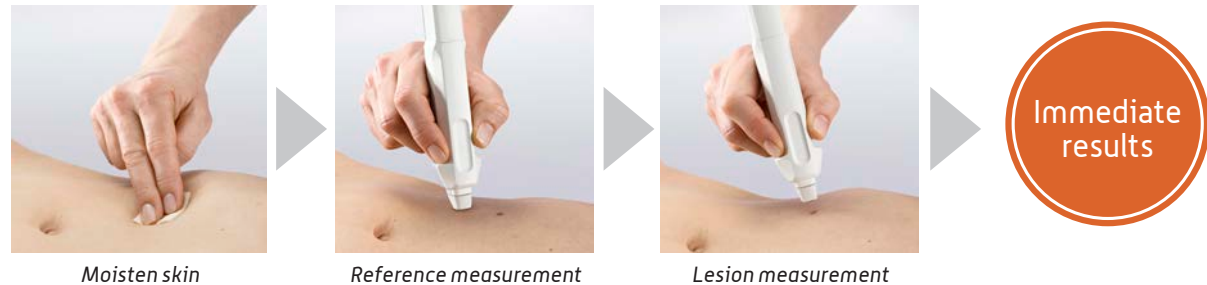
Electrical Impedance Spectroscopy (EIS)

Skin tissues have electrical properties that are affected by some medical conditions. Based on this, it is possible to detect changes in skin tissue that are indicative of certain conditions such as malignant melanoma. This is the basis for Nevisense's proprietary version of the EIS technology which the Company is using for melanoma detection. The EIS principle is also being used by other companies for other indications, however, SciBase is currently the only one able to utilise EIS for melanoma detection. EIS is a measure of the overall impedance within the tissue at alternating currents for a range of frequencies. It is measured by applying an imperceptible alternating potential between the bars of the electrode, mounted on the tip of the probe and measuring the resulting current. In order to cover the lesion in both width and depth, the measurement is performed in 10 permutations (and 35 frequencies) covering both shallow measurements between neighbouring electrode bars as well as deeper measurements between more distant electrode bars. To evaluate differences between normal healthy tissue and possible malignant tissue, a reference measurement is first taken on healthy skin near the suspected lesion before taking a measurement of the lesion itself. The measurement process and a more detailed picture of the bars of the electrodes are illustrated below.

EIS mirrors different cell features in different regions of frequencies. In general, EIS measurements with low frequency are affected by the extra cellular environment, whereas measurements with higher frequencies are affected of both the intracellular and the extracellular environment. The frequencies used by Nevisense (1 KHz- 2.5 MHz) are linked to relevant clinical features such as the intracellular and extracellular environments, the shape and size of the composition of the cell membrane. All these features are similar to the ones used in histopathology analysis for diagnosing skin cancer on suspect lesions that have been excised.



Measurement process – Fast and simple three-step procedure

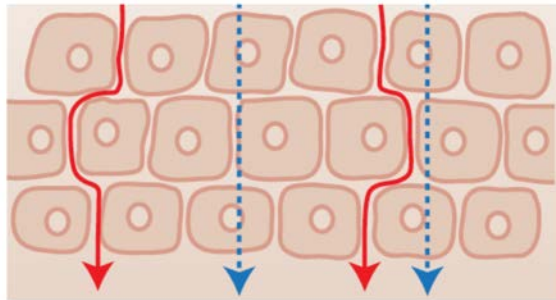


SciBase's technology enables detection of melanoma

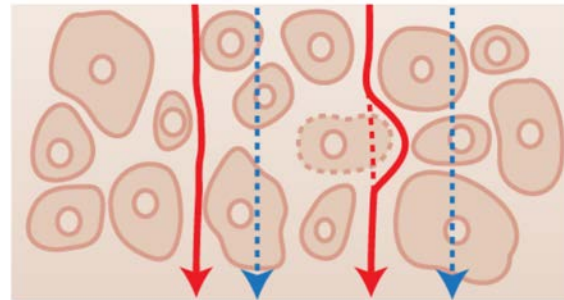
Directly after the measurement, a classification algorithm is used to classify and 'score' the lesion between 0 and 10 based on measurement data from both the lesion and the reference measurement. This classifier, developed in several iterations with data from multiple clinical studies, indicates the probability that the lesion is or is not malignant. The score illustrates the classification of the lesion as EIS negative (0-3) or positive (4-10). A score of 0-3 indicates that the lesion

has a Negative Predictive Value (NPV) of 98 percent. In other words, there is a 98 percent probability that the lesion is not malignant when compared to the pivotal study⁴⁶. This is a very strong indication that a lesion is benign (not malignant) and in the pivotal trial 34 percent of benign lesions were classed EIS negative. This indicates the potential reduction in excisions or biopsies. With a positive score, the probability that a lesion is malignant increases as the score increases.

Normal Tissue

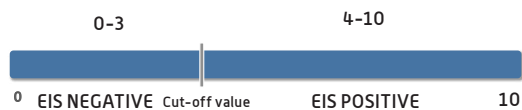


Abnormal Tissue



— Low frequencies – primarily reflect the environment outside the cell.
 - - - - - High frequencies – reflect the environment both inside and outside the cell.

The scale for EIS-values



A positive score provides very useful additional and objective information to the clinician as they decide how to manage the lesion. A high EIS-value is indicative of the level of disorganisation within the tissue and cells and has been proven to increase accuracy in melanoma detection in the Nevisense pivotal study – the world's largest clinical study of its kind.

SciBase receives order within a new customer segment



SciBase has signed a new distribution agreement in Italy with Skin Care Sweden AB, a Swedish distributor active in Italy, within a completely new customer segment. The Nevisense systems ordered by Skin Care Sweden AB will be placed at a number of pharmacies and non-specialist clinics in Italy that will perform melanoma screening tests.

Production

In mid 2016, SciBase assumed responsibility for the production of single use electrodes. The reason for the take-over was that the Company wanted to have full control of the production and thus have a better opportunity to drive development of more cost-effective production processes forward. Additionally it facilitates product development, including improvements in electrode design and technology.

Together with the previous manufacturer Ginolis a more streamlined process has been developed. This robot is now in use at the Scibase production facility in Uppsala and have given very good results so far. The robot contributes with a higher capacity and a higher yield as well as a better work environment for our operators. The focus continues to be to increase the production capacity and yield.

The production of electrodes

The core of the technology is an extremely sensitive electrode. It has five bars, with a total of 225 microscopic pins, where harmless electrical signals pass between the bars to measure the impedance [resistance] in the lesion.

The materials used at the heart of the electrode include a mix of plastic, special purpose adhesives, contact pins, electrical components and gold. Highest quality biomedical grade gold coating covers the patient contacting micro structures of the electrode. Gold is used because of its outstanding electrical conducting properties and biocompatibility. It is also relatively inert and so will not oxidise easily, resulting in an electrode contact surface that will remain stable over time.

The electrode production consists of many steps and processes, in total 17 steps. The first steps include the

production of a single use mold – necessary to obtain the correct micro-structures needed for the electrode pins on the contact face of the electrode. The next steps involve mounting the pin micro-structures to the electrical components included in the electrode. In the final stages, the electrode is mounted into its plastic casing, undergoes rigorous final testing and then is packed into its protective container for final packaging.

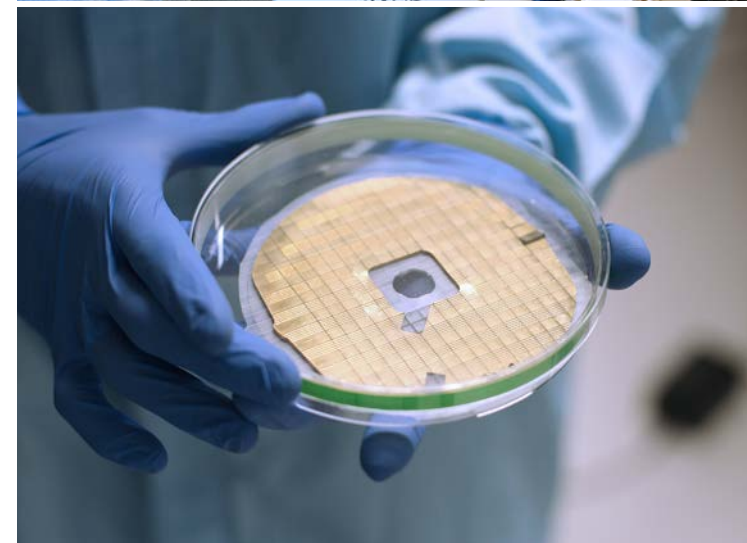
To finalize a single electrode from step one to final release takes more than a week depending upon the production flow and subcontractors.

Quality control in production

Since a cancer foci can be very small, the micro structures of the electrode has to be extremely precise and many steps in the production are made using a microscope. Producing high-precision diagnostic disposables is a process that not only put high demands on material and technology but also on employees and regulatory requirements. The electrodes need to be in perfect condition to generate reliable results. Therefore, there are several quality controls, during the production as well as on the final electrode, prior to being packed in boxes and delivered to clinics around the world.

Improved margin with a streamlined process

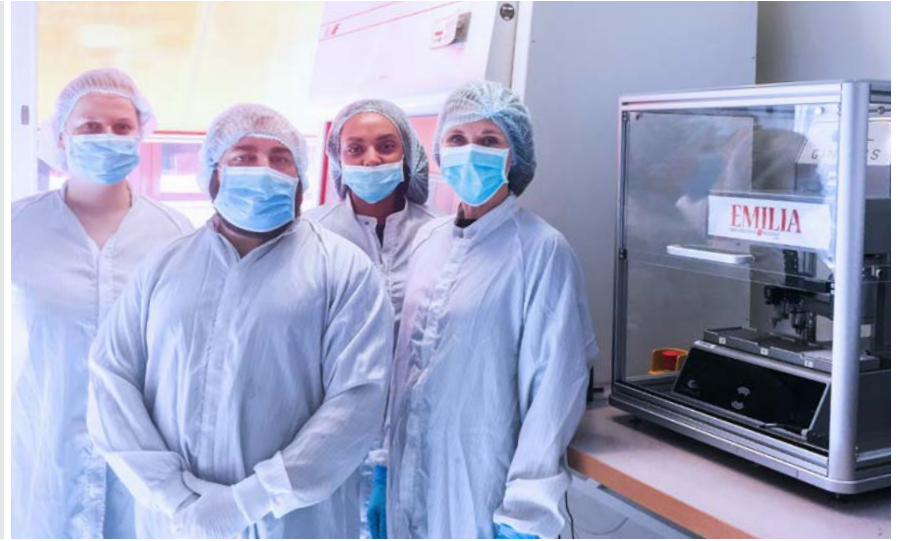
As a result of a more efficient production, SciBase gross margin has improved substantially from 2015 up to now. In the longer term, we see that there is potential to significantly improve the gross margin further by further streamlining and better control of the production process. The long term goal is to reach an overall gross margin of around 70%.





“ Ongoing adjustment of the semi-automated robot shows very good results in electrode production. This equipment contributes to a higher capacity and a higher yield as well as an ergonomic relief for our operators. We are still building experience with the robot and continued adjustments will go on for a while.

Anna Danström, Director of Production, at the production site outside Uppsala in Sweden.



Clinical benefits of Nevisense

High sensitivity – Improved melanoma detection

Current naked eye visual screening methods often only provide melanoma detection sensitivity of 42–79 percent, while the addition of dermoscopy generally used by specialists only raises sensitivity to around 73–93 percent⁴⁷.

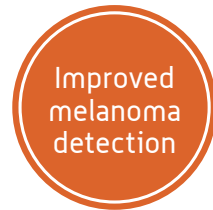
Nevisense has proven sensitivity of 97 percent in difficult to diagnose cases as demonstrated in the world's largest clinical malignant melanoma detection trial⁴⁸. By using the device on uncertain cases, physicians can gain valuable objective data to make better informed decisions on the management of patients and lesions. Additionally, as screening accuracy is currently highly dependent on a physician's skill and experience, Nevisense can raise and standardise screening accuracy in all clinics as the device doesn't require special skills for use.

Fewer unnecessary lesion excisions

The Nevisense device was designed for use on suspicious or uncertain lesions that a physician would normally refer to a specialist, monitor over time or remove themselves. Approximately 95 percent of all removals result in a non-malignant diagnosis⁴⁹. An instrument that can determine if these lesions are dangerous or not creates an opportunity to significantly decrease the number of unnecessary excisions. In the pivotal trial Nevisense was able to correctly classify 34.4 percent of the suspicious lesions identified by expert pathologists⁵⁰ as benign, thereby potentially being able to greatly reduce the number of non-malignant lesion excisions. The correct identification of benign lesions in a group of lesions otherwise excised means the device could lower the total number of unnecessary lesion removals and thereby decrease the overall cost of skin cancer screenings.

Efficiency in the health care system

There are a number of areas where the health care system efficiency can potentially be improved for melanoma diagnostics. Most obvious is a reduction in the volume of patients in the system with benign lesions. This can be



Accurate detection of malignant melanoma made simple



Nevisense can help to rule out suspicious but benign lesions



Multiple potential benefits for melanoma management processes

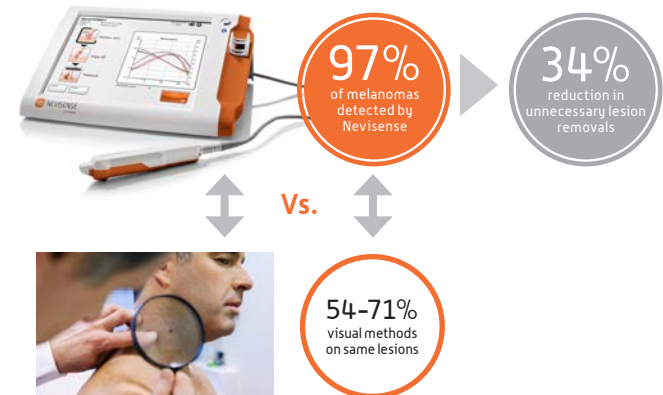
patients that are referred unnecessarily by a GP to a dermatologist, or patients with lesions that are unnecessarily excised. The effect of a reduction in volume is not only to save money, but to improve current service levels, improve diagnostic turnaround times and free up dermatologists for more difficult cases. Due to high patient volumes, waiting times for referrals or waiting times for histopathology results after excision can be very long in some markets. In Sweden, histopathology results can take up to 8 weeks or longer. An important aspect of this is the anxiety of patients while waiting to be seen by dermatologists or for pathology results.

Management of late stage melanomas is much more expensive than early stage melanoma management. US figures indicate in the order of USD 5,000 for a stage 1 lesion compared to USD 150,000 for a stage IV⁵¹. Missed melanomas or melanomas detected later than needed demand significant resources. Nevisense can potentially help reduce the number of missed melanomas or increase the number detected early.

Advantages when handling low risk lesions

In a study published in the British Journal of Dermatology in May 2017, Nevisense was used to evaluate if it was possible to improve low risk, but difficult to diagnose lesion evaluations currently managed with sequential digital dermoscopy

imaging (SDDI). The study showed good results and Nevisense View, launched in 2016, supports both EIS and sequential digital dermoscopy. For additional information, please see page 30, section "New clinical data presented in 2016 and published in 2017". The combination of EIS and images in Nevisense View provides complete documentation of lesions and also makes it simple to follow lesions over time.



Clinical background and data

Nevisense has undergone extensive evaluation over more than a decade, from development and proof of principle to algorithm training and clinical studies. Up to the end of 2016, the Company estimates that over 40,000 patients have undergone measurements using Nevisense, including analysis of 1,951 patients and 2,416 lesions in the pivotal study, published in the British Journal of Dermatology. Nevisense attracted great interest after the publication of the pivotal study and the interest has led to a number of investigator sponsored trials. The following is an overview of the development of the EIS methodology and the Nevisense unit and associated studies.

Pivotal study (2010–2012, published 2014)

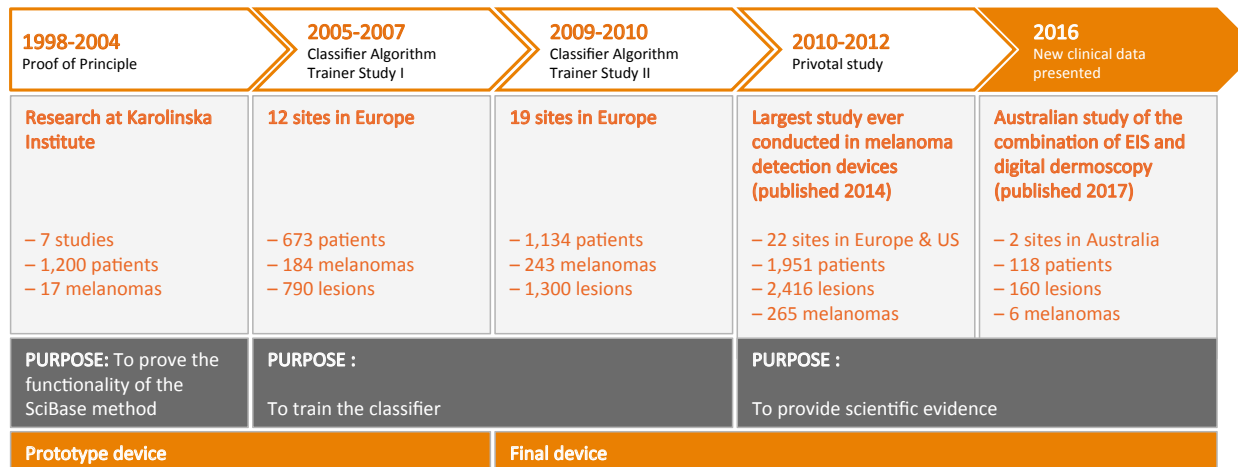
Recruitment for the he pivotal study called SIMPS (SciBase International Melanoma Pivotal Study) was performed 2010–2012, followed by a period of analysis, review and manuscript preparation that continued through 2013 followed finally by publication in 2014. The SIMPS pivotal study was performed with the objective of providing conclusive scientific evidence regarding the accuracy of the SciBase system in detecting malignant melanoma for regulatory approval and commercialisation. In total 2,416 lesions from 1951 patients were included in the study, which is the largest prospective study ever conducted in melanoma detection.

The study was conducted in Europe and the United States with 22 participating sites in the UK, Germany, Sweden, Hungary, Austria, Spain and the United States (17 sites in Europe and 5 sites in the United States).

Pivotal trial results

The results of the pivotal trial were published in a peer-reviewed article in May 2014 in the well-respected British Journal of Dermatology (Malvey et al., 2014). All of the lesions included had been classed as suspicious by expert dermatologists and were therefore assigned for excision. The lesions were evaluated with Nevisense before removal.

Nevisense in different phases of development



and pathological analysis. Of the 265 melanomas eligible for endpoint analysis found in the study, Nevisense correctly identified 96.6 percent of all malignant melanomas, 98.7 percent of all invasive melanomas and 100 percent of all invasive malignant melanomas with a stage T1b-T4, meaning the device correctly identified melanomas with increasing accuracy based on the stage of malignancy. In addition to identifying all invasive melanomas with a stage T1b or higher, Nevisense also detected all 55 non-melanoma skin cancers (48 Basal cell carcinomas and 7 Squamous cell carcinomas). In comparison, a visual classification board consisting of moderately-experienced dermatologists using dermoscopy performed standard forms of visual analysis on the same lesions correctly identified 54.2–70.6 percent of melanomas, depending on which scoring system used.

Importantly, the study results showed that Nevisense correctly identified 34.4 percent of benign lesions from a group of suspicious lesions that the expert dermatologists had decided to excise. The lesions were all considered potentially malignant by the study clinicians, so this result represents Nevisense's improvement in specificity over the clinicians in the trial. As the dermatologists in the study were experts, they do not represent the average detection accuracy being utilised in the majority of screenings performed worldwide. In addition, as most were University Centers and referral clinics, their patient population was more likely to contain difficult cases. These two factors suggest Nevisense could potentially reduce an even larger portion of the benign lesion removals than the 34.4 percent achieved in the trial. New user data from Germany that analysed 5,000 lesions at 12 different clinics indicated a 'real-life' clinical use result of 43 percent⁵². In other words, 43 percent of the suspicious lesions measured returned a negative score indicating they did not need to be excised.

A histopathological analysis and diagnosis of the lesions was initially performed by a 'local' pathologist for each of the 22 sites in the pivotal study. All histopathology data were then examined by a group of expert histopathologists to determine the accuracy of the onsite histopathologists. When this panel could not agree, the lesions were forwarded to a second panel. The expert histopathologists found that onsite histopathologists had only identified 84.5 percent of melanomas. The 84.5 percent sensitivity of the onsite histopathologists highlights the difficulty and subjectivity of melanoma detection especially given the pathologists represent the gold standard of melanoma diagnosis.

Due to the difficulty in reliably identifying benign lesions, most suspicious lesions and many atypical lesions are currently removed at great cost to payers. The level of improvement shown in the pivotal trial suggests Nevisense could lower the overall cost of skin cancer treatment by around USD 270 million per year. Additionally, the difference in sensitivity between Nevisense and the visual classification board physicians of 26–42 percentage points illustrates that visual methods are subjective and difficult and that the use of Nevisense as an objective tool could lower the number of missed melanomas.

New clinical data presented in 2016 and published in 2017

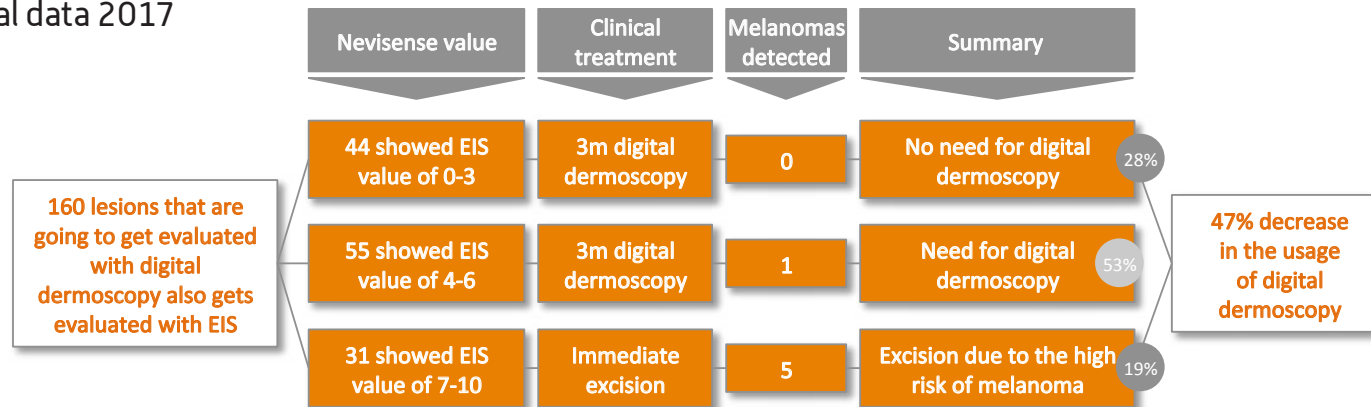
In May 2017 an Australian study⁵³, conducted by Dr Lilian Rocha, Associate Prof. Pascale Guitera, Prof. Scott W. Menzies et. al. at the Melanoma Institute of Australia and Royal Prince Alfred Hospital in Sydney, was first published online in the British Journal of Dermatology. The study, consisting of 118 patients with 160 lesions, combined SDDI (sequential digital dermoscopy imaging) with Nevisense's electrical impedance spectroscopy (EIS). The goal of the study was to evaluate the

implementation of EIS-measurements with Nevisense in the daily clinical routine combined with a pre-defined protocol regarding the interpretation of the EIS-score and see how this would affect the diagnosis of malignant melanoma. The results of the study showed that it is possible to reduce the number of cases that require digital dermoscopy follow-up by almost half. In addition Nevisense detected most melanoma three months earlier than traditional methods. Nevisense thereby constitutes a valuable complement to a visual exam with a dermoscope. Below are the key findings from the study:

- 19 percent of all examined lesions showed a Nevisense EIS value of seven or more and were surgically removed immediately. 83.1 percent of the malignant melanoma in the study were detected by Nevisense three months earlier than what SDDI would have allowed.
- 28 percent showed a Nevisense EIS value of three or less, which would have made the need for a patient follow-up visit unnecessary.
- The combination of SDDI and Nevisense detected 100 percent of all malignant melanoma in the study.
- In total, the use of Nevisense showed the potential to reduce the number of cases that needed to undergo SDDI by 47 percent. This could simplify the diagnostic process and could potentially lead to significant cost savings for health care while shortening many patients waiting time for a diagnosis.

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New clinical data 2017



Prior authorisations and their impact on care

In the United States healthcare system, 'prior authorisation' is used to determine whether treatments or health plans of medication are eligible for reimbursements from insurance companies. The purpose of the authorisations is primarily to control cost. According to a study from Johns Hopkins University School of Medicine⁵⁴ the use of authorisations becomes a bottleneck when dermatology clinics need to use administrative resources to obtain reimbursement before a diagnostic test or a treatment can begin. In the study, the authors estimate that 40 percent of all health plans accepted at the Outpatient Dermatology Clinic at Johns Hopkins University School of Medicine require approval in the form of a prior authorisation before a skin biopsy can be performed. This leads to patients having to make a return visit at a later date. This is resource-intensive for the clinics and increases the waiting time for patients that are in need of a diagnostic biopsy. The authorisation process and the administration of the return visit also entail additional costs for providers, patients and the insurance companies.

A possible implementation of the Nevisense technology at clinics in the US could be to use Nevisense to first verify if biopsy is necessary. This could both reduce the number of biopsies and allow the EIS positive lesions to be biopsied directly, without having to wait for prior authorisation from the insurance company. As a result both patients and insurance companies could reduce costs, clinics could reduce administration workload and costs, and overall shorten management times for patients.

Current development focus and future updates to Nevisense

Research and development at SciBase has initially focused on the EIS methodology and the development of the Nevisense device. Recent development has focused on improving both the speed of measurement and the ease of use, so that the system may be easier incorporated into the main "flow" of the clinic. Other development has added functionality (such as image integration) and improved connectivity and IT intera-

tion. In addition SciBase has worked to broaden the clinical applications and indications for Nevisense and SciBase is currently investigating two other areas within dermatology, non-melanoma skin cancer and atopic dermatitis. Research functionality in the Nevisense software and new electrodes were both released in July 2017 to help develop these areas. Further opportunities also exist outside the areas of clinical dermatology, but these are not a priority for the Company today.

In the longer term, SciBase believes that the portability and accessibility of EIS technology can be significantly improved by miniaturising Nevisense. This would likely be an important factor driving wider adoption both when it comes to customer groups and potential screening applications. During 2015-2017 SciBase performed a joint project with the Royal Institute of Technology in Stockholm to develop an application specific integrated circuit (ASIC) that could perform impedance measurements comparable to Nevisense.

Share capital and ownership structure

The Company's shares have been issued in accordance with Swedish law and are held in electronic form in accounts at Euroclear, with address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. Euroclear also maintains the Company's share register. The Company's shares are denominated in SEK. In accordance with the Articles of Association, the Company's share capital shall amount to not less than SEK 18,000,000 and not more than SEK 72,000,000, distributed between at least 4,900,000 and at most 19,600,000 shares. The Company has only issued one class of shares. The ISIN-code for the Company's shares is SE0007045414.

The registered share capital of SciBase Holding AB per December 29, 2017 amounted to SEK 61,486,973.70 divided between 16,618,101 shares, each with a quota value of SEK 3.70.

In December 2017 the Company performed a preferential rights issue of 8,333,333 shares which net (after issue costs) raised MSEK 66.

Warrants and convertible debentures

At an extra shareholders meeting on April 28, 2015 it was decided to implement a warrant program for certain board members, employees and management. The warrants are to be transferred at market-standard remuneration, calculated to be SEK 1.14 per warrant. Every warrant entitles to a subscription of 1 share in SciBase Holding AB at a subscription price of SEK 65 per share.

According to the terms of the warrants a recalculation of the subscription price and the number of warrants that an option entitles too shall in certain cases be done. Recalculation has been done in a first step after a in May 2015 performed new share issue. The recalculation was however only based on the part of the new share issue that the "anchor investors" i.e. the main shareholders guaranteed, MSEK 50. After recalculation the new subscription price per share is SEK 54.16 and each warrant entitles to the subscription of 1.2 shares. After the in December 2017 performed rights offering a second recalculation has been done. The new subscription price per share is SEK 52.85 and each warrant entitles to the subscription of 1.3 shares.

At the end of 2017 there are 553,863 warrants issued in the Company of which 392,317 has been transferred by the end of the year.

There are no outstanding convertible debentures in the Company.

Share capital development

Year	Event	Change in number of shares	Total no. of shares	Par value (SEK)	Share capital after increase (SEK)
2008	New share issue	500,000	1,405,076	0.11	155,243.98
2009	New share issue	300,000	1,705,076	0.11	188,390.37
2010	Offset issue	306,497	2,011,573	0.11	222,254.60
2010	Offset issue	74,850	2,086,423	0.11	230,524.62
2010	Offset issue	730,462	2,816,885	0.11	311,231.87
2013	Offset issue	158,315	2,975,200	0.11	328,723.77
2013	Offset issue	84,189,761	87,164,961	0.11	9,630,678.54
2013	Equalizing issue	16,630,428	103,795,389	0.11	11,468,140.57
2013	New share issue	29,777,590	133,572,979	0.11	14,758,205.68
2013	New share issue	17,866,544	151,439,523	0.11	16,732,243.65
2014	New share issue	47,644,144	199,083,667	0.11	21,998,252.83
2014	Offset issue	252,263	199,335,930	0.11	22,026,124.86
2014	Equalizing issue	54,804	199,390,734	0.11	22,032,180.04
2015	Reserve share split (1:40)	- 194,405,966	4,984,768	4.42	22,032,180.04
2015	Reduction of share capital	-	4,984,768	3.70	18,443,641.60
2015	New share issue	3,300,00	8,284,768	3.70	30,653,641.60
2017	New share issue	8,333,333	16,816,101	3.70	61,486,973.70

Shareholder table

Shareholder/nominee/custodian bank	Number of shares	Percentage of capital and votes
SEB Venture Capital	2,107,295	13
SEB Pensionsstiftelse	2,089,698	12
Fouriertransform Aktiebolag	2,007,250	12
Anders Walldov	673,352	4
Nordnet pensionsförsäkring	596,580	4
Omega Fund IV, L.P. (Pershing)	549,994	3
Rothsay Ltd	538,682	3
Avanza Pension	485,505	3
LMK Venture partners AB	471,347	3
Livsmedelsbörsen AB	461,076	3
Other shareholders	6,637,322	40
Totalt	16,618,101	100

Source: Euroclear

Authorizations

The Annual General Meeting held on May 16, 2017 authorized the Board of directors to, until the next annual general meeting, on one or more occasions, decide upon issuances of new shares, issuance of warrants and/or convertibles. New issues of shares and issues of warrants and/or convertibles may occur with or without preferential rights for shareholders of the Company and payment may be used for strategic acquisitions, and may be made either in cash and/or by way of set-off or contribution in kind or otherwise on specific terms. The number of shares issued, or number of shares created in connection with exercise of warrants or conversion of convertibles, shall not exceed 820,000.

Dividend policy

The Company has not adopted an explicit dividend policy. Any dividends are to be determined by the General Meeting following a proposal by the Board. Entitlement to dividends accrues to those who on the record date set by the General Meeting are included in the share register maintained by

Euroclear. All shares in the Company convey entitlement to dividends, and there are no special restrictions for shareholders domiciled outside of Sweden to be paid dividends. Any dividend payments are arranged by Euroclear or, for nominee-registered shares, in accordance with the procedures of the relevant nominee. If a shareholder cannot be reached through Euroclear to receive dividends, the shareholder's claim on the Company for the dividend amount remains and is limited only by statutes of limitation.

In the event that the limitation is exceeded, the dividend accrues to the Company. Historically, no dividends have been paid by the Company and no proposals on dividends to shareholders will be submitted until long-term profitability has been achieved. For the financial year 2016, no dividends have been proposed.

Incentive programs

At the Extraordinary General Meeting on April 28, 2015 the shareholders of the Company resolved to introduce an incentive program aimed at the executive management, certain employees and future key personnel in SciBase AB, as well as Board member Tord Lendau and former board members Carsten Browall and Stig Ollmar, through the issue of at most 553,863 warrants. All warrants were issued free of charge to the subsidiary SciBase Intressenter AB, with the right and obligation to further transfer the warrants to the aforementioned group of individuals at market value. A condition for being allotted warrants under the incentive program is that the prospective holder enters into a specific pre-emption agreement with the Company which, among other things, entitles the Company to redeem the warrants under certain situations.

The warrants can be exercised to subscribe for new shares effective as of June 2020. On full exercise of all warrants, the maximum dilution effect amounts to approximately 3.9% of the share capital and number of votes.

Trading on Nasdaq First North

The shares of SciBase Holding AB were accepted for trading on Nasdaq First North from June 2, 2015. Avanza is the certified advisor of the Company.

Why invest in SciBase?

SciBase's method and products address a vast and growing medical need within skin cancer diagnostics and potentially in the future for other skin applications. A faster, accurate diagnosis of malignant melanoma can save both lives and extensive costs to society. The Company's product, Nevisense, is approved for sale and marketing in the EU and Australia and since June 2017 also approved for marketing in the U.S. (PMA-process). Up until now the Company has focused on the detection of malignant melanoma with dermatologists as the key target group. The Company is now developing new clinical applications within non-melanoma skin cancer and atopic dermatitis which can broaden the use of the Company's products. The Company also has an ongoing pilot project outside the current key target group dermatologists which could open up new and broader markets.

SciBase has:

- Objective and clinically well-documented methods
- Unique products that meet a clear need
- A business model that is sustainable and profitable on the longer term
- Can contribute to efficiency and cost savings in the healthcare system
- Strong, long-term owners
- Potential within other (equally large or larger) markets from new applications.

The SciBase share

The SciBase share was listed on Nasdaq First North Stockholm on 2 June 2015. The share is traded under the ticker SCIB.

Share structure and price trend

At December 29, 2017, there were 16,618,101 shares in SciBase. All shares have the same voting rights. The quota value is SEK 3.70. Since the listing day, the price trend has been negative and the market value on December 29, 2017 was approximately SEK 130m.

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Directors' report

The Board and Chief Executive Officer of SciBase Holding AB (publ) corp. reg. no 556773-4768 hereby present the Annual Report and Consolidated Financial Statements for the 2017 financial year. Unless otherwise stated all amounts are in SEK thousands (SEK 000).

Operations

SciBase is a medical technology company that develops instruments for detection of skin cancer and other skin conditions. The Nevisense products can detect malignant melanoma, the most dangerous form of skin cancer, directly on the skin without needing to cut away suspected moles. The products are based on comprehensive research within the field of Electrical Impedance Spectroscopy (EIS). SciBase has conducted the world's largest study to date for the detection of malignant melanoma, in which Nevisense achieved excellent results. The study was published in May 2014 in the prestigious British Journal of Dermatology. Nevisense is approved for sale in the United States (PMA from FDA), Europe (CE mark) and Australia (TGA).

In addition to detecting malignant melanoma, SciBase plans to increase the number of clinical applications for Nevisense. By using Nevisense as a platform, the Company may integrate functionality that uses the EIS method in assessing other skin diseases, such as non-melanoma skin cancer and atopic dermatitis. During 2017, SciBase launched a new type of electrode as well as new software and functionality for this purpose. Currently SciBase is conducting clinical trials with leading academic and clinical centers. The plan is to start commercialization of the first application in 2018.

SciBase was founded in 1998 by Stig Ollmar, a researcher at The Karolinska Institute, and has its headquarters in Stockholm. The company is listed on the Nasdaq First North exchange since June 2, 2015 and Avanza is the Company's certified advisor.

More information is available at www.scibase.com.

Significant events in 2017

Sales performance

Net sales for the full year 2017 amounted to TSEK,6,859 (6,436), an increase of 7%. Of this, sales of instruments accounted for TSEK,1,741 (1,989) and sales of electrodes for TSEK,5,116 (4,445). Germany, where we have our primary focus, accounted for 89 (91)% of the net sales in the period.

Sales of electrodes reached for the year 16,704 (15,200) electrodes sold, an increase of 10%. In Germany the total (repeat and initial) sales of electrodes in volume increased by 13%. Repeat (sales to customers who return for additional purchases after their initial order) sales of electrodes increased by 31% compared to 2016.

Updated strategy

Following the Pre-Market Approval (PMA) of Nevisense in the US in June 2017, SciBase presented an updated strategic growth plan and launch strategy for Nevisense on the US market. The key elements of the strategy are:

- That the company plans the US introduction of Nevisense in the North-East, initially targeting self-pay clinics, while building a general reimbursement case.
- That there will be a continued focus on growth in the German market, addressing more mainstream private Dermatologists with improved Nevisense features and ease of use.
- By leveraging Nevisense as a platform, SciBase can address unmet needs within other skin-conditions and be even more useful as a tool for dermatologists.
- Long term, the Company hopes to utilise the results of the ASIC project to both reduce cost and enable the development of smaller, simpler instruments potentially addressing new customer groups with new screening capabilities.

Financing

In December of 2017 the Company performed a rights issue that provided the Company with SEK 75 million before issue costs. The net contribution is approximately SEK 66 million. It is the Board's opinion that the current financial assets are sufficient to realize the Company's current business plan.

Product development

In the beginning of the year SciBase initiated a co-operation with the German medical device company DermoScan, one of Europe's foremost manufacturers of digital dermoscopy systems, to link Nevisense with DermoScan's digital dermoscopy system DermoGenius Ultra. The integration, which means that both patient data and Nevisense (EIS) measurement results can be shared between the two systems, improves both the workflow and the diagnostic process for dermatology clinics. The integration was completed and launched during the third quarter 2017. DermoScan's systems are used by several hundred clinics in Germany and other markets.

Apart from the integration with DermoScan an updated hardware and software were released during 2017. The updated Nevisense includes among other things the following:

- Intelligent guidance and user feedback built into the device based on AI (artificial intelligence), an improved patient archive and a storage capacity increased to over 1,000 patients
- New hardware with image management functionality, wifi connectivity and import of digital dermoscopy images

In addition to the upgrades of the Nevisense software and hardware, SciBase released a new type of electrode. The new electrode still uses electrical impedance but is 'flat', without the pins present on the Nevisense electrode for melanoma, and is used for the investigation of other skin disorders such as non-melanoma skin cancer (NMSC) or atopic dermatitis (AD). This is an important development as it has the potential to transform Nevisense into an impedance measurement platform for the evaluation of new clinical indications thus broadening SciBase product offering.

In 2015 SciBase was granted, together with the partner KTH Royal Institute of Technology, SEK 3.9 million in Vinnova's request for proposals on "Smarter Electronic Systems". The project pertains to the development of a modular, miniaturized, next generation of SciBase's product Nevisense. The project produced a 5mm x 5mm Application Specific Integrated Circuit (ASIC) that can perform impedance measurements comparable to Nevisense and proved that both the size and cost of Nevisense can be significantly reduced.

Market channels

SciBase has initially chosen to launch and sell its products in selected markets in Europe and to a limited extent in Australia. Sales in Sweden and Germany are initially managed by the company's direct sales force and for the German market are complemented by local agents. On receiving the PMA approval in the US, SciBase began establishing a US sales organization, initially using consultants. However, in the longer term a partner or multiple partners will be necessary for a successful and broad penetration of the US market. Distribution of instruments and electrodes to the Company's direct markets currently takes place directly from SciBase Stockholm to end customers, while sales in other markets occur through distributors.

At the end of 2017 SciBase signed a distribution contract with Scan Skin Sweden AB to sell to non-specialist clinics and pharmacies in Italy. The agreement included an initial order of approx. MSEK 0.5, which was delivered in Q4 2017, and a potential follow-on order of approximately MSEK 0.5 in 2018. SciBase considers this to be an extremely interesting pilot project as it is targeted towards a completely new customer segment.

Acceptance of the method – new clinical data

An Australian study, first presented at the World Congress on Cancers of the Skin in Vienna in September 2016, was published in November 2017 in the BJD (British Journal of Dermatology). In the study, conducted by Dr Lilian Rocha, Associate Prof. Pascale Guitera, Prof. Scott W. Menzies et. al. at the Melanoma Institute of Australia and Royal Prince Alfred Hospital in Sydney, sequential digital dermoscopy monitoring (SDDI) was combined with Nevisense's electrical impedance spectroscopy (EIS). The study consisted of 118 patients with 160 lesions. The results from the study showed that by using Nevisense it was possible to reduce the number of cases that require digital dermoscopy follow-up by almost half. In addition Nevisense detected most melanoma three months earlier than traditional methods. Nevisense thereby constitutes a valuable complement to digital dermoscopy when evaluating these very difficult lesions.

A further study performed at the Skin Cancer Clinic at Southampton University Hospital was presented as a poster at the annual meeting of the British Association of Dermatologists in July 2017. The study was conducted by Dr Catriona Henderson and Dr Birgit Pees, where Nevisense was evaluated as an adjunct to existing methods used for melanoma detection with 48 patients. The results of the study reinforce what has been seen in other studies - that sometimes even innocuous-looking lesions can be melanoma, and that adding Nevisense can help clinicians detect these, when otherwise they might be missed. The study concluded that using Nevisense "could help reduce unnecessary excisions and help detect subtle melanomas earlier. In a pigmented lesion clinic Nevisense can be used as an adjunct to macroscopic, dermoscopic and clinical history, to identify subtle early melanomas which might otherwise be missed. Nevisense can also be used to reassure that an otherwise mildly suspicious lesion does not need excision."

Product and market approval

The medical technology market is characterized by a strict set of rules for a company to be able to sell and market its products. In Europe, this is regulated by the Medical Device Directive (MDD), which means that products must have a CE marking. In the U.S., marketing approval is managed by the Food and Drug Administration (FDA).

In June 2017 the US Food and Drug Administration (FDA) approved the SciBase Pre-Market Approval (PMA) for Nevisense. With the approval, SciBase can now market and sell Nevisense in the US.

Outside the US Nevisense is currently approved for marketing in Europe (CE marking 2013) and Australia (TGA).

Patents

The early focus on patents by SciBase's founders is the foundation of the Company's extensive patent portfolio. The Company's patents are divided into six separate patent families.

The Company has ongoing patent applications in the U.S., Japan, Australia and Europe. At the end of 2017, the Company had four patent families approved in Japan and Australia, three families in EU, China and the US, and one family in

Canada, Taiwan and South Korea. During 2017, one patent family was approved in the US. In total the Company now has 60 approved patents and two main ongoing applications.

Besides patents, the Company has technical expertise and know-how in the area that makes it difficult for potential competitors to copy the Company's products and method.

Organization

During the year David Melin was appointed as new head of Research and Development.

Annual General Meeting 2017

The right of shareholders to make decisions regarding the Company's business is exercised at the Annual General Meeting. The Annual General Meeting of SciBase shall be held in Stockholm within six months of the end of the financial year. General Meetings shall be convened through a notice published in the Swedish Official Gazette – Post- och Inrikes Tidningar – and through the announcement being published on the Company's website. Each share entitles the holder to one vote and each voting shareholder may vote for the full number of shares owned and represented shares without limit. Resolutions at the General Meeting are normally made with a simple majority. However, in some issues, the Swedish Companies Act prescribes that a proposal shall be approved by a higher percentage of the votes represented and submitted at the Meeting.

The 2017 Annual General Meeting was held on May 16, 2017 in the offices of the Setterwalls law-firm in Stockholm. At the General Meeting, shareholders participated who jointly represented 60.2 percent of the Company's total number of shares and votes. At the General Meeting, it was resolved that:

- The income statements and balance sheets of the Group and Parent Company were adopted. It was resolved that no dividend would be paid out and that the retained earnings for 2016, SEK 189,237,244, would be carried forward into a new account.
- The Annual General Meeting resolved to grant the Board members and CEO discharge from liability for the 2016 financial year.

- It was resolved that Board fees shall be payable in an amount of SEK 200,000 to the Chairman of the Board and SEK 150,000 to external Board members who are not/do not represent larger shareholders in the Company.
- The AGM resolved to adopt the guidelines for the remuneration of senior management members as proposed by the Board.
- The Meeting resolved that fees to the Company's auditor shall be payable in accordance with an approved open account.
- Tord Lendau, Per Aniasson and Renee Lucander were re-elected as Board members until the end of the next AGM. Thomas Eklund, Diana Ferro and Thomas Taapken were elected as new members of the Board. Tord Lendau was elected the Chairman of the Board.
- PricewaterhouseCoopers AB was elected as the auditor with Magnus Lagerberg as the Auditor-in-Charge until the end of the next Annual General Meeting.
- The General Meeting resolved that a Nominations Committee would be appointed for the 2018 AGM. The Nominations Committee for the 2018 Annual General Meeting, which will consist of four members, is appointed by the Chairman contacting the largest shareholders at the end of the third quarter of 2017. These are requested to appoint one representative each, who, together with the Chairman of the Board, form the Nominations Committee.
- The Meeting resolved to authorize the Board to, for the period until the next AGM on one or more occasions, make decisions regarding the new issue of shares, issue of warrants and/or convertibles. This can occur with or without preferential rights for the Company's shareholders. The number of shares issued, or number of shares created in connection with exercise of warrants or conversion of convertibles, shall not exceed 820,000.

Extraordinary general Meeting 2017

An extra shareholders' meeting was held on Nov 15, 2017. The meeting decided to perform a rights offering as well as the terms related to the offering.

Annual General Meeting 2018

The Annual General Meeting of SciBase Holding AB will be held on May 16 in the offices of the Setterwalls law-firm at Sturegatan 10 in Stockholm, at 5:00 p.m.

Nominating Committee 2017-2018

The following people have been appointed as members of SciBase Holding's election committee for the Annual General Meeting in 2018:

David Sonnek (representing SEB Venture Capital),
Andreas Pennervall (SEB pensionsstiftelse),
Åsa Knutsson (Fouriertransform),
Tord Lendau (Chairman of the Board).

The appointments have been made in accordance with the instructions regarding principles for the appointment of the company election committee which were determined at the Annual General Meeting of SciBase Holding on May 16, 2017. The Annual General Meeting of SciBase Holding AB (publ) will be held on May 16, 2018 in Stockholm. Shareholders who wish to have an item considered at the Annual General Meeting can submit a request to the Board to this effect. Such a request for an item to be considered is to be sent to SciBase Holding AB (publ), Att: Chairman of the Board, Box 3337, 103 67 Stockholm, and must have been received by the Board no later than seven weeks before the Annual General Meeting, or otherwise in such good time that the matter, where necessary, can be included in the notice to attend the Annual General Meeting.

Employees and Organization

Operations set high demands on both employees and on an innovative and high-performing corporate culture. We work with management by objectives and follow up where managers and employees set individual goals for the year based on the company's overall targets and evaluate and assess earlier efforts. It is important to commitment that every employee understands the company's objectives and goals and how his or her own performance contributes to them.

The Group consists of SciBase Holding AB with 3 (3) employees, the wholly owned Swedish subsidiaries SciBase AB with 15 (17) employees, of which 5 (5) women, and SciBase Intressenter AB and the subsidiaries SciBase GmbH with 3 (3) employees and SciBase Inc. The Group's actual operations are conducted in SciBase AB. All functions are represented here except finance and the CEO. In total, the Group had 21 (23) employees of which 38 percent (30) were women at the end of 2016.

Key figures, Group

The group	Jan-dec	
	2017	2016
Net sales, SEK ths	6,859	6,436
Gross margin, %	35.4	34.5
Equity/Asset ratio, %	90.5	90.8
Net indebtness, multiple	0.11	0.10
Cash and cash equivalents, SEK ths	110,015	84,955
Cashflow from operating activities, SEK ths	-44,180	-47,850
Earnings per share (before and after dilution), SEK*	-5.00	-6.41
Shareholder's equity per share, SEK*	13.63	11.19
Average number of shares, 000* ^a	8,493	8,285
Number of shares at closing of period, 000* ^a	16,618	8,285
Share price at end of period, SEK	7.80	19.00
Sold volume electrodes, pcs	16,704	15,200
Average number of employees	21	21

For definitions see note 33

Financial position and progress

Net sales

Net sales for the full year 2017 amounted to TSEK,6,859 (6,436), an increase of 7%. Of this, sales of instruments accounted for TSEK,1,741 (1,989) and sales of electrodes for TSEK,5,116 (4,446). Germany, where we have our primary focus, accounted for 89 (91)% of the net sales in the period. In Germany the Company has now penetrated the so-called "early adopters" and have an installed base of approximately 157 customers with over 180 devices. The Company's initial target group is around 800 clinics of the total 2,800 existing dermatology clinics. Customers outside the "early adopter" group have a slightly different focus where they (among other things) require a very easy to use product and a test that can be easily integrated into their practice's patient flow. This has led to some product modifications and leads to a somewhat longer sales process than for the "early adopters". The sales in Germany increased in value by 4% for the year compared to 2016.

Sales of electrodes reached for the year 16,704 (15,200) electrodes sold, an increase of 10%. In Germany the total (repeat and initial) sales of electrodes in volume increased by 13%. Repeat (sales to customers who return for additional purchases after their initial order) sales of electrodes increased by 31% compared to 2016.

Operating profit/loss

The operating loss for the full year 2017 amounted to TSEK,42,433 (53,094), a reduced loss of TSEK,10,661. The improved operating loss is mainly due to reduced expenses related to the recently completed PMA process and reduced sales and marketing activities outside Germany. The operating loss in 2016 included a write-down of assets of approximately MSEK 1.8.

The gross margin in the period was 35,4 (34.5)%. During the second quarter of 2016 the Company announced that it would insource the strategically important manufacturing of electrodes. This has led to a more stable production and will also allow for an improved margin in the longer term. However, the margin for the year was to some extent negatively impacted by scrap related to electrode production development in the first quarter and an unforeseen stop in the electrode manufacturing process during the fourth quarter.

Sales and marketing expenses decreased by TSEK,3,419 and amounted to TSEK,22,820 (26,239) for the year. The decrease is primarily attributable to reduced cost of personnel in Sweden following our lower activity levels in Europe outside Germany.

Administration expenses for the year amounted to TSEK,9,100 (8,495), an increase of TSEK,605 primarily due to the head-office relocation and increased cost of personnel within QA/Regulatory. The function was previously an external resource.

Development expenses for the year amounted to TSEK,12,861 (18,653), a decrease of TSEK,5,792. The decreased expenses for the year are mainly attributable to the completion of the PMA process in Q2 resulting in a decrease of MSEK 2.6 (MSEK 1.8 vs 4.4), and also reduced product development costs.

Other operating income of TSEK 163 (300) mainly relate to currency translation effects. Other operating expenses of TSEK 240 (2,227) for the year mainly consist of the currency translation effects of receivables and liabilities. For while 2016 they mainly consist of write-down of assets related to a project regarding a fully automated production process for the electrode to the amount of TSEK 1,752 and in part of currency translation effects of receivables and liabilities.

Net financial items amounted to TSEK -31 (9) and mainly consisted of banking charges associated with assets in bank accounts.

Loss for the year, after net financial items, amounted to TSEK 42,464 (loss: 53,085).

Loss for the year after tax amounted to TSEK 42,464 (loss: 53,086). The tax expense for the year amounted to TSEK 0 (1).

Segment reporting

The Group has today only one operating segment, detection of malignant melanoma. Follow-ups are done on the geographical areas, Europe/Rest of the World, US/North America and Asia/Oceania. Note that US/North America and Asia/Oceania were combined since they yet do not amount to a substantial portion of the total.

EU/Rest of the World

Net sales during the year amounted to TSEK,6,828 (6,436) of which Germany accounted for 89 (91)%. During the year the focus for the sales and marketing effort has continued to be Germany with the Company's own sales organization. However, a considerable effort has also been made to get other markets to start generating sales among them Italy. Gross profit amounted to a profit of TSEK,2,423 (2,220).

Other geographical areas

Net sales during the year amounted to TSEK,31 (0). In this area, it is only in the US, through a sales consultant and in Australia, via a distributor, that the company is present. Gross profit amounted to TSEK,3 (0).

Parent Company

SciBase Holding AB (publ), corporate identity number 556773-4768, is the Parent Company of the Group. The Company was formed in 2009 following a restructuring of the Group. The actual operations are conducted by the wholly owned subsidiary SciBase AB.

At December 31, 2017, the Parent Company had three employees, the President and CEO and the Group's accounting function and the operating activities consist of consulting support to the rest of the Group. The company's main task is of a financial nature – to fund the Group's operating activities.

Net sales for the year amounted to TSEK 4,306 (4,306) and the loss after taxes for the year was TSEK 41,972 (loss: 53,061). The company's net sales consist of consulting support for the wholly owned subsidiary SciBase AB. The shareholders' contributions to the fully owned subsidiary SciBase AB has for 2016 and onwards been decided to be charged to earnings and not be booked as a financial tangible asset, in total MSEK 38.3 (49.6).

The Parent Company's cash and cash equivalents amounted to TSEK 86,973 (79,258).

In 2017, the Parent Company issued a capital adequacy guarantee to the wholly owned subsidiary SciBase AB of a maximum SEK 55,000,000 to ensure that equity is kept intact.

Shareholders

At the end of the year, SciBase Holding AB had approximately 1,220 shareholders, of whom the three largest represented approximately 37.4% of the capital and votes. The total number of shares amounts to 16,618,101 distributed in one share type. The largest shareholders as of December 29, 2017 were SEB Venture Capital (13%), SEB Pensionsstiftelse (13%) and Fouriertransform AB (12%).

During the fourth quarter 2017 a preferential rights offering was made which resulted in an additional 8,333,333 new shares being issued.

At an extraordinary shareholders meeting held on April 28, 2015 it was resolved to implement an incentive program. The program comprises a maximum of 553,863 warrants of which 392,317 have been allotted so far. For a full description of the program please see the Company's website and the minutes from the EGM on April 28th 2015.

Related party transactions

For a description of related party transactions, refer to Notes 7 and 24.

Liquidity

At the start of 2017, cash and cash equivalents amounted to TSEK 84,955 and, at the end of the period, to TSEK 110,015.

Cash flow from current operations for the year was negative to the amount of TSEK 44,180 (47,850), of which changes in working capital amounted to a negative TSEK 2,183 (positive 3,086). The negative operating cash flow improved mainly thanks to the reduced operating loss which was balanced by mainly decreased liabilities.

During the fourth quarter the Company performed a preferential rights offering providing the Company with a total of MSEK 75 before issue costs. The estimated capital provided after issue costs is MSEK 65.8. Remaining issue costs to be paid at the beginning of 2018 are around MSEK 5 and are included in the net amount above. Total cash flow for the period was positive to the amount of TSEK 25,007 (negative 48,804).

Investments

Net investments in tangible assets for the year amounted to TSEK 1,240 (954) and mainly involved investments in production tools, demo instruments and investments in the new facilities. Investments in intangible assets for the period amounted to TSEK 0 (0). Depreciation of tangible assets was charged against earnings for the year to the value of TSEK 722 (300).

Seasonal variations

To a certain extent, SciBase's sales and operating profit are dependent on seasonal variation that the company cannot influence. In the third quarter, the number of tests performed is expected to decrease and consequently the company's sales are also expected to dip due to the vacation period.

Environmental information

SciBase AB conducts systematic efforts to reduce particularly hazardous substances in electrical and electronic equipment by fulfilling the European RoHS directive and providing customers information on the recycling of the products by marking according to the WEEE directive.

According to the WEEE directive, SciBase is also the responsible producer for electrical and electronic equipment and for batteries. SciBase AB is registered with the Swedish National Environmental Protection Agency and annually reports on collection systems and recycling according to the regulations 2005:209 and 2014:1075 and for batteries according to regulation 2008:834.

Computers and other electronic office equipment are chosen according to its low energy consumption. The use of IT systems for storing information and document handling has reduced the need for paper. The Group is also working for reduced travel through phone and videoconferencing to thereby save both the environment, time and money.

Significant events after the end of the financial year

No significant events have occurred after the end of the year.

Financing

The Board of Directors regularly reviews the company's existing and forecast cash flows to ensure that the company has the funds and resources necessary to pursue operations and strategic focus adopted by the Board. The company's long-term cash requirements are determined by how successful the Company will be able to commercialize its product Nevisense. Commercialization is, in turn, dependent on a variety of factors that will affect the need, including costs related to being included in insurance systems, granted compensation levels therein, marketing costs and obtaining and enforcing regulatory requirements.

In December of 2017 the Company performed a rights issue that, before issue costs, provided the Company with SEK 75 million. The net contribution is approximately SEK 66 million. The Board believes that the current financial assets is sufficient to realize the Company's current business plan whereby the Company's operations are deemed to be ensured for at least the coming 12 month period.

Future developments

In 2018, the Company will continue to invest in, and focus on, sales and launch activities for Nevisense, mainly in the US and Germany. In addition, important focus areas during 2018 are to improve the ease-of-use of the product and method in order to be able to reach broader customer groups, development of the current product platform for use in new clinical applications and to continue to develop new products based on the together with the application specific integrated circuit (ASIC) developed together with KTH (Royal Institute of Technology).

An important focus area is also to secure a stable and financially sustainable production of electrodes.

Significant risks

SciBase's operations are subject to a number of risk factors that are entirely or partly beyond the Company's control and that thus affect or may come to affect the Company's operations, financial position and/or earnings and consequently the value of the Company. Described below are the risks factors deemed to be of particular importance for the future development of the Company. This account of risk factors does not claim to be comprehensive and is made with no mutual order of importance.

Additional risks that are, as yet, unknown to the Company may have a significant impact on its business, financial position and/or earnings. Not all risk factors are described in detail and a complete assessment must include all of the information provided in the annual report, while also taking an evaluation of external influences into account.

Described below are the risks factors deemed to be of particular importance for the future development of the Company.

Operational and sector-related risks

SciBase is a company in its early commercialisation phase
SciBase finds itself in an initial commercialisation phase and has, to date, generated only limited sales revenues and expects to report a loss over the next few years. Consequently, the Company is dependent on successful development and commercialisation efforts to a greater extent than an established company with established sales. If the commercialisation of

the Company's products is delayed, becomes more expensive or fails, this could have a material impact on the Group's operations, financial positions and profits.

Risks that the new growth strategy will not be successful

During the third quarter of 2017 SciBase has communicated an updated growth strategy according to which the Company will henceforth be focusing on the launch and commercialisation of Nevisense in the US, the continued commercialisation and broadening of the customer base in Germany and the expansion of the use of Nevisense for new clinical indications. The updated growth strategy will entail considerable investment costs.

There is a risk that the implementation of the growth strategy will be delayed or that the strategy will entail higher costs than expected, which could have an adverse effect on the Company's operations, financial position and profits.

There is also a risk that the Company's growth strategy will not succeed due to, for instance, insufficient market acceptance for the Company's product for its current indication, unfavorable results from ongoing studies regarding new indications or insufficient market acceptance for the Company's product within new indications. If SciBase fails to implement the new growth strategy, either in whole or in part, it could have a material adverse effect on the Company's operations, financial position and profits.

Regulatory environment and approval by authorities

SciBase's product Nevisense is, from a regulatory perspective, classified as a medical device. Medical devices are subjected to rigorous regulation over the world and the Company is under supervision from authorities such as the Swedish Medical Products Agency (sw. Läkemedelsverket) in Sweden and the US Food and Drug Administration ("FDA") in the US. Nevisense is CE-marked and is approved for marketing within the EEA for use within its current clinical indication detection of malignant melanoma. In June 2017, the Company furthermore received a Pre-Market Approval ("PMA") from FDA whereas the Company now is allowed to market its product in the US within the same indication. Medical devices are subjected to rigorous regulations and regulatory requirements which affect all parts of the Com-

pany's operations. The cost of complying with rules, regulations and guidelines can be substantial and failure to comply with such requirements can result in sanctions such as penalties, confiscation or recalls of products, partial suspension of production and criminal prosecutions. Furthermore the Company could have trouble in retaining the permits and approvals it holds. If any of these risks would materialize it could result in increased costs, delayed commercialisation of products and limited ability to generate proceeds and to be profitable which could have an adverse effect on the Company's operations, financial position and profits.

Risks relating to the regulatory process of introducing products to the market

As part of its updated growth strategy, the Company is planning to expand its field of application for its current product Nevisense for use within new clinical indications whereby the Company will need to widen the scope of its current marketing approvals. The Company is also planning to launch new products in the future which will require new product and market approvals.

To market Nevisense for use within new clinical applications, the Company is required to widen the scope of its current marketing approvals, which in turn requires that the Company, through continued collection of clinical data, can demonstrate the clinical advantage of the product for use within new indications. Prior to the future launches of new products, it may come to be demanded that the Company conducts more comprehensive clinical studies in order to be granted marketing approvals.

There is a risk that positive outcomes in the collection of clinical data or conduction of clinical studies fail to appear which in turn could result in that applications for widened or new approvals are not granted.

The process of securing product and market approvals are time-consuming and costly and the outcome of the application and the time in which an approval can be secured is difficult to estimate. Each authority could have their own demands and request more information before granting an approval even if the authorities in other jurisdictions already have granted approvals. Furthermore, the approval process may change due to new regulations or interpretations of existing

regulations which in turn risk leading to increased costs or delayed market entry for current products within new indications, or for new products. Furthermore, there is a risk that applications for widened or future product and market approvals will not be granted.

If SciBase experiences problems in securing new approvals, or if the process of securing approvals is substantially delayed or cost consuming, it could have an adverse effect on the Company's operations, financial position and profits.

Reimbursement systems, clinical acceptance and commercialization

Key prerequisites for SciBase's method achieving broad usage include users being able to receive reimbursement from national or private insurance systems and the method being included in accordance with national clinical guidelines for the diagnosis and handling of patients at risk of malignant melanoma. There is a risk that the method or its products will not be able to attain or maintain the relevant requirements to qualify for reimbursement from national insurance systems in the various markets in which SciBase operates. There is also a risk that adequate reimbursement from those national insurance systems will not be obtained and that the systems will not pay such reimbursement within a certain timeframe. Every market has its own process for reimbursement and the amount of data and the time it takes to acquire reimbursement varies.

Moreover, there is a risk that the Company's products and method will not gain clinical acceptance and will thus not be introduced in accordance with national clinical guidelines. If the national insurance systems in certain markets do not provide reimbursement and if clinical acceptance of the method is not achieved, this will have a considerable negative impact on future sales growth and, consequently, on the Company's operations, profits and financial position.

SciBase's operations are based on a large proportion of the Company's future sales being generated outside Sweden. International expansion brings uncertainty and imposes considerable demands on organisation and resources. The expenses for establishing proprietary local sales companies, if deemed to be the appropriate strategy, are considerable.

Patents, other intellectual property rights and their protection

SciBase is dependent on its capacity to file and maintain patents that protect its intellectual property and specific knowledge. SciBase files patent applications, and registers brands and trademarks continuously to cover its methods and the products that the Company develops in selected markets if this is deemed crucial for the Company's future development. There are, however, no guarantees that current or future patent applications will result in patents being approved.

There is always a risk that SciBase's competitors, whether intentionally or not, will infringe on the Company's patents. If deemed necessary, the Company will defend its patents and other intangible rights by means of legal process. However, there is a risk that SciBase may be unable to fully assert its rights in a court case. This could have a considerable negative impact on the Company's business, earnings and financial position.

There is also a risk that SciBase may be deemed as infringing patents and/or other intellectual property rights of others. There is further a risk that SciBase may be brought to trial by competitors for alleged infringement of their patents or other rights. As with disputes in general, infringement disputes can be costly and time consuming, even if the outcome of such a dispute may be in the Company's favor, and may therefore have a considerable negative impact on SciBase's operations, profits and financial position.

Furthermore, the sector in which SciBase operates is characterised by rapid technological development. Consequently, there is always a risk that new technologies and products will be developed that will circumvent or replace the Company's present and future patents or other intellectual property rights.

SciBase is also dependent on know-how and trade secrets. The Company strives to protect such information, inter alia through confidentiality agreements with employees, consultants and partners. However, it is not possible to fully protect oneself against unauthorised dissemination of information, entailing the risk that competitors may become aware of and benefit from the know-how developed by SciBase.

Economic climate

SciBase's future sales are to a certain extent dependent on the general economic climate. In markets where the Company's method is not yet included in the national clinical guidelines, the development of SciBase's sales is particularly sensitive to economic fluctuations. An economic downturn on the markets where the Company is active could adversely affect demand for the Company's products, which could negatively impact the Company's business, earnings and financial position.

Dependency on key individuals

SciBase is to a large extent dependent on a number of key individuals. The possible loss of any of these individuals could lead to the development or commercialisation of the Company's products being delayed or more costly. The Company's capacity to retain and recruit qualified co-workers is important in safeguarding the level of competence within SciBase. There is a risk that the Company will not be able to retain these key individuals and the loss of any of them could, in the short term, have an adverse impact on the Company's operations, profits and financial position.

Dependency on subcontractors and distributors

SciBase is, and will remain, dependent on collaboration with others for the manufacture of the Company's products. If one or more of the Company's suppliers were to discontinue its cooperation with SciBase, or if production disruptions, such as delayed deliveries, delays in automation of the production process for the electrodes or issues of quality, were to arise, this could cause follow-on problems vis-à-vis SciBase's undertakings towards its customers. This could damage SciBase's reputation, causing losses of customers, impaired gross margins and decreased revenues. Having distribution agreements in place, as SciBase does, for the sale of the Company's products also entails a risk that the distributor does not fulfill its obligations and that the agreement is terminated. Termination of an agreement can lead to an unexpected decline in sales and thus have a negative impact on the Company's business, earnings and financial position. There is also a risk that the Company's products may not gain

the necessary focus among the selected distributors to achieve sufficient future sales growth.

Delayed launches

SciBase continuously works to further develop its product offering and to introduce it to new markets. A possible delay in development and marketing activities or regulatory approvals could also cause a delay in the launch of the Company's current and future products. The Company often develops new products in partnership with others, meaning that the execution and results of trials, and thus also the risk of delay, are to some extent beyond the Company's control. Consequently, there is a risk that such delays will arise, which could have negative consequences for SciBase's future operations, profits and financial position.

Disputes

There is a risk that the Company will be involved in legal proceedings associated with its current operations. Such legal proceedings could include disputes concerning, for example, infringement of intellectual property rights, the validity of certain patents and commercial disputes. They could also involve disputes involving individuals examined with the help of the Company's products.

Disputes and claims can be time consuming, disruptive to the day-to-day business, involve considerable amounts or principally important issues, may entail substantial costs and impact the Company's operations, profits and financial position.

Product liability and insurance coverage

SciBase's operations involve trials, marketing and sales of medical technology products, which means that SciBase risks having to remedy, compensate, recall or backer-purchase products that fail to work as intended. There is a risk that the Company, as the manufacturer, could be held responsible if a product were to cause personal injury or damage to property. The Company holds a product liability insurance, but there is a risk that the Company's current or future insurance cover may not be sufficient for potential product liability claims that may arise. Consequently, there is a risk that such claims may impact

SciBase's business, earnings and financial position negatively. It could also prove to be the case that the Company has otherwise lacked sufficiently comprehensive insurance and may not be fully insured against all risks, which could have a negative impact on SciBase's operations, earnings and financial position.

Permits and legislation

Because SciBase's research and development, production and marketing are subject to constant review by the authorities, there is a risk that the Company's current permits may not be renewed on the same terms as previously. There is also a risk that such permits may be revoked or limited. Changes to legislation, insurance systems or permit rules, problems discovered with a product or at a manufacturer can therefore negatively impact SciBase's business, earnings and financial position.

New methods

Considerable resources are currently being assigned to finding new methods within cancer diagnostics, and it is possible that new methods could appear that might compete with the Company's method for diagnosing malignant melanoma. This could adversely affect SciBase's operations, earnings and financial position.

Competition

There are competitors within the Company's area of operations for the diagnosis of malignant melanoma and there is a risk that new companies are set up with greater capital and skills than SciBase's. Increased competition could contribute to lower prices and consequently a weaker margin for SciBase. This could adversely affect SciBase's operations, earnings and financial position.

Financial Risks

Currency risks – transaction and translation exposure

Currency risk entails the Company's equity and earnings being affected by fluctuations in exchange rates. Currency exposures occur in connection with payment flows in currencies other than the company's functional currency, i.e. SEK, (transaction exposure) and negative exchange rate exposure of foreign subsidiaries' balance sheets and income

statements. Currently, the Group's currency exposure relates primarily to EUR but will in the future also relate to USD. Exchange rate fluctuations in EUR and USD could therefore impact the Company's earnings capacity, profits and financial position.

Credit risks

When SciBase sells its products to customers, it incurs a risk of payment not being made. Such credit risks may have a negative impact on the Company's operations, profits and financial position.

Liquidity risks

Liquidity risk refers to the risk that SciBase, due to shortage of funds, will be unable to meet its financial commitments or will be less able to conduct its business efficiently. SciBase's liquidity is affected by factors including payment terms on credit provided to customers and on credit received from suppliers. It cannot be excluded that, due to events as yet unknown, the Company may experience a shortage of funds that, in turn, could have a negative impact on the company's operations, profits and financial position.

Risks associated with future earning capacity

The Company has reported losses since its inception. SciBase's future growth and profitability, is, inter alia, dependent on the users of the Company's method receiving reimbursement from national or private insurance systems and on the method being included in national clinical guidelines for the diagnosis and monitoring of malignant melanoma. There is a risk that the Company's method may not be included in national or private reimbursement systems and national clinical guidelines to a sufficient extent for the Company to be able to achieve future profitability.

The Company has an ongoing project aiming to lower the manufacturing costs for the disposable item in the Company's product, the electrode, by gradually automating the manufacturing process of it. However there is always a risk that the project cannot be completed with a favorable outcome for the Company, which could adversely affect the Company's long-term profitability.

Risks associated with future capital needs

The Board of Directors regularly reviews the Company's existing and forecast cash flows at least once every Board meeting to ensure that the Company has the funds and resources necessary to pursue operations and strategic focus adopted by the Board. The company currently has the financial resources necessary to conduct operations according to the approved plan for at least the next 12 months. Although the new share issue performed in December 2017 strengthened SciBase's financial position considerably, it cannot be ruled out that the Company will need additional financing in the future. Access to additional financing is affected by several factors including market terms, the general availability of credit, as well as SciBase's creditworthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets can further limit access to additional capital. There is also a risk that the Company may not have sufficient income or positive cash flow to maintain its operations in the future. If the Company does not acquire financing on terms acceptable to SciBase it could have an adverse impact on the Company's operations, profits and financial position.

Tax risk

SciBase conducts business in several countries and, to the knowledge of the Board, operations both in Sweden and abroad comply with current tax legislation. However, there is a risk that the Company's interpretation of such tax regulations is incorrect or that the legislation will be changed, possibly retroactively. The Company's previous or current tax situation may therefore change as a consequence of decisions by Swedish or foreign tax authorities and this may have a negative impact on the Company's operations, profits and financial position.

The Company and SciBase AB have accumulated tax losses (deficits) from previous fiscal years. The Group's ability to use such deficits may be limited, in whole or in part, by changes in ownership entailing changes in the decisive control over SciBase. There is also a risk that the Swedish Tax Agency may reassess previous years' tax returns with the result that the deficits are reduced.

Such reassessment may be announced within six years of the end of the calendar year in which the tax year expired. The opportunities to use the Deficits may also be affected by changes in legislation or legal practice.

The Group has not recognized any deferred tax assets on account of the deficits. It should be noted, however, that the Group could find itself in a tax-paying position earlier than expected if the possibility of using the deficits is limited.

Corporate governance

Corporate governance refers to the regulations and structure established for an efficient and controlled governance and management of a limited liability company. Ultimately, corporate governance serves to meet the shareholders' demands for a return and all stakeholders' need for information about the company and its development. SciBase's corporate governance is based on inter alia the Swedish Companies Act [Sw. aktiebolagslagen (2005:551)], the Swedish Annual Accounts Act [Sw. årsredovisningslagen (1995:1554)], the Company's Articles of Association, Nasdaq First North's regulations and internal policy documents. The Swedish Code of Corporate Governance [the "Code"] is not mandatory for companies listed on Nasdaq First North, and the Company has not taken upon itself to fully comply with the Code in any part. However, the Company may choose to act in accordance with certain parts of the Code.

General meeting

The shareholders' right to decide on the Company's affairs is exercised through the highest decision-making body - the general meeting (annual general meeting or extraordinary general meeting). The general meeting resolves, for example, on changes to the articles of association, the election of the board of directors and auditors, adoption of the income statement and balance sheet, the appropriation of profit or loss, discharge from liability for the board of directors and the CEO, the principles for the appointment of the nomination committee and on guidelines for remuneration to senior management.

Shareholders have the right to have a specified matter brought before the general meeting. Shareholders who wish to exercise this right must submit a written request to the Company's board of directors. Such a submission must normally have been received by the board of directors no later than seven weeks before the general meeting.

General meetings shall be held in Stockholm. Notice convening annual general meetings and extraordinary general meetings where amendments to the articles of association are to be addressed, shall be issued no earlier than six weeks and no later than four weeks prior to the meeting. Notices convening other extraordinary general meetings shall be issued no earlier than six weeks and no later than three weeks prior to the meeting. Notices shall be published in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and by making the notice available on the Company's website. Information regarding the notice shall be advertised in Dagens Nyheter. Notices, minutes from general meetings, bulletins and other material connected to general meetings are published on the Company's website www.scibase.se.

To attend and vote at the general meeting, either in person or through a proxy, shareholders must be registered in the share register kept by Euroclear no later than five (5) business days prior to the meeting (i.e. on the record date) and also notify the Company of their participation no later than on the date specified in the notice convening the meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth business day prior to the meeting.

Shareholders may be accompanied by assistants at general meetings upon notification. Every shareholder in the Company submitting a matter with sufficient foresight has the right to have the matter brought before the general meeting.

To be able to determine who is entitled to attend and vote at general meetings, Euroclear shall, upon the Company's request, supply the Company with a list of all holders of shares as of the record date in connection with each general meeting. Shareholders who have their shares nominee-registered need to instruct the nominee to register the shares temporarily in the name of the shareholder in order to be entitled to attend and vote for their shares at general meet-

ings (voting rights registration). Such registration must be completed no later than on the applicable record date and ceases to be in force after the record date. Shareholders who have their shares registered in their own name on an account in the Euroclear system will automatically be included in the list of shareholders.

Nominating committee

The annual general meeting of the Company held on May 16, 2017 resolved to adopt principles for the appointment of a Nominating Committee. The Nominating Committee for the 2018 annual general meeting, which shall consist of four members, is appointed through the Chairman consulting the three largest shareholders at the end of the third quarter of 2017. These shareholders will be requested to each appoint one representative, who together with the Chairman of the board, will form the Nominating Committee. The composition of the Nominating Committee shall be publicly announced no later than six months prior to the annual general meeting. The Nominating Committee, whose mandate period applies until a new Nominating Committee has constituted itself, shall appoint a chairman from among its members. Ahead of the 2018 annual general meeting, the Nominating Committee shall submit proposals regarding the election of the chairman of the Meeting, the number of board members and deputy board members, the election of board members, deputy board members and auditor, fees to the board and auditors and the principles for the appointment of the Nominating Committee ahead of the following year's annual general meeting. The Nominating Committee's proposals shall be presented in the notice to convene a general meeting at which the election of the board of directors or auditors shall take place, and on the Company's website. Should a committee member resign from its assignment, a replacement shall be sought from the same shareholder. Should a shareholder having appointed a member to the Nominating Committee substantially decrease its ownership in the Company, and if the Nominating Committee so decides, the next shareholder in size order shall be offered the opportunity to appoint a member to the Nominating Committee.

Fees may be paid to the members of the nomination committee after a resolution by the general meeting.

In accordance with the adopted instruction, a nomination committee has been established at the prospect of the annual general meeting in 2018, consisting of David Sonnek (appointed by SEB Venture Capital), Andreas Pennervall (appointed by SEB Pensionsstiftelse), Åsa Knutsson (appointed by Fouriertransform Aktiebolag) and Tord Lendau, the chairman of the board of directors. The members of the nomination committee have amongst themselves appointed David Sonnek as the chairman of the nomination committee. As a basis for the nomination committee's work, an annual evaluation of the Board's work, composition and competence is made.

Board of Directors

Role of the board of directors

After the general meeting, the board of directors is the Company's highest decision-making body. The board of directors shall be responsible for the organisation and management of the Company's affairs, for example by establishing targets and strategies, securing procedures and systems for monitoring of set targets, continuously assess the Company's financial position and evaluate the operational management. Furthermore, the board of directors is responsible for ensuring that correct information is given to the Company's stakeholders, that the Company complies with laws and regulations and that the Company prepares and implements internal policies and ethical guidelines. The board of directors also appoints the Company's CEO and determines his or her salary and other remuneration on the basis of the guidelines adopted by the general meeting.

Composition of the board of directors

Board members elected by the general meeting are elected annually at the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board of directors

shall consist of no less than three and no more than seven members and with no more than seven deputy members. The composition of the board and the board of directors' assessment of the board members' independence in relation to the Company and its management and in relation to major shareholders are presented in the section "board of directors, senior management and auditors".

Chairman of the board of directors

The role of the chairman is to lead the board of directors' work and to ensure that the work is carried out efficiently, and that the board fulfils its obligations. The chairman shall, through contact with the CEO, monitor the development of the Company and ensure that board members regularly receive, from the CEO, the information needed to be able to monitor the Company's financial position, financial planning and development. The chairman shall also consult with the CEO on strategic matters and verify that the board's resolutions are implemented in an effective manner.

The chairman is responsible for contacts with the shareholders in respect of ownership matters and to communicate the point of view of the owners to the board. The chairman does not participate in the operative work within the Company and is not part of the senior management.

Work of the board of directors

The board of directors adheres to written rules of procedure which are revised annually and adopted at the inaugural board meeting. The rules of procedure govern, among other things, the practice of the board of directors, tasks, decision-making within the Company, the board's meeting agenda, the chairman's duties and allocation of responsibilities between the board of directors and the CEO. Instructions for financial reporting and instructions for the CEO are also determined in connection with the inaugural board meeting. The board of directors' work is also carried out based on an annual briefing plan which fulfils the board's need for information. In addition to board meetings, the chairman

and the CEO maintain an ongoing dialogue regarding the management of the Company.

The board of directors meets according to a pre-determined annual schedule and at least four ordinary board meetings shall be held between each annual general meeting. In addition to these meetings, extra meetings can be arranged for processing matters which cannot be referred to any of the ordinary meetings. In 2017, the Board met seventeen times with an average attendance of 87%. The meetings mainly addressed strategy and financing issues.

Committees of the board of directors

Remuneration committee

The board of directors has set up one committee, the remuneration committee.

The remuneration committee's role is primarily to prepare matters regarding remuneration and other terms of employment for the CEO and other members of senior management. The remuneration committee shall also monitor and evaluate ongoing and completed programs for variable remuneration to the Company's management and monitor and evaluate the implementation of the guidelines for remuneration to senior management adopted by the annual general meeting. The remuneration committee is comprised of Renee Aguiar Lucander and Per Aniansson.

CEO and Group Management

The Company's CEO is responsible for the ongoing management of the day-to-day operations. Each year, the Board adopts instructions for the CEO's duties and responsibilities and undertakings in relation to the Board of Directors. The CEO shall continuously present data requested by the Board in its assessment of the Company's financial situation and shall also, within the framework of the Swedish Companies Act, the by the Board approved business plan, budgets and instructions and other guidelines issued by the Board make the decisions required for the Group's development,

In addition to the Company's CEO, Group management includes the Group's CFO, Global Sales Director, Supply Chain & Production Manager, Director of Quality Assurance & Regulatory Affairs, Director Product Development and VP Business Development and Marketing. The members of the management team have extensive experience in their respective areas, including research and development, sales and marketing and regulatory issues. A more detailed presentation of the senior executives can be found in the section "Board, senior executives and auditors".

Proposed guidelines for remuneration of senior executives

The Board of Directors proposes that the Annual General Meeting resolve to adopt the following guidelines for remuneration of senior executives for the period until the 2019 AGM.

Group management's remuneration shall comprise fixed salary, variable salary, pension and other benefits. The combined remuneration shall be market based and competitive and reflect the individual's performance and responsibilities and the Group's earnings trend.

The variable salary can consist of annual variable cash salary and long-term variable salary in the form of cash, shares and/or share-related instruments in SciBase Holding AB. Possible variable cash salary shall presuppose fulfilment of defined and measurable targets and shall be maximized in relation to the fixed salary. Long-term variable salary in the form of shares and/or share-related instruments in SciBase Holding AB shall be able to be paid through participation in long-term incentive programs decided on by the General Meeting. Conditions for variable salary should be formulated so that the Board, if exceptional financial circumstances prevail, has the possibility to limit or refrain from paying variable salary if such action is deemed reasonable.

In special cases, agreements can be reached regarding non-recurring compensation, on condition that such compensation does not exceed an amount equivalent to the individual's annual fixed salary and maximum variable cash salary and is not paid more than once per year and individual.

Pension benefits shall be either defined contribution or defined benefit or a combination. For the CEO, the retirement age shall occur at 60 years at the lowest and for other members of Group management at 62 years at the lowest.

Members of Group management shall normally have a period of notice of a maximum of 12 months.

The Board has the right to deviate from the guidelines approved by the AGM, if there is reasonable cause in a specific case.

The circle of executives that are covered by the guidelines includes the CEO and other members of Group management.

The corresponding guidelines were decided upon at the AGM 2017.

Internal Control

The board bears the overall responsibility for the Company maintaining effective internal control. In the day-to-day operations, the CEO is responsible for there being a satisfactory internal control and formalised procedures that ensure the reliability of the quality of the financial reporting to the board and the market, and for this being in accordance with generally accepted accounting principles, applicable laws and other applicable requirements. The Group's CFO is responsible for risk analysis regarding the financial reporting and performs on-going monitoring activities to manage potential risks.

Auditors

The auditor is appointed at the annual general meeting in order to review the Company's financial reporting and the administration of the Company by the board of directors and the CEO. At the 2017 annual general meeting, the registered public accounting firm PwC (PricewaterhouseCoopers AB) was elected as the Company's auditor for the period extending up until the end of the next annual general meeting. The auditor in charge is authorised public accountant Magnus Lagerberg.

Proposed appropriation of the profit/loss for the year

The following non-restricted equity is at the disposal of the Annual General Meeting:

Share premium reserve, SEK	463,445,671
Accumulated loss, SEK	-239,283,543
Loss for the year, SEK	-41,970,906
Total	182,191,222

The Board of Directors proposes that the available profit

be carried forward	182,191,222
	182,191,222

The position and performance of the company in other regards are presented in the income statement and balance sheet below and in the supplementary disclosures.

No dividends are proposed.

Consolidated income statement

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Net sales	5	6,859	6,436
Cost of good sold	5, 8	-4,433	-4,216
Gross Profit/Loss		2,425	2,220
Sales and marketing expenses	7, 8, 14	-22,820	-26,239
Administration expenses	6, 7, 8, 14	-9,100	-8,495
Development expenses	7, 8, 14	-12,861	-18,653
Other operating income	9	163	300
Other operating expenses	10	-240	-2,227
Operating Income		-42,433	-53,094
Financial income	11	29	24
Financial expenses	12	-60	-15
Profit/Loss before taxes		-42,464	-53,085
Income tax	25	0	-1
Profit/Loss for the year		-42,464	-53,086
Net Profit/Loss attributable to:			
Parent company shareholders		-42,464	-53,086
Earnings per share based on Net Profit/Loss attributable to parent company shareholders (in SEK/share)			
Cash and cash equivalents at end of the year	24	-5.00	-6.41

Consolidated statement of comprehensive income

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Profit/Loss of the year		-42,464	-53,086
Other comprehensive income for the period:			
Items that have or may be reclassified to profit or loss:			
Changes in fair value on financial assets that can be sold	28	-8	-6
Tax effect attributable to changes in fair value on financial assets that can be sold	25, 28	2	1
Translation differences on foreign operations	28	-270	87
Sum other comprehensive income		-276	82
Total comprehensive income for the year			-53,004
Total comprehensive income of the year attributable to:			
Parent company shareholders		-42,740	-53,004

Consolidated statement of financial position

Assets, SEK 000'	Note	Dec 31, 2017	Dec 31, 2016
Non-current assets			
Property, plant and equipment	14	8,761	8,312
Financial fixed assets	15	1,168	1,176
Total Non-current assets		9,929	9,488
Current assets			
Inventory	16	4,514	4,038
Current taxreceivable		548	548
Accounts receivables	17	1,390	898
Other current receivables	18	512	1,089
Prepayments and accrued income	19	1,004	1,090
Cash and cash equivalents	20	110,015	84,955
Total Current assets		117,983	92,618
Total Assets		127,912	102,106

Shareholders' Equity and Liabilities, SEK 000'	Note	Dec 31, 2017	Dec 31, 2016
Shareholders Equity	28		
Share capital		61,487	30,654
Other capital contributions		463,393	428,468
Reserves		-120	156
Retained earnings and Profit/Loss of the year		-409,036	-366,573
Total Shareholders' equity attributable to parent company shareholders		115,724	92,705
Non-current liabilities			
Deferred tax liability	25	23	25
Total Non-current liabilities		23	25
Current liabilities			
Accounts payables		1,803	3,285
Other current liabilities	21	946	964
Accrued expenses and deferred income	22	9,416	5,127
Total Current liabilities		12,165	9,376
Total liabilities		12,188	9,401
Total Shareholders' Equity and Liabilities		127,912	102,106

För ställda säkerheter och eventalförpliktelser, se not 30.

Consolidated change in shareholders' equity

SEK 000'	Share capital	Other capital contributions	Reserves	Retained earnings and Profit/Loss of the year	Total shareholders' Equity attributable to parent company shareholders
Opening balance Jan 1, 2016	30,654	428,468	74	-313,487	145,709
Profit/Loss of the year				-53,086	-53,086
Other comprehensive income			82		82
Total comprehensive income	0	0	82	-53,086	-53,004
Closing balance Dec 31, 2016	30,654	428,468	156	-366,573	92,705
Opening balance Jan 1, 2017	30,654	428,468	156	-366,573	92,705
Profit/Loss of the year				-42,464	-42,464
Other comprehensive income			-276		-276
Total comprehensive income	0	0	-276	-42,464	-42,740
Transactions with shareholders:					
New share issue	30,833	44,167			75,000
Costs associated with new share issues		-9,242			-9,242
Total transactions with shareholders	30,833	34,925	0	0	65,758
Closing balance Dec 31, 2017	61,487	463,393	-120	-409,036	115,724

Consolidated statement of cash flows

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Operating activities			
Profit/Loss before taxes	13	-42,464	-53,085
Adjustments for items not included in cash flow			
Depreciation		722	300
Capital gains on sale of Non-current assets		53	1 767
Unrealized financial income/expenses		-	-
Other non-cash items		-308	83
Paid income tax	25	-	-1
Cashflow from operating activities before changes in operating capital		-41,996	-50,936
Cashflows from changes in operating capital			
Changes in inventory		-476	1 329
Changes in account receivables and other current assets		171	-105
Changes in account payables and other current liabilities		-1,879	1,862
Cashflow from operating activities		-44,180	-47,850
Investing activities			
Acquisitions of Property, plant and equipment		-1,240	-954
Cashflow from investing activities		-1,240	-954
Financing activities			
New share issues	28	75,000	-
Expenses related to new share issue		-4,573	-
Cashflow from financing activities		70,427	-
Cashflow for the year		25,007	-48,804
Cash and cash equivalents at the beginning of the year		84,955	133,736
Exchange rate differences in cash and cash equivalents		52	23
Cash and cash equivalents at end of the year		110,015	84,955

Income statement, Parent company

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Net sales		4,306	4,306
Administration expenses	7,8	-7,974	-7,757
Other operating expenses		-4	-
Operating Income		-3,672	-3,451
Earnings from financial items:			
Loss from shares in group companies	26	-38,259	-49,611
Financial income	11	-	1
Financial expenses	12	-41	-
Profit/Loss after financial items		-41,972	-53,061
Income tax	25	-	-
Profit/Loss for the year		-41,972	-53,061

Statement of other comprehensive income, Parent company

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Profit/Loss for the year		-41,972	-53,061
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income		-41,972	-53,061

Balance Sheet, Parent company

Assets, SEK 000'	Note	Dec 31, 2017	Dec 31, 2016
Non-current assets			
Financial Tangible Assets			
Shares in group companies	26	137,646	137,646
Total Non-current assets		137,646	137,646
Current assets			
Short term receivables			
Current taxreceivable		161	161
Receivables from group companies	27	25,926	4,796
Other current receivables	18	47	2
Prepayments and accrued income	19	27	81
		26,161	5,040
Cash and cash equivalents	20	86,973	79,258
Total Current assets		113,134	84,298
Total Assets		250,780	221,944

Shareholders' Equity and Liabilities, SEK 000'	Note	Dec 31, 2017	Dec 31, 2016
Shareholders Equity			
Restricted equity			
Share capital		61,487	30,654
		61,487	30,654
Non-restricted equity			
Other capital contributions		463,446	428,521
Retained earnings		-239,284	-186,221
Profit/Loss of the year		-41,972	-53,061
		182,191	189,239
Total Equity		243,680	219,893
Current liabilities			
Accounts payables		289	542
Other current liabilities	21	389	323
Accrued expenses and deferred income	22	6,424	1,186
		7,102	2,051
Total liabilities		7,102	2,051
Total equity and liabilities		250,780	221,944

För ställda säkerheter och eventalförpliktelser, se not 30.

Changes in shareholders' equity, Parent company

SEK 000'	Restricted equity	Non-restricted equity			Total equity
	Share capital	Other capital contributions	Retained earnings	Profit/Loss of the year	
Opening balance Jan 1, 2016	30,654	428,521	-183,192	-3,031	272 952
Profit/Loss of the year				-53,061	-53 061
Profit/Loss allocation as decided by the AGM			-3,031	3,031	0
Total comprehensive income	0	0	-3,031	-50,030	-53 061
Closing balance Dec 31, 2016	30,654	428,521	-186,223	-53,061	219 891
Opening balance Jan 1, 2017	30,654	428,521	-186,223	-53,061	219 891
Profit/Loss of the year				-41,971	-41 971
Profit/Loss allocation as decided by the AGM			-53,061	53,061	0
Total comprehensive income	0	0	-53,061	11,090	-41 971
Transactions with shareholders:					
New share issue	30,833	44,167			75 000
Costs associated with new share issues		-9,242			-9 242
Total transactions with shareholders	30,833	34,925	0	0	65 758
Closing balance Dec 31, 2017	61,487	463,446	-239,284	-41,971	243 678

Cash flow analysis, Parent company

SEK 000'	Note	Jan 1, 2017- Dec 31, 2017	Jan 1, 2016- Dec 31, 2016
Operating activities			
Profit/Loss after financial items	13	-41,972	-53,061
Adjustments for items not included in cash flow			
Loss from shares in group companies		38,259	49,611
Paid income tax		-	-
Cashflow from operating activities before changes in operating capital		-3,713	-3,450
Cashflows from changes in operating capital			
Changes in current assets		-21,123	-4,531
Changes in current liabilities		382	767
Cashflow from operating activities		-24,454	-7,214
Investing activities			
Shareholder contributions	26	-38,259	-44,000
Cashflow from investing activities		-38,259	-44,000
Financing activities			
New share issues	28	75,000	-
Expenses related to new share issue		-4,573	-
Cashflow from financing activities		70,427	-
Cashflow for the year		7,715	-51,214
Cash and cash equivalents at the beginning of the year		79,258	130,472
Cash and cash equivalents at end of the year		86,973	79,258

Notes to the Annual Report and Consolidated Financial Statements

1 General information

SciBase Holding AB (Parent Company) and its subsidiaries (jointly the Group) are active in the industry for medical technology and develop and sell skin cancer diagnostic instruments. The operations are essentially conducted in the subsidiary SciBase AB and its subsidiaries.

The Parent Company, domiciled in Stockholm, is a Swedish limited company and was formed in May 2009 in a restructuring of the SciBase Group. The company's main task is of a financial nature – to fund the Group's operating activities. The address of the headquarters is Landsvägen 39, Stockholm, Sweden.

The SciBase share has been listed on Nasdaq First North ("SCIB") since June 2, 2015.

On April 25, 2018, the Board of Directors approved this annual report and consolidated financial statements, which were prepared in accordance with the going concern assumption, for publication and they will be submitted to the General Meeting for adoption on May 16, 2018.

The annual report and consolidated financial statements are presented in SEK thousands unless otherwise stated.

2 Summary of key accounting principles

The key accounting principles applied during the preparation of the consolidated financial statements are presented below. These principles were applied consistently for all years presented unless otherwise stated.

2.1 Alternative performance measures (APM)

Since 2017 the Parent Company has applied the European Securities and Markets Authority's (ESMA) new guidelines for the APMs (Alternative Performance Measures), see note 32 "Alternative performance measures".

2.2 Basis for preparing the reports

The consolidated financial statements for the SciBase Holding AB Group have been prepared in accordance with the Annual Accounts Act and International Financial Reporting Standards

(IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The Parent Company applies the same accounting principles as the Group, with exceptions outlined in section 2.21 entitled "Parent Company accounting principles".

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value.

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid more than 12 months after the end of the reporting period.

Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the end of the reporting period.

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. In addition, management must make certain assessments in the application of the Group's accounting principles. The areas that include a high degree of assessment, are complex or such where assumptions and estimates are of material significance for the consolidated financial statements are presented in note 4.

Amendments as of January 1, 2017

None of the amendments and interpretations of existing standards that are to be applied as of the financial year that began on January 1, 2017 have any material impact on the Parent Company or consolidated financial statements.

New and amended IFRS not yet applied

A few new and amended IFRS standards have not yet been entered into effect and have not been applied in advance in the preparation of the Parent Company and consolidated financial statements. The IFRS standard that may affect the Parent Company or consolidated financial statements are described below. None of the other new standards, amended standards or IFRIC interpretations published on December 31, 2017 are expected to have any impact on the Parent Company or consolidated financial statements.

IFRS 9 Financial Instruments

This standard enters into effect on January 1, 2018 and will then replace IAS 39 Financial instruments: Recognition and measurement. The new standard has been revised in various sections, one of which pertains to recognition and measurement of financial assets and financial liabilities, one relates to hedge accounting and one relates to the impairment of financial instruments. The Group plans to apply the standard for the first time in connection to when it enters into effect. During the year, the Group have evaluated what effects IFRS 9 may have on the consolidated financial statements.

The standard means new approaches in terms of classification and valuation, where the company's overall business model and asset characteristics affect the classification and measurement of financial assets and liabilities. As the Group does not apply factoring or any other complex solutions the assessment is that the new standard may require new disclosures but should not affect the Group's financial position, earnings or cash flows.

Furthermore, the Group does not apply any form of hedge accounting. Therefore, the Group's assessment is that this change should not have a material effect on the financial statements.

Impairments under IFRS 9 is based more on the company's future expectations on credit defaults compared to IAS 39, which focus is on historical losses.

IFRS 15 Revenue from Contracts with Customers

This standard enters into effect on January 1, 2018 and replaces all previously issued standards and interpretations dealing with revenue (i.e. IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC 31 Revenue – Barter Transactions Involving Advertising Services). IFRS 15 accordingly includes a collective model for all revenue recognition. The Group plans to apply the standard for the first time in connection to when it enters into effect. The Group have implemented IFRS 15 through the forward looking method. The Group will report figures from 2017 using previously applied accounting principles and the figures that occurs during 2018 according to IFRS 15. For comparison of presented figures according to previous accounting principles,

2018 figures will be reported in both the previous accounting principles and according to IFRS 15.

The most significant difference in the new standards' approach to the previous one is a stronger focus on the company's obligations to its customers when revenue is recognized. In General, the Group has only one obligation towards its customers, to deliver the products a customer has ordered, which today corresponds to the time when revenue is recognized. Furthermore, the transaction price correspond to the price specified in the sales agreement.

However, there is one exception to this, the sale of equipment in the Group's direct markets. The Group has in this case identified two obligations; (1) the delivery and (2) training for intended use. In these cases, The Group undertakes, in addition to deliver the equipment, to provide customers with the training required for them to be able to use the equipment as intended. Under IFRS 15, the transaction price is expected to be distributed based on the two obligations intrinsic values, which means that the revenue may be recognized at the time each individual obligation has been fulfilled. The Group's preliminary assessment is that the obligation to train its customer's amounts to a limited part of the value recognized as revenue upon sale of equipment.

IFRS 16 Leases

IFRS 16 replaces IAS 17 and enters into effect on January 1, 2019. Under the new standard, the majority of leased assets are to be recognized in the balance sheet. The Group plans to apply the standard for the first time in connection to when it enters into effect. During 2016 and 2017, the Group began the work of evaluating what effect IFRS 16 may have on the consolidated financial statements.

The Group's preliminary conclusion is that the new standard will affect its financial position and earnings and bring new disclosure requirements. The most significant change is that the Group's total assets, to some extent, will grow as more leases will be recognized in the balance sheet. As an example, this will have an effect on the net indebtedness measure.

The Group has local contracts (for office and production premises) and leasing cars that preliminary will be recognized differently. The Group is working on analyzing the effects of IFRS 16, see note 8.

Leasing fees, of which today are recognized as operating expenses, will under IFRS 16 be divided into depreciation and interest expenses and principal payments where the depreciation and interest will be recognized in profit and loss. This will, for example, have an impact on the EBITDA measure.

In addition to the changed classification, applying IFRS 16 also mean that higher expenses are recognized in the beginning of the lease period and lower in the end, unlike IAS 17, where the expenses are distributed evenly over the lease period. This is because the interest expenses decrease as the lease liability is amortized.

Furthermore, the Group's assessment is that the new standard will not have any impact on its cash flows. However, the classification may be different in the consolidated statement of cash flows.

The work will continue to identify and classify the Group's existing leasing agreements under the new standard and evaluate its documentation procedures for such agreements.

2.3 Consolidated financial statements

The consolidated financial statements have been prepared using the purchase method (acquisition method). The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value of the acquired identifiable assets and assumed liabilities on the date of acquisition.

The financial statements of subsidiaries are included in the consolidated financial statements as of the time the Group has controlling influence over them until the time the controlling influence is no longer exercised. The Group has controlling influence over a company when it is exposed to or has the right to variable returns from its interest in the company and has the possibility to influence the return through its influence over the company.

2.4 Translation of foreign currency

Functional currency and presentation currency
Items included in the financial reports for the different entities within the Group are valued in the currency used for the primary economic environment where the entity is active (functional currency). In the consolidated financial statements, SEK is used, which is both the Parent Company's functional currency and the Group's presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rates that apply on the transaction date. Exchange rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the closing rate, are reported in the profit/loss statements. Exchange rate changes for operating items are recognized as other operating income or other operating expenses while exchange rate changes for non-current items are reported as financial income or financial expense

Translation of foreign companies

The foreign subsidiaries' financial statements are translated to SEK according to the current-exchange-rate method. The current-exchange-rate method means that all assets and liabilities are translated at the closing day rate and all items in the income statement are translated at the period's average exchange rate. Translation differences arising are reported in other comprehensive income and accumulated in a separate component in equity, called the translation reserve. When controlling influence ends, the accumulated translation differences attributable to the operations are realized whereby they are reclassified from the translation reserve in equity to the profit/loss for the year.

2.5 Operating segments

Operating segments report in a way that corresponds with the internal reporting that is submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and reviewing the results of the operating segments. In the Group, this function has been identified as the senior executive team, which executes the strategic direction chosen by the Board of Directors.

The Group has today only one operating segment, detection of malignant melanoma. Follow-ups are therefore done on the geographical areas, Europe/Rest of the World, US/North America and Asia/Oceania (see note 5).

2.6 Revenue recognition

Revenue comprises the fair value of what has been received or will be received for sold goods in the Group's operating activities. Revenue is recognized excluding VAT, net after discounts and distributor discounts and after elimination of intra-Group sales.

The Group recognizes an income when its amount can be reliably measured and it is likely that future economic benefits will accrue to the Group.

Sale of goods

The Group sells medical technology equipment for skin cancer diagnostics. In addition to this, the Group also sells consumables (single-use tests, electrodes) and spare parts. The Group provides 12-month guarantees for its products.

Equipment

Equipment sales on the Group's direct markets are recognized upon delivery. The customer then receives the training required to take the product into use, which normally occurs in connection to the delivery. The significant risk and benefits associated with ownership are considered to have been transferred to the customer upon delivery.

For equipment sales to distributors, revenue is recognized upon delivery.

Consumables and spare parts

Sales of consumables (single-use tests, electrodes) and spare parts are recognized as revenue upon delivery.

Revenue is recognized on the basis of the price stated in the sales agreement. No financial component is deemed to exist since sales normally occur with a credit period of 30 days, which agrees with market practice.

2.7 Leasing

Leases in which a significant part of the risks and benefits of ownership are kept by the leaseholder are classified as operating leases. Payments made during the lease term are expensed in the income statement on a straight-line basis over the period of the lease. Other leasing agreements are classified as finance leases.

SciBase currently only has operating leases.

2.8 Employee benefits

Current employee benefits

Current employee benefits (such as salaries, bonuses, vacation pay) are calculated without discounting and are expensed as the relevant services are received.

Financial income and expenses

Financial income consists of interest income from invested funds. Financial expenses consist of interest expenses on bank deposits.

Interest income and interest expenses, respectively, from financial instruments are recognized according to the effective interest method.

Exchange-rate changes attributable to long-term assets/liabilities and cash and cash equivalents are recognized in net financial items.

Severance benefits

An expense for remuneration in connection with termination of employment is recognized only if the Group is demonstrably obliged in a formal detailed plan to terminate employment ahead of the normal point in time, with no realistic possibility for revocation. When remuneration is paid as an incentive for voluntary departure, an expense is recognized if it is likely that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

2.9 Financial income and expenses

Financial income consists of interest income from invested funds. Financial expenses consist of interest expenses on bank deposits.

Interest income and interest expenses, respectively, from financial instruments are recognized according to the effective interest method.

Exchange-rate changes attributable to long-term assets/liabilities and cash and cash equivalents are recognized in net financial items.

2.10 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the tax rules enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred tax is recognized in its entirety according to the balance sheet method for the temporary differences that arise between tax values for assets and liabilities and their carrying amounts. If however the deferred tax arises due to a transaction that represents initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, neither affects the recognized or taxable profit/loss, then it is not recognized. Deferred tax is estimated using tax rates (and tax laws) that have been decided or announced on the closing date and which can be expected to be valid when the deferred tax receivable is realized or the deferred tax liability is settled.

Deferred tax assets attributable to tax loss carryforwards are recognized to the extent that it is probable that future taxable surpluses will be available, against which the tax loss carryforwards can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

2.11 Intangible assets

Separately acquired intangible assets are recognized as an intangible asset at the acquisition date and are recognized at cost less accumulated depreciation and any impairment.

Expenditures for internally generated intangible assets incurred in development projects (relating to design and testing of new or improved products, expenses for clinical trials or production developments) and expenses for patents are reported as intangible assets when the following criteria are fulfilled:

- a) It is technically feasible to finish the intangible asset so that it can be used or sold;
- b) Management intends to finish the intangible asset and use or sell it;
- c) Conditions exist to use or sell the intangible asset;
- d) The way in which the intangible asset will generate probable future economic benefits can be demonstrated;
- e) Adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
- f) The expenditures which relate to the intangible asset during its development can be calculated in a reliable manner.

Other development expenditures which do not fulfill these conditions are reported as expenses when incurred.

For expenditures related to clinical trials and patents the Group assesses that there is not a sufficiently high level of assurance that a product will generate future economic benefits until an approval has been obtained from the relevant registration authority. After an approval has been obtained, there is normally no significant expenses to recognize. Therefore, all expenditure are recognized in profit and loss as they arise.

For expenditure incurred in projects related to design and testing of new or improved products, the Group assesses that there is a high uncertainty in the potential future economic benefits that a product will generate until a zero-series has been produced that meet the internal demands set out for the product. So far, no material expenditure has incurred after this stage has been reached. All expenditure has therefore been recognized in profit and loss in the period incurred.

The Group conducts development related to a new manufacturing process. The Group's assessment is that there is not a sufficiently high level of assurance that a process will generate future economic benefits before the process has been validated and is ready to be implemented. Expenditure has therefore been recognized in profit and loss in the period incurred.

The Group have no development projects that meet these criteria which is why no development costs have been recognized as assets.

Amortization begins when the asset can be used, i.e. when it is in place and in the condition required to be able to use it in the manner management intends.

Amortization is applied straight-line over the estimated useful life as follows:

Patents: Over the term of the patent.

The residual value and useful lives of the assets are tested on every closing date and adjusted if necessary.

2.12 Property, plant and equipment

Property, plant and equipment primarily include tools for production and development and demonstration- and office equipment.

All property, plant and equipment are recognized at cost less depreciation and any impairment. Cost includes the acquisition price and other expenses directly attributable to the asset to put it in its location and condition to be used.

Subsequent expenses are added to the cost's carrying amount or recognized as a separate asset only if it is probable that the future economic benefits associated with the asset will accrue to

the Group and the asset's cost can be measured reliably. All other forms of repairs and maintenance are reported as costs in profit and loss during the period when they arise.

Depreciation is applied straight-line over the estimated useful life as follows:

Production tools: 5-10 years

Office and other equipment: 3-5 years

Depreciation begins when the asset can be used, i.e. when it is in place and in the condition required to be able to use it in the manner management intends.

The residual value and useful lives of the assets are tested on every closing date and adjusted if necessary. An asset's carrying amount is immediately impaired to its recoverable amount if the carrying amount of the asset is higher than the estimated recoverable amount; see section 2.13 below.

Profit/loss on disposal is established through a comparison between the sales income and carrying amount and is recognized in the income statement as other operating income or other operating expenses, respectively.

2.13 Impairment of tangible and intangible assets

If there are indications that assets have been affected by factors that can be considered to have caused a decrease in value, an impairment test is initiated. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. When impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flow generating units.

2.14 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined according to the first-in, first-out method.

Inventories manufactured by the Group is valued using a standard cost method. The standard cost method includes costs for raw materials, direct labor, freight, depreciation and other fixed and variable overhead costs attributable to the manufacturing. The standard cost method is reassessed at each balance sheet date to ensure that the valuation is reasonable.

Other inventories are valued at purchase price including other costs incurred in bringing the inventories to their present location and condition.

2.15 Financial instruments

Financial instruments recognized on the balance sheet include financial fund investments, loan liabilities, cash and cash equivalents, accounts receivable and accounts payable.

A financial asset or financial liability is recognized on the balance sheet when the Group becomes a party to the contractual terms of the instrument. A financial asset is removed from the balance sheet when the rights in the contract are realized, expire or the Group loses control over them. A financial liability is removed from the balance sheet when the commitment in the agreement is fulfilled or extinguished in some other manner. Acquisitions and divestments of financial assets are recognized on the transaction date. The transaction date is the date the company pledges to acquire or divest the asset.

- The Group classifies its financial assets and liabilities in the following categories:
 - Accounts receivables and cash and cash equivalents
- Available-for-sale financial assets
- Other financial liabilities
- The classification is dependent on the purpose for which the instrument was acquired.

Accounts receivables and cash and cash equivalents

Accounts receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortized cost. Amortized cost is determined based on the effective interest calculated at the time of acquisition.

Provision is made for impairment of accounts receivable when there is objective evidence that the Group will be unable to receive all amounts which are due and payable according to the original terms of the receivables. Significant financial difficulties on the part of the debtor, the probability that the debtor will enter into receivership or undergo financial reconstruction and default or late payments are considered indicators that an impairment requirement for an account receivable may exist. The size of the provision comprises the difference between the carrying amount of the asset and the present value of estimated future cash flow, discounted by the original effective interest rate.

Available-for-sale financial assets

Assets in this category are continuously valued at fair value with changes in value in value reported in other comprehensive income that are accumulated as a separate component in equity, the fair value reserve. The Group has a holding in SEB Likviditetsfond, which is recognized in this category.

Other financial liabilities

Other financial liabilities include accounts payables and other financial liabilities. The liabilities are measured at amortized cost.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances.

2.17 Equity

Transaction expenses directly attributable to the issue of new shares or warrants are reported, net after tax, under equity as a deduction from the issue proceeds.

2.18 Provisions

A provision differs from other liabilities in that there is a degree of uncertainty regarding the timing of the payment or its size to settle the provision. A provision is recognized in the balance sheet when there is an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount. Provisions are reviewed at the end of each reporting period. If the time value is material, the present value of the future payment is calculated.

The Group currently recognizes no provisions. For a description of the underlying assessment, refer to Note 4.

2.19 Contingent liabilities

A contingent liability is recognized when there is a potential commitment that originates from occurred events and whose existence is only confirmed by one or more uncertain future events or when there is a commitment that is not recognized as a liability or provision due to the unlikelihood that an outflow of resources will be required.

2.20 Government grants

Government grants are recognized as an expense reduction for the activities they are intended to support during the period that they are carried out. In the current case, the grant has been transferred in its entirety to the Group's collaborative partner Kungliga tekniska högskolan (KTH).

2.21 Parent company accounting principles

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council Recommendation RFR 2 Accounting for Legal Entities.

The differences between the Group's and the Parent Company's accounting principles are described below. The accounting principles presented below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements.

Shares in subsidiaries

Shares in subsidiaries are recognized at cost less potential impairment losses. Transaction expenses are included in the carrying amount for holdings in subsidiaries.

When there is an indication that shares and participations in subsidiaries have decreased in value, the recoverable amount is estimated. If it is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in the item Profit/loss from shares in Group companies.

Group contributions and shareholders' contributions

Group contributions are recognized as appropriations. This applies to both Group contributions paid and received.

Shareholders' contributions made by the Parent Company for covering losses in subsidiaries are recognized as expenses in Profit/loss.

Leasing

In the Parent Company, all leases are recognized according to the regulations for operating leases.

Financial assets and liabilities

Due to the relationship between accounting and taxation, financial instruments are recognized in the Parent Company at cost. The Parent Company measures financial fixed assets at cost less any impairment losses and current financial assets according to the lower of cost or net realizable value.

3 Financial risk management

3.1 Financial risk factors

Through its operations, the Group is exposed to a number of different financial risks such as: market risks (including exchange rate, interest rate and price risks), credit risks and liquidity risks.

The Board of Directors bears utmost responsibility for the guidelines of financial risk management and the CEO is responsible for their implementation in the organization and the satisfactory and effective compliance to them.

A short description is provided below of the meaning of the aforementioned risks:

Market risk**Currency risks**

The Group is active in international markets and is thereby exposed to transaction risks when buying and selling and when performing financial transactions in foreign currencies. Currency risk is defined as the risk that exchange rate fluctuations affect the Group's earnings or cash flow negatively without price compensation for this having been able to be implemented. The Group's exposure to foreign currency relates primarily to EUR and USD.

The Group's policy is currently to protect itself from transaction risks by matching payments made and received in the same currency to the extent that is commercially motivated. The Group makes no forward cover of any currency.

An analysis of the Group's currency exposure is presented below divided into net sales and operating expenses. Other transactions mainly consist of transactions in SEK.

Currency exposure 2017 (%)	Net sales	Operating expenses
Euro	93%	13%
USD	0%	4%
Other	7%	82%
Total	100%	100%

Currency exposure 2016 (%)	Net sales	Operating expenses
Euro	97%	19%
USD	–	6%
Other	3%	75%
Total	100%	100%

The Group has also done a sensitivity analysis to simulate the potential effects on the year's earnings before tax and equity for exchange rate fluctuations in EUR and USD. The simulation is not comprehensive, but serves as an instrument to obtain an overall perception of the currency exposure. In the table below the results from the sensitivity analysis are presented.

Sensitivity analysis	Change in exchange rate	Effect on profit before tax	Effect on pre-tax equity
Euro			
2017	+10%	+137	+158
	-10%	-137	-158
2016	+10%	+363	+378
	-10%	-363	-378
USD			
2017	+10%	+245	+245
	-10%	-245	-245
2016	+10%	+319	+319
	-10%	-319	-319

Interest risk

Interest risk is defined as the risk that a change in interest rates has a negative impact on the Group's earnings or competitive strength.

No interest risk is considered to exist at present as the Group on the closing date had no outstanding loans to credit institutions or other parties with variable interest.

Price risk

Price risks are defined as the risk that price changes on outstanding financial instruments affect the Group's earnings or cash flow negatively.

The Group has a holding in SEB Likviditetsfond the value of which is affected by fluctuations in the market price.

Credit risks

The Group has established guidelines for ensuring that products and services are sold to customers with a suitable credit background. In connection with sales towards new customers, credit checks are made to minimize the credit risk. If considered necessary, goods will only be delivered after a customer has made an advance payment.

Historically, the Group has low to non-existent credit losses.

The management of the company's capital aims to ensure that the strategic plan approved by the Board can be implemented. The capital is monitored through monthly cash flow assessments and compared with the plan. In order to ensure flexibility and the liquid funds, these can only be invested in interest-bearing bank accounts.

In Note 17, an age analysis is provided of the Group's outstanding receivables.

Liquidity risks

The Board of Directors regularly reviews the Company's existing and forecast cash flows at least once every Board meeting to ensure that the Company has the funds and resources necessary to pursue operations and strategic focus adopted by the Board. The Company's long-term cash needs are largely determined by how successful the current product will be/is in the market, developments and regulatory events that could affect the Company's ability to sell its products or that would affect compensation levels in insurance systems for the use of the Company's products as well as the expenditure associated with these efforts. In addition to this, the Company's future cash needs are affected by delays in projects regarding automation of production to achieve future gross margin improvements.

In December 2017, the Parent Company completed a new share issue that, before all deductions for related costs,

provided the Parent Company with 75,000,000 SEK. After the deduction of all related costs the Parent Company was provided with 66,000,000 SEK. It is the Board's opinion that the Group currently has the financial resources necessary to conduct operations according to the approved plan for at least the next 12 months.

The Group's cash and cash equivalents consist of the checking accounts. SciBase Holding AB has responsibility for the liquidity of subsidiaries and secures financing for the Group.

At the closing date, the Group had no outstanding loans to credit institutions and is essentially financed solely through shareholder contributions.

The table below shows financial liabilities remaining contract duration until maturity. The amounts stated in the table are the contractual, undiscounted interest and principal payments connected to the financial liabilities.

Per 31 december 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Later than 5 years
Accounts payables	1,803			
Accrued expenses	907	261		
Total	2,710	261	–	–

Per 31 december 2016	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Later than 5 years
Accounts payables	3,285			
Accrued expenses	1,906	106		
Total	5,191	106	–	–

3.2 Capital management

Capital is comprised of the total equity attributable to the Group's shareholders. At year-end, the Group's capital amounted to SEK 115,724,000 (92,705,000).

The Group's objective concerning capital structure is to secure the Group's ability to continue its business so as to continue generating a return for shareholders and to maintain an optimum capital structure in order to keep costs relating to capital low. Up to the closing date, the Group has been financed through shareholders' contributions in the form of new share issues. During the year, no changes took place in the Group's capital management. None of the Group companies stand under external capital requirements.

4 Critical estimates and assessments used for accounting purposes

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities, income and expenses. The actual outcome may deviate from these estimations.

Estimates and assessments are checked continually and are based on historic experience and other factors, including expectations for future events considered to be reasonable under current conditions. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods

On-going new investments and development expenditures

The Group is conducting a project related to the gradual automation of the current manual production process for the consumable (the electrode). The aim of the project is to achieve the long-term goal of an average gross margin of 70%. However, there are no guarantees for this as it is an entirely new process being developed. A first step was taken when a semi-automated process was validated in late 2016 and is now being implemented. The project is run in stages and as of the end of 2017 approximately SEK 700,000 is expected to remain related to tangible assets (production tools) in the ongoing stage. If all milestones are achieved and targets met a total of SEK 4 million is expected to need to be invested over the coming years which is expected to be financed by the current funds. Of the planned investments only the 0.7 million is committed. Apart from the aforementioned, SciBase is not committed to make any further investments.

At the closing date SEK 4,273,000 is recognized as a tangible asset attributable to the remaining automation project. For further information, see Note 14.

Product guarantees

The Group currently provides 1-year warranties on its products. No provisions for product warranties are assessed to be necessary for 2017.

5 Operating segments

The senior executive team, which has been identified as the Group's highest executive decision-making body, oversees net sales and gross profit for the Groups only operating segment, detection of malignant melanoma, split on the following geographical areas: Europe/Rest of the World, North America/USA and Asia/Oceania. Besides Europe/Rest of the World. The Group has chosen to combine the other geographical areas as they do not amount to a material part of the total.

The Group does not follow up performance measures at a level lower than gross profit, mainly because the Group is in too early a stage to be able to govern and make decisions based on this information. The senior executive team also does not follow up assets or liabilities by segment for the same reason.

	The Group 2017			The Group 2016		
	Europe/ Rest of the World	Other Segments	Total	Europe/ Rest of the World	Other Segments	Total
Segment - Net sales	6,828	31	6,859	6,436	–	6,436
Sales between segments	–	–	–	–	–	–
Net sales from external customers	6,828	31	6,859	6,436	0	6,436
Cos of goods sold	-4,405	-28	-4,433	-4,216	–	-4,216
Gross Profit/Loss	2,423	3	2,425	2,220	0	2,220
Operating expenses			-44,858			-55,314
Operating Income			-42,433			-53,094
Financial Income			29			24
Financial Expenses			-60			-15
Group earnings - before tax			-42,464			-53,085

Of the segments' total sales, SEK 1,741,000 (1,989,000) constitutes the sale of instruments, where SEK 1,713,000 (1,903,000) is attributable to Europe/Rest of the World and SEK 28,000 (0,000) to Other segments. The remaining SEK 5,116,000 (4,446,000) of net sales constitutes the sale of consumables (electrodes), where SEK 5,113,000 (4,446,000) is attributable to Europe/Rest of the World and SEK 3,000 (0,000) to Other segments.

During the year, revenues corresponding to SEK 786,000 (596,000) were attributable to Group companies domiciled in Sweden and SEK 6,073,000 (5,840,000) to Group compa-

nies domiciled in Germany. All sales are related to medical technology products.

In 2017 nor 2016, the Group had no individual customers that accounted for more than 10% of the net sales.

At the balance sheet date, intangible assets of Group companies domiciled in Sweden accounted for SEK 0,000 (0,000) and tangible fixed assets of companies domiciled in Sweden accounted for SEK 8,706,000 (8,199,000). The remaining tangible fixed assets amounted to SEK 62,000 (113,000) and were held by Group companies domiciled in Germany.

6 Remuneration to the auditors

	The Group		Parent company	
	2017	2016	2017	2016
PricewaterhouseCoopers AB 2017/Ernst&Young AB 2016				
Audit	344	349	344	595
Other services	192	–	192	–
Total	536	349	536	595

The audit refer to the auditor's work on the statutory audit and other audit related assignments comprise various kinds of quality assurance services. Other services are costs incurred in connection to the new share issue.

7 Employees

Average number of employees	2017		2016	
	Total number of employees	Of which men	Total number of employees	Of which men
Parent Company	3	96%	3	100%
Subsidiaries in Sweden	15	56%	15	64%
Subsidiaries in Germany	3	67%	3	60%
Subsidiaries in the US	–	–	–	–
Group Total	21	57%	21	68%

Gender, senior management and Board	2017		2016	
	Number at closing date	Of which men	Number at closing date	Of which men
Members of the Board				
of which parent Company	6	73%	6	83%
of which subsidiaries	6	73%	6	83%
CEO and other senior management	7	87%	7	86%

All the board members representing the Parent company also represent the Swedish subsidiaries.

Expenses for employee benefits	2017		2016	
	Salaries and other benefits	Social costs	Salaries and other benefits	Social costs
Parent Company	3,484	1,832	3,153	1,813
of which pension expenses	–	663	–	684
Subsidiaries in Sweden	8,400	4,306	10,284	4,671
of which pension expenses	–	1,167	–	1,428
Subsidiaries in Germany	2,725	415	2,669	380
of which pension expenses	–	193	–	190
Subsidiaries in the US	–	–	–	–
of which pension expenses	–	–	–	–
Total	14,609	6,553	16,106	6,864
of which pension expenses	–	2,023	–	2,302

Remuneration of Board and senior executives

Changes in agreements with the CEO are negotiated directly with the Chairman of the Board. The CEO is responsible for corresponding negotiations with other senior executives. The period of notice is regulated in the individual employment contracts.

Board of directors

Board fees are payable in accordance with the Annual General Meeting's resolution on May 16, 2017 to the Chairman and independent external Board members according to the table below. The Chairman of the Board and independent Board members invoice the Group through their own limited companies and are themselves responsible for the handling of social security expenses. The Board members thereby have the right to invoice the Group for additional social security contributions.

Previous consulting service agreements with the Chairman of the Board and Board member Stig Ollmar ceased at the Annual General Meeting in 2017. The Chairman of the Board has the right to invoice the Group for work done in addition to that included in the role as the Chairman of the Board. The consulting service agreement can be canceled with immediate effect. There is a consulting agreement in place for the previous Chairman of the Board, Stig Ollmar, that gives him the right to bill the Group for time spent on scientific advice. At the Annual General Meeting for 2017, Stig Ollmar resigned from the Board, but the consulting agreement with Stig Ollmar will continue on and can be canceled with a three-months period of notice.

Senior executives

The CEO has a mutual period of notice of six months and, by contract, is entitled to a pension provision corresponding to 35% of the basic salary. The provision for pension insurance may, however, never exceed what is fully deductible for the company. The CEO's retirement age is 67 years.

As of the balance date, other senior executives comprise 6 (6) employees, for the full year the average was 6 (4). Other senior executives have a period of notice between three and six months.

Remuneration and other benefits 2017	Board-fee	Salaries and other remunerations	Consultancy fees	Pension	Severance pay	Total
Chairman of the board:						
Tord Lendau (via Lendau Capital AB)	200		90			290
Members of the board:						
Stig Ollmar (through Onablab AB) until May 16th, 2017	–		90			90
Renée Aguir Lucander (through RAL capital limited)	150					150
Per Aniansson	–					0
Thomas Eklund from 16 May, 2017	150					150
Diana Ferro from 16 May, 2017	150					150
Thomas Taapken from 16 May, 2017	150					150
Senior management:						
CEO: Simon Grant		1,782		449		2,230
Other senior management (6, average)		5,543		1,096		6,638
	800	7,324	180	1,544	–	9,849

The table above shows compensations at the Group level that was approved at the board meeting that took place in May 16, 2017, invoiced consultancies as well as compensations for management at Group level during 2017. In those cases where fees were invoiced through a company, they were cost neutral for the Group.

Remuneration and other benefits 2016	Board-fee	Salaries and other remunerations	Consultancy fees	Pension	Severance pay	Total
Chairman of the board:						
Tord Lendau (via Lendau Capital AB)	150		360			510
Members of the board:						
Stig Ollmar (via Onablab AB)			216			216
Renée Aguir Lucander	100					100
Carsten Browall (via Carbro AB)	100					100
Viktor Drvota Per Aniansson						
Senior management:						
CEO: Simon Grant		1,724		443		2,167
Other senior management (4, average)		5,142		1,037		6,179
	350	6,866	576	1,480	–	9,272

The table above shows compensations at the Group level that was approved at the board meeting that took place in May 16, 2016, invoiced consultancies as well as compensations for management at Group level during 2016. In those cases where fees were invoiced through a company, they were cost neutral for the Group.

Parent company Remuneration and other benefits 2017	Board-fee	Salaries and other remunerations	Consultancy fees	Pension	Severance pay	Total
Chairman of the board:						
Tord Lendau (through Lendau Capital AB)	200					200
Members of the board:						
Stig Ollmar (through Onablab AB) to May 16th, 2017	–					0
Renée Aguir Lucander (through RAL capital limited)	150					150
Per Aniansson	–					0
Thomas Eklund from 16 May, 2017	150					150
Diana Ferro from 16 May, 2017	150					150
Thomas Taapken from 16 May, 2017	150					150
Senior management:						
CEO: Simon Grant		1,782		449		2,230
Other senior management (1)		1,124		193		1,317
	800	2,906	–	642	–	4,347

The table above shows compensations at the Group level that was approved at the board meeting that took place in May 16, 2017, invoiced consultancies as well as compensations for management at Parent company level during 2017. In those cases where fees were invoiced through a company, they were cost neutral for the Group.

Parent company Remuneration and other benefits 2016	Board-fee	Salaries and other remunerations	Consultancy fees	Pension	Severance pay	Total
Chairman of the board:						
Tord Lendau (through Lendau Capital AB)	150					150
Members of the board:						
Stig Ollmar (through Onablab AB)						–
Renée Aguir Lucander	100					100
Carsten Browall (through Carbro AB)	100					100
Viktor Drvota Per Aniansson						
Senior management:						
CEO: Simon Grant		1,724		443		2,167
Other senior management (1)		1,030		219		1,249
	350	2,754	–	662	–	3,766

The table above shows compensations at the Group level that was approved at the board meeting that took place in May 16, 2016, invoiced consultancies as well as compensations for management at Parent company level during 2016. In those cases where fees were invoiced through a company, they were cost neutral for the Group.

8 Operating expenses by nature of expense

	The Group		Parent company	
	2017	2016	2017	2016
Cost of goods sold	4,433	4,216	–	–
Personnel costs	21,488	23,535	5,393	4,979
Depreciation	613	300	–	–
Marketing and selling expenses	8,932	8,553	–	–
Office, insurance and other administrative expenses	7,090	6,822	2,581	2,778
Clinical and regulatory costs	2,234	6,677	–	–
Product- and production development costs and patent	4,425	7,500	–	–
Other operating expenses	240	2,227	–	–
Total	49,454	59,830	7,974	7,757

Operating expenses include operating lease fees of SEK 2,411,000 (2,336,000). Future payment obligations at 31 December for operating leases are distributed as follows:

Future minimum lease payments	The Group		Parent company	
	2017	2016	2017	2016
Within 1 year	1,104	1,468	–	–
Between 1-5 years	5	242	–	–
More than 5 years	–	–	–	–
Total	1,108	1,710	–	–

The Group's future payment obligations essentially consist of rent for office premises and leased cars.

9 Other operating income

	The Group		Parent company	
	2017	2016	2017	2016
Other operating income	–	11	–	–
Exchange rate gains on operating receivables and liabilities	169	289	–	–
Total	169	300	–	–

10 Other operating expenses

	The Group		Parent company	
	2017	2016	2017	2016
Exchange rate losses on operating receivables and liabilities	252	460	4	–
Scrapping of equipment	40	1 767	–	–
Total	293	2 227	4	–

11 Financial income

	The Group		Parent company	
	2017	2016	2017	2016
Interest income	–	3	–	1
Exchange rate fluctuations	29	21	–	–
Total	29	24	0	1

12 Financial expenses

	The Group		Parent company	
	2017	2016	2017	2016
Interest expenses	42	4	41	0
Exchange rate fluctuations	17	11	–	–
Total	60	15	41	0

The Groups interest expenses mostly consist of negative interest for bank balances.

13 Received and paid interests

	The Group		Parent company	
	2017	2016	2017	2016
Interest received	–	2	–	0
Interest paid	42	5	41	1
Total	42	7	41	1

14 Property, plant and equipment

	Construction in progress	Other production tools	Office- and other equipment	Total
1st of January 2016				
Opening carrying value	9,043	129	274	9,446
1st of January 2016				
Opening acquisition amount	9,043	1,168	1,630	11,841
Purchases	–	165	789	954
Reclassification	-3,018	3,018	–	0
Sales/scrapping	-1,752	–	-34	-1,786
Exchange-rate effects	–	–	20	20
Closing accumulated acquisition value	4,273	4,351	2,405	11,029
Opening depreciation brought forward	–	-1,039	-1,356	-2,395
Depreciation of the year	–	-143	-189	-332
Sales/scrapping	–	–	10	10
Closing accumulated depreciation	–	-1,182	-1,535	-2,717
Carrying value	4,273	3,169	870	8,312
1st of January 2017				
Opening acquisition amount	4,273	4,351	2,405	11,029
Purchases	–	542	956	1,498
Reclassification	–	–	–	0
Sales/scrapping	–	-333	0	-333
Exchange-rate effects	–	–	32	32
Closing accumulated acquisition value	4,273	4,560	3,393	12,226
Opening depreciation brought forward	–	-1,182	-1,535	-2,717
Depreciation of the year	–	-305	-443	-748
Sales/scrapping	–	0	0	0
Closing accumulated depreciation	–	-1,488	-1,977	-3,465
Carrying value	4,273	3,072	1,416	8,761

The carrying amount of property, plant and equipment is essentially related to the development of a new automated production process and other production tools used in manufacturing. The construction in progress is not completed and depreciation has not begun. However, in 2016 parts of this asset was completed where some parts have been implemented or are in the process of being implemented. Scrappings have been made in cases where subcomponents with no value for the future manufacturing have been identified.

Other assets consist of other production tools and office and other equipment, such as office equipment, computers and instruments for demonstration.

Depreciation of property, plant and equipment was charged to the functions as follows:

Distribution of depreciation per function	The Group	
	2017	2016
Stocked manufacturing costs	135	32
Sales and marketing expenses	319	180
Administration expenses	129	45
Development expenses	165	75
Total	748	332

In 2017, depreciations amounting to SEK 135,000 (32,000) were transferred to inventories relating to the production of the consumable (the electrode) where SEK 109,000 (0,000) has been recognized in profit and loss.

15 Financial assets and liabilities

The Group Financial assets and liabilities as of December 31, 2016	Receivables and cash and cash equivalents	Financial assets available for sale	Other financial liabilities	Total carrying value	Fair value
Financial assets					
Financial fixed assets*		1,168		1,168	1,168
Accounts receivables	1,390			1,390	1,390
Other receivables				–	–
Accrued income				–	–
Cash and cash equivalents	110,015			110,015	110,015
Total	111,406	1,168	–	112,574	112,574
Financial liabilities					
Accounts payables			1,803	1,803	1,803
Other short-term liabilities				–	–
Accrued expenses**			6,044	6,044	6,044
Total	–	–	7,846	7,846	7,846

The Group Financial assets and liabilities as of December 31, 2017	Receivables and cash and cash equivalents	Financial assets available for sale	Other financial liabilities	Total carrying value	Fair value
Financial assets					
Financial fixed assets*		1,176		1,176	1,176
Accounts receivables	898			898	898
Other receivables				–	–
Accrued income				–	–
Cash and cash equivalents	84,955			84,955	84,955
Total	85,853	1,176	–	87,029	87,029
Financial liabilities					
Accounts payables			3,285	3,285	3,285
Other short-term liabilities				–	–
Accrued expenses**			2,012	2,012	2,012
Total	–	–	5,297	5,297	5,297

*Financial fixed assets are blocked for rental guarantee.

** Accruals for personnel costs, such as remuneration and social security contributions are not classified as financial liabilities.

Valuation at fair value

The table below presents the financial instruments valued at fair value, based on how the classification is done in the fair value hierarchy. The various levels are defined as follows:

- Level 1 – Listed prices (unadjusted) on active markets for identical assets or liabilities.
- Level 2 – Observable input data for the asset or liability other than listed prices included in level 1, either directly (i.e. quoted prices) or indirectly (i.e. derived price quotations).
- Level 3 – Input data for the asset or liability that is not based on observable market data (i.e. non-observable input data).

December 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial fixed assets	1,168			1,168
Total	1,168	–	–	1,168
Financial liabilities				
Total	–	–	–	–

December 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Financial fixed assets	1,176			1,176
Total	1,176	–	–	1,176
Financial liabilities				
Total	–	–	–	–

Calculation of fair value

Current receivables and liabilities

For current receivables and liabilities, such as accounts receivable and accounts payable with a maturity of less than six months, the carrying amount is considered to reflect fair value.

Financial fixed assets

Financial fixed assets, which consist of cash funds, are traded in an active market and fair value is calculated based on the last quoted bid price on the balance sheet date. Fund capital is frozen for rental guarantees

16 Inventories

	The Group		Parent company	
	2017	2016	2017	2016
Raw materials	890	990	–	–
Products in work	453	695	–	–
Goods for resale	3,172	2,353	–	–
Total	4,514	4,038	–	–

Inventories at December 31, 2017 are mainly comprised of finished goods available for sale. Remaining inventory consists largely of raw materials and materials in work in progress that are used in the manufacturing of the consumable product (the electrode) and the equipment the Group sells. During the year, 4,099,00 sek was taken out from inventories as cost of goods sold and 334,000 sek have been written down.

17 Accounts receivables

Age analysis	The Group		Parent company	
	2017	2016	2017	2016
Less than 3 months	197	348	–	–
More than 3 months	113	–	–	–
Total	310	348	–	–

At December 31, 2017, accounts receivables amounted to 1,390,000 (898,000) where 310,000 (348,000) were overdue without any impairment requirement being considered to exist.

18 Other current receivables

	The Group		Parent company	
	2017	2016	2017	2016
Value added tax receivable	511	1,089	40	2
Other receivables	1	0	–	–
Total	512	1,089	40	2

19 Prepayments and accrued income

	The Group		Parent company	
	2017	2016	2017	2016
Prepaid rent	403	564	–	–
Prepaid lease payments	41	93	–	–
Other prepayments	560	433	27	81
Total	1,004	1,090	27	81

Prepaid expenses and accrued income essentially consists of prepaid rent expenses for office premises and prepaid leasing, congress, consulting fees and insurance fees.

20 Cash and cash equivalents

	The Group		Parent company	
	2017	2016	2017	2016
Cash and cash equivalents in SEK	108,020	83,648	86,973	79,258
Cash and cash equivalents in EUR	1,992	1,307	–	–
Cash and cash equivalents in USD	3	0	–	–
Total	110,015	84,955	86,973	79,258

Cash and cash equivalents pertain to cash and bank balances where cash and cash equivalents in EUR and USD are recognized at the closing day rate.

21 Other short term liabilities

	The Group		Parent company	
	2017	2016	2017	2016
Value added tax liability	215	111	165	131
Social security liability	726	830	224	193
Other short term liabilities	5	23	–	–
Total	946	964	389	324

22 Accrued expenses and deferred income

	The Group		Parent company	
	2017	2016	2017	2016
Vacationpay, including social security charges	2,087	2,226	638	414
Other accrued social security charges	472	587	161	166
Other accrued expenses	6,586	1,764	5,625	606
Accrued bonuses	64	90	–	–
Accrued expenses for raw materials	207	460	–	–
Total	9,416	5,127	6,424	1,186

Accrued expenses and prepaid income essentially consist of issue expenses (4,667,000 sek), vacation pay liability, accrued salary expenses and social security contributions. This item also consists of reserved Board fees, consulting fees and expenses for raw materials.

23 Related party disclosures

Transactions described below have taken place between the Group and its related parties. For transactions with Board members and other related parties, refer to Notes 7, 26, 27 and 28.

	The Group		Parent company	
	2017	2016	2017	2016
Net invoicing for fiscal year				
SciBase AB	–	–	4,306	4,306

	The Group		Parent company	
	2017	2016	2017	2016
Net invoicing for fiscal year				
SciBase AB	–	–	571	660

	The Group		Parent company	
	2017	2016	2017	2016
Closing balance				
SciBase AB, receivable	–	–	6,456	4,796
SciBase AB, liability	–	–	–	–
SciBase Intressenter AB	–	–	–	–
SciBase Inc	–	–	–	–
SciBase GmbH	–	–	–	–

Management fees have been invoiced to the subsidiary SciBase AB by the Parent Company for the CEO, CFO and other accounting function.

Expenses for office premises, IT and other office-related expenses have been re-invoiced to the Parent Company SciBase Holding AB by the subsidiary SciBase AB.

Controlling interest between Group companies

Parent company (SciBase Holding AB, 556773-4768)	Seat	Equity-share	Voting-share	Carrying value	
				2017-12-31	2016-12-31
SciBase AB, (org. number 556777-3899)	Stockholm	100%	100%	137,546	137,546
SciBase Inc. (03-060 31 06), subsidiary to SciBase AB	Illinois, USA	100%	100%	–	–
SciBase GmbH, (HRB165351B), Subsidiary to SciBase AB	Berlin, Tyskland	100%	100%	–	–
SciBase Intressenter AB, (org. number 556710-3477)	Stockholm	100%	100%	100	100

24 Earnings per share

	The Group	
	2017	2016
Profit of the year attributable to parent company shareholders	-42,464	-53,086
Weighted average number of shares outstanding (before dilution)	8,493	8,285
Weighted average number of shares outstanding (after dilution)	8,885	8,677
Earnings per share before and after dilution	-5.00	-6.41

Average number of shares

The weighted average number of outstanding ordinary shares is calculated by the number of months the shares were outstanding during the year.

To calculate earnings per share after dilution, the weighted number of outstanding ordinary shares is adjusted with the dilution effect of all outstanding potential ordinary shares. The Parent Company has one category of potential ordinary shares with a dilution effect that is related to stock option programs. On April 28, 2015, a decision was made to introduce an incentive program. The program comprises a maximum of 553,863 warrants of which 392,317 are issued to-date. They have not been included in the calculation of earnings per share since this would result in a lower loss per share.

25 Income taxes

The Group Income tax on profit of the year	The Group	
	2017	2016
Adjusted income tax from previous year	0	-1
Reported tax	0	-1
	The Group	
Reconciliation of effective tax rate	2017	2016
Earnings/loss before tax	-42,464	-53,085
Tax based on national tax rates for earnings in that country	9,332	11,675
Non-capital loss carryforwards	-11,357	-11,652
Non-deductible expenses	-41	-51
Non-taxable income	0	1
Net accelerated/decelerated depreciations	10	3
Share issue expenses that have not been reported as expenses but are deductible for tax purposes	2,033	-
Other items that are deductible for tax purposes but not reported as expenses	22	24
Adjusted income tax from previous year	0	-1
Reported tax	0	-1

Weighted average income tax rate was 22% [22%].

In the table below, the tax effect is specified by the temporary differences:

Deferred tax liabilities	The Group	
	2017-12-31	2016-12-31
Carrying value	24	25
Redovisat värde	24	25
	The Group	
Specification of the change in deferred tax liability:	Opening balance	2016-12-31
Opening balance	25	26
Tax expense recognized in the income statement	-	-
Tax income recognized in other comprehensive income	-	-
Tax expense recognized in other comprehensive income	-1	-1
Closing balance	24	25

Reconciliation of effective tax rate	Parent company	
	2017	2016
Earnings/loss before tax	-41,972	-53,061
Corporate income tax for the parent company (22%)	9,234	11,673
Non-capital loss carryforwards	-2,834	-744
Non-deductible expenses	-16	-15
Non-taxable income	-	-
Share issue expenses that have not been reported as expenses but are deductible for tax purposes	2,033	-
Loss from shares in group companies	-8,417	-10,914
Reported tax	0	0

Loss carryforwards Deferred tax	The Group		Parent company	
	2017	2016	2017	2016
Underskottsavdrag	447,299	395,856	95,466	82 586
Loss carryforwards				
Which matures <10 years	47	52	-	-
Which matures >10 years <15 years	1,113	1,082	-	-
Which matures >15 years <20 years	877	1,039	-	-
No timelimit	445,261	393,683	95,466	82,586

For the Group, there are tax loss carryforwards for which deferred tax assets amounting to SEK 447,299,000 (395,856,000) were not recognized in the balance sheet. Of the total loss carryforwards, SEK 445,064,000 (393,570,000) pertain to Sweden and have no time limit, SEK 138,000 (113,000) pertain to Germany and have no time limit and SEK 2,097,000 (2,173,000) pertain to the U.S. where the annual loss carryforward has a time limit of 20 years. In the Parent Company, the tax loss carryforward amounts to SEK 95,466,000 (82,586,000) and has no time limit.

Deferred tax assets regarding these tax loss carryforwards have not been recognized as there is some uncertainty regarding the possibility of utilizing them against taxable surpluses in the nearby future and that they thereby do not meet the criteria for accounting according to IAS 12.

26 Shares in Group companies

	Parent company	
	2017	2016
Opening acquisition	323,380	273,769
Shareholder contributions	38,259	49,610
Closing accumulated acquisition value	361,639	323,379
Opening impairments	-185,733	-136,123
Loss from shares in group companies	-38,259	-49,611
Closing accumulated impairments	-223,992	-185,734
Carrying value	137,646	137,646

From 2016 onwards, shareholder contributions to the wholly owned subsidiary SciBase AB have been recognized in the parent company's profit and loss and not as a financial fixed asset. Shareholder contributions that have been recognized amount to SEK 38,259,000 (49,611,000).

Group structure

The Group consists of the Parent Company SciBase Holding AB and the subsidiaries SciBase AB and SciBase Intressenter AB. SciBase AB also has two subsidiaries, one in the U.S., SciBase Inc., and one in Germany, SciBase GmbH. A brief description of the companies' operations is provided below.

SciBase Holding AB (Parent company)

The Parent Company SciBase Holding AB, domiciled in Stockholm, is a Swedish limited company and was formed in May 2009 in a restructuring of the SciBase Group. The operating activities consist of consulting support for the rest of the Group in the form of the CEO, CFO and accounting function. The company's main task is of a financial nature – to fund the Group's operating activities.

SciBase AB (Subsidiary)

The subsidiary SciBase AB is a Swedish medical technology company founded in 1998 and is active in the industry for medical technology and develops and sells aids for skin cancer diagnostics. In the company and its subsidiaries, all material activities take place in the Group.

SciBase Inc (Sub-subsidiary)

The subsidiary SciBase Inc. was founded in 2006 to handle the SciBase Group's administrative matters in the U.S. Today, no actual operations take place in the company.

SciBase GmbH (Sub-subsidiary)

The subsidiary SciBase GmbH was formed in 2015 to drive the SciBase Group's sales focus in the currently most important market to the Group, Germany.

SciBase Intressenter AB (Subsidiary)

The subsidiary SciBase Intressenter AB was founded in 2006 to manage the SciBase Group's stock option program. Today, no actual operations take place in the company.

27 Receivables from group companies

	Parent company	
	2017	2016
Opening balance	4,796	5,848
Transferred funds / Settled receivables -net	1,660	-1,052
Closing balance	6,456	4,796
Carrying value	6,456	4,796

Closing balance relates to receivables from the subsidiary SciBase AB.

28 Equity and ownership structure

Description of components in equity

In the following section a description of the components in the equity are presented.

Share capital

Share capital in SciBase Holding AB comprises 16,618,101 shares. All shares are of the same share class, entitle the holder to one vote per share and the right to the same share of the company's assets and profit. The quota value for the share is SEK 3.70 per share. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries.

Other capital contributions

Other capital contributions is comprised of capital contributed by the Group's owners.

Reserves

Reserves include changes in the translation reserve and fair value reserve.

Translation reserve

The translation reserve encompasses all exchange rate differences arising from the translation of the financial statements of foreign operations prepared in a currency other than that in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in SEK. Accumulated exchange rate differences are recognized in profit or loss upon divestment of the foreign operations.

Fair value reserve

The fair value reserve includes the accumulated net change after tax of fair value of available-for-sale financial assets until the asset is removed from the balance sheet.

What constitutes reserves is here described, divided into translation reserve and fair value reserve.

Reserves

The Group	Fair value reserve	Translation-difference reserve	Total reserves
Opening balance Jan 1, 2016	94	-20	74
Change for the year	-6	87	81
Transferred to Profit/Loss of the year	-	-	0
Taxes in other comprehensive income	1	-	1
Closing balance Dec 31, 2016	89	67	156
Opening balance Jan 1, 2017	89	67	156
Change for the year	2	-39	-37
Transferred to Profit/Loss of the year	-	-	0
Taxes in other comprehensive income	1	-	1
Closing balance Dec 31, 2017	92	28	120

Retained earnings and Profit/Loss of the year

Retained earnings and Profit/Loss of the year includes accumulated earnings and Profit/Loss of the year

Share capital distribution

The Group	Number of shares	Share capital	Other Capital Contributions
1st of January 2016	8,284,768	30,654	428,468
Reduction of share capital			
New share issue			
Warrants			
31st of December 2016	8,284,768	30,654	428,468
1st of January 2017	8,284,768	30,654	428,468
Reduction of share capital			
New share issue	8,333,333	30,833	34,925
Warrants			
31st of December 2017	16,618,101	61,487	463,393

Share capital and ownership structure

Largest shareholders per Dec 31, 2017	Total number of shares	Share of capital and votes
SEB Venture Capital	2,107,295	12.7%
SEB Pensionsstiftelse	2,089,698	12.6%
Fouriertransform Aktiebolag	2,007,250	12.1%
Anders Walldov	675,000	4.1%
Nordnet pensionsförsäkring	596,580	3.6%
Omega Fund IV, L.P.	549,994	3.3%
John Fällström/Rothesay Ltd	538,682	3.2%
Avanza Pension	485,505	2.9%
LMK Venture Partners AB	471,347	2.8%
Livsmedelsbörsen AB	461,076	2.8%
Övriga	6,635,674	39.9%
Total	16,618,101	100%

In the above table SciBase Holding ABs ownership structure is presented. As of December 31, 2017 the Parent Company had 1 220 (1 158) shareholders.

Share capital development

Date	Event	No of pref 1 shares	No of pref 2 shares	No of pref 3 shares	No of common shares	Total number of shares	Quota value per share, SEK	Share capital after change, SEK	Subscription price, SEK
dec-08	Formation of Company		497,920	0	150,000	905,076	0.11	100,000	0.11
jul-09	New share issue			500,000		1,405,076	0.11	155,244	50.00
nov-09	New share issue			300,000		1,705,076	0.11	188,390	50.00
nov-09	Reclassification		-497,920	-800,000	1,555,076	1,705,076	0.11	188,390	–
nov-10	Off-set issue				306,497	2,011,573	0.11	222,255	50.00
nov-10	Off-set issue				74,850	2,086,423	0.11	230,525	94.75
nov-10	Off-set issue				730,462	2,816,885	0.11	311,232	94.75
feb-13	Off-set issue				158,315	2,975,200	0.11	328,724	94.75
sep-13	Off-set issue				84,189,761	87,164,961	0.11	9,630,679	1.00
sep-13	Equalizing share issue				16,630,428	103,795,389	0.11	11,468,141	0.11
okt-13	Directed share issue				29,777,590	133,572,979	0.11	14,758,206	0.84
dec-13	Rights issue				17,866,544	151,439,523	0.11	16,732,244	0.84
jan-14	Directed share issue				47,644,144	199,083,667	0.11	21,998,253	0.84
feb-14	Off-set issue				252,263	199,335,930	0.11	22,026,125	1.00
feb-14	Equalizing share issue				54,804	199,390,734	0.11	22,032,180	0.11
maj-15	Reversed share split (1:40)				-194,405,966	4,984,768	4.42	22,032,180	–
maj-15	Reduction of share capital					4,984,768	3.70	18,443,642	–
maj-15	New share issue				3,300,000	8,284,768	3.70	30,653,642	50.00
dec-17	New share issue				8,333,333	16,618,101	3.70	61,486,974	9.00

In the above table SciBase Holding ABs share capital development is presented since the formation of the company.

29 Incentive programs

At the General Meeting on April 28, 2015 shareholders in the Company resolved to introduce an incentive program aimed at senior executives, certain employees and future key personnel in SciBase Holding AB, as well as Board members Tord Lendau, Carsten Browall and Stig Ollmar through the issue of at most 553,863 warrants. All warrants were issued free of charge to the subsidiary SciBase Intressenter AB, with the right and obligation to further transfer the warrants to the aforementioned group of individuals at market value. A condition for being allotted warrants under the incentive program is that the prospective holder signs a special pre-emption agreement with the Company which, among other things, entitles the Company to redeem the warrants in certain situations. The terms of the warrant program at the time of issue were in brief:

- Each warrant entitled to the subscription of 1 share
- The subscription price was set at SEK 65/share
- The market price per warrant, as calculated according to Black & Scholes, was SEK 1.14
- Subscription of shares based on the warrant can happen on Juni 1, 2020

Payment corresponding to the estimated market value is to be paid for the warrants, why no tax benefits should occur and the Company should therefore not be liable for costs of social security contributions or similar. Therefore, no measures to secure the program have been considered necessary. A minor cost for administration will affect the Company at issuance and subscription.

At the end of 2017 392,317 warrants have been transferred. These were all transferred at the time of issuance of the program and at the calculated market price. The warrants can be exercised for subscription of new shares as of June 2020.

After the implementation of the new share issue in May 2015, according to the warrant terms, translation of the subscription price per share shall take place with support of the warrants as well as the number of shares that each warrant entitles the holder to. However, translation took place solely based on the issue volume of SEK 50m which the Anchor Investors subscribed for. After a completed new share issue, one warrant corresponds to 1.2 shares and the subscription price is SEK 54.16. After the implementation of new share issue in December 2017, a second translation was made. The subscription price is SEK 52.85 and one warrant corresponds to 1.3 shares. The maximum dilution effect, after recalculation, amount to approximately 3.9% per December 31, 2017.

30 Pledged assets and contingent liabilities

	The Group		Parent company	
	2017	2016	2017	2016
Chattel mortgage for rental guarantee	600	–	–	–
Fund assets blocked for rental guarantee	960	960	–	–
Capital adequacy guarantee	–	–	55,000	55,000

The guarantee of 600,000 SEK relates to the Company's new office space, while the guarantee of 960,000 SEK relates to the Company's old office space that had not yet been returned at the year end. The guarantee for the old office space was returned in the beginning of 2018.

The Parent Company issued a capital adequacy guarantee to its wholly owned subsidiary SciBase AB for a maximum of SEK 55,000,000 that is valid until the end of 2017. The corresponding guarantee was also issued for 2016.

31 Key events after closing date

No significant events have occurred after the end of the year.

32 Alternate performance measures

This section contains a reconciliation of certain alternate performance measures (APM) against the most reconcilable items in the financial statements. The reporting of APMs has limitations as analytical tools, and should not be viewed without context or as compensation for financial measures prepared in accordance with IFRS. APMs are reported to improve investors' evaluation of ongoing operating profit, as a means of predicting future periods, and to simplify a meaningful comparison of results between periods. Management uses these APMs to evaluate, among other things, ongoing operations compared with previous results, for internal planning and forecasting, as well as for calculation of certain performance-related compensation. The APMs reported in this annual report may differ from measures with similar terms used by other companies.

	2017	2016
Gross Margin (%)		
Gross Profit / Loss	2,425	2,220
Net Sales	6,859	6,436
Gross Margin (%)	35.4%	34.5%

Definition:

Gross Profit / Loss divided with Net Sales

Cause of use:

The gross margin shows the difference between net sales and the cost of goods sold in % of net sales. The gross margin is affected by several factors such as productmix, price trends, exchange rate fluctuation, efficiency in manufacturing processes etc. This is an important measurement as it provides a better understanding of the companies progress.

Shareholder Equity Ratio (%)	2017	2016
Total Shareholders' Equity	115,724	92,705
Total Assets	127,912	102,106
Equity Ratio (%)	90.5%	90.8%

Definition:

Total Shareholders' Equity at the end of the year divided with Total Assets at the end of the year.

Cause of use:

Shareholders equity ratio shows the Group's financial sustainability and the portion that is financed by equity.

Debt Ratio	2017	2016
Total Liabilities	12,188	9,401
Total Shareholders' Equity	115,724	92,705
Debt Ratio	0.11	0.10

Definition:

Total debt in relation to shareholders' equity.

Cause of use:

The debt ratio indicates how much debt the Company is using to finance its assets relative to the value of shareholders' equity.

Earnings per share, after dilution (sek)	2017	2016
Profit / Loss of the year	-42,464	-53,086
Average number of shares (thousand)	8,493	8,285
Earnings per share (sek)	-5.00	-6.41

Definition:

Is the portion of a company's profit allocated to each outstanding share of common stock after dilution. The result per share after the dilution is no different than before the dilution due to that common stock do not give rise to dilution effect.

Cause of use:

This shows the value per share.

Shareholders' Equity per Share (sek)	2017	2016
Shareholders Equity	115,724	92,705
Average number of shares (thousand)	8,493	8,285
Shareholders Equity (sek)	13.63	11.19

Definition:

Shareholders equity divided with the average number of shares after the dilution.

Cause of use:

The shareholders' equity per share provides a measure of the net worth per share and can be set in relation to the actual stock price.

Average number of shares (thousand)	2017	2016
Opening balance -(2017 = 11.7 months of the year)	8,285	8,285
New share issued December 2017	8,333	0
Closing balance -(2017 = 0.3 months of the year)	16,618	8,285
Average number of shares (thousand)	8,493	8,285

Definition:

The average number of issued shares.

Cause of use:

The average number of shares gives an more accurate picture of the result and shareholders' equity due to the fact that the number of shares can change.

33 Appropriation of profits

The following non-restricted equity is available to the AGM:

Share premium reserve, sek	463,445,671
Accumulated profit/loss, sek	-239,283,543
Net profit/loss, sek	-41,970,906
Total	182,191,222

The Board of Directors proposes that the available profit

Transferred	182,191,222
	182,191,222

No dividend is proposed.

Certification

The income statement and balance sheets will be adopted at the AGM on May 16, 2018.

The Board of Directors and the CEO give their assurance that the consolidated accounts have been prepared in accordance with International Financial Standards, IFRS, as adopted by the EU and provide a fair picture of the position and results of the Group. The annual report has been prepared in accordance with good accounting practices and provide a fair picture of the Parent Company's position and results. The Directors' report for the Group and Parent Company provide a fair picture of the development of the Groups' and Parent Company's business, position and results and describe the significant risks and uncertainties facing the Parent Company and the companies making up the Group.

Stockholm, Sweden
April 25, 2018

Simon Grant
CEO

Tord Lendau
Chairman of the Board

Per Aniansson
Board Member

Renee Aguilar-Lucander
Board Member

Thomas Eklund
Board Member

Diana Ferro
Board Member

Thomas Taapken
Board Member

Our audit report was submitted on April 25, 2018.

Öhrlings Pricewaterhouse Coopers AB

Magnus Lagerberg
Authorized public accountant

Audit report

To the general meeting of the shareholders of SciBase Holding AB (publ), corporate identity number 556773-4768

Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of SciBase Holding AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 29-67 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 parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and the statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-28 and 68-74. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SciBase Holding AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 25 April 2018
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Board of directors, senior executives and auditors

BOARD OF DIRECTORS

According to the articles of association, the board of directors shall consist of not less than three and not more than seven members, with up to seven deputies. The Company's board of directors currently consists of six ordinary members, including the chairman, and one deputy. All board members and the deputy are elected for the period until the end of the next annual general meeting. Information about The board members follows below.

TORD LENDAU

Born 1957, chairman since 2014.

Education and experience

Tord has extensive experience from positions as CEO in different MedTech companies and from board assignments for both Swedish and international listed and owner-managed companies. Among other things, Tord has been the CEO of Synectics Medical Inc., Synectics Medical AB, Dantec AS and Artimplant AB and have held senior positions at Medtronic and Sandvik MedTech. Tord has an upper-secondary education in engineering and have studied industrial economics in Linköping (1980-1984). In addition to his board assignments, Tord gives lectures as part of courses for business leaders.

Current assignments

Chairman of the board of directors of Promimic AB, ENCare AB, Hubbster AB and Embedded Nano Europe AB. Board member of Seafire AB, Vitrolife AB, Lendau Capital AB, Sweden Nanotech/IVA and Bostadsrättsföreningen Strandvägspalatset. Deputy board member of Leader Island AB and Board member and chairman of the Audit Committee in Vitrolife AB. Member of the jury for the Nanotech Company of the Year at Sweden Nanotech/IVA.

Holdings in SciBase

Holder of 29,675 shares and 55,386 warrants of series 2015/2020.

Independence

Tord is independent in relation to the Company, the Company's management and major shareholders.

THOMAS EKLUND

Born 1967, board member since 2017.

Education and experience

Thomas is an independent adviser and investor and has approximately 25 years of experience from senior positions within the bank, life sciences and health care sector. Thomas has, inter alia, held positions as CEO of Investor Growth Capital (now Patricia Industries) 2002–2012, Investment Director of Alfred Berg ABN AMRO Capital Investment AB, VP of Handelsbanken Markets and board member in life science companies such as Swedish Orphan International AB and Carmel Pharma AB. Thomas holds an MBA from the Stockholm School of Economics.

Current assignments

Chairman of the board of directors of Sedana Medical AB (publ), Moberg Pharma AB (publ), Itrim Holding AB and Calliditas Therapeutics AB. Board member of Swedencare AB (publ), Boule Diagnostics AB, Biotage AB, Surgical Science Sweden AB, Rodebjer Form AB. Memira Holding AB, Excillum Aktiebolag, Neoventa Medical AB, TEDCAP AB, and Eklund konsulting AB.

Holdings in SciBase:

Holder of 137,792 shares through Eklund konsulting AB.

Independence

Thomas is independent in relation to the Company, the Company's management and major shareholders.

DIANA FERRO

Born 1966, board member since 2017.

Education and experience

Diana is the CEO of Medskin Solutions Dr Suwelack AG, a company with over 130 employees in Europe, the US and Asia. Diana has a broad experience from senior positions within the pharmaceutical and MedTech industry in both the US and Europe. Diana holds an MBA from the University of Hamburg and has also taken various follow-on educations among them an exam in Medical Marketing from UCLA (University of California Los Angeles).

Current assignments

CEO of Medskin Solutions DR Suwelack AG.

Holdings in SciBase:

Holder of 11,000 shares.

Independence

Diana is independent in relation to the Company, the Company's management and major shareholders.

THOMAS TAAPKEN

Born 1965, board member since 2017.

Education and experience

Thomas has extensive experience from senior positions within the life science industry and has held positions as CEO and CFO of Epigenomics AG where he led the company's efforts in gaining regulatory approval for the company's product with the FDA and oversaw its subsequent introduction into the US market. Thomas has also worked at Sanofi and various VC-Companies in both Germany as well as the US. Thomas holds a Ph.D. in organic chemistry from the Technical University of Berlin and has also studied economics, chemistry and physics at the University of Göttingen.

Current assignments

CFO of Medigene AG. Board member of Immunic AG.

Independence

Thomas is independent in relation to the Company, management and the Company's major shareholders.

Holdings in SciBase:

Holder of 4,000 shares.

PER ANIANSSON

Born 1966, board member since 2014.

Education and experience

Per is an Investment Director at Fouriertransform Aktiebolag, and is their board representative on the Company's board of directors. Per has 20 years of experience within life science with investments ranging from start-ups to large public companies. Per has previously held positions at Industrivärden, Siemens and Innovationskapital and also has six years of experience as a management consultant at Accenture and Arthur D Little, mainly with focus on the pharmaceutical and MedTech business. Per also holds board positions in two UK based MedTech companies. Per holds a M.Sc. in Engineering Physics from the Chalmers University of Technology and an MBA from INSEAD.

Current assignments

Investment director at Fouriertransform Aktiebolag. board member and CEO of Perma Ventures AB. board member of Smart Eye Aktiebolag (publ), Anian AB, AAC Microtec AB, Ossdesign AB, Re:NewCell AB, Origin Sciences Ltd., Star Syringe Ltd., and Stiftelsen Bota Cancer.

Independence

Per is independent in relation to the Company and the Company's management, but not in relation to the Company's major shareholders.

Holdings in SciBase:

Holder of 10 000 shares.

RENEE AGUIAR LUCANDER

Born 1962, board member since 2014.

Education and experience

Renee is the CEO at Calliditas Therapeutics AB and was formerly a partner at Omega Funds Management UK L.L.P. in London and was formerly the representative of Omega Fund IV L.P on the Company's board of directors. Renee also has previous experience from leading investment banks in the US and Europe, focusing on acquisitions, divestments and financing of growth companies, and at 3i Group Plc. in London, focusing, inter alia, on investments in healthcare and life sciences. Renee has extensive experience from board positions in owner-managed and public companies with an international presence. Renee holds a BA in Finance from the Stockholm School of Economics and an MBA from INSEAD.

Current assignments

Managing Partner of Positive Capital Partners. External CEO of Calliditas Therapeutics AB. Chairman of the board of Simparel Inc and member of the Board at Medcap AB.

Independence

Renee is independent in relation to the Company, the Company's management and major shareholders.

Holdings in SciBase:

Holds no shares or other securities.

PER NORDBERG

Born 1956, deputy board member since 2017.

Education and experience

Per Nordberg has broad experience from positions as CEO and board member within the pharmaceutical, finance and automobile industry in Sweden as well as globally. Furthermore Per Nordberg was CEO of the Company's major shareholder Fouriertransform AB between 2010 and June 2017. Per Nordberg holds an MBA from Stockholm School of Economics.

Current assignments

Board member in SMP Parts Aktiebolag, Alelion Energy Systems AB, Powercell Sweden AB (publ), Inxide AB, SMPP Holding AB and Sotenäs Symbios Fastigheter AB. Board member and CEO in Executive Management Consulting Stockholm EMC AB.

Independence

Per is independent in relation to the Company and the Company's management, but not to the Company's major shareholders.

Holdings in SciBase:

Holds no shares or other securities.

AUDITOR

The registered accounting firm PricewaterhouseCoopers AB ("PwC") was newly elected as the Company's auditor at the annual general meeting 2017. The auditor in charge is certified public accountant Magnus Lagerberg, member of FAR, the professional institute for authorised public accountants in Sweden. The office address of PwC is PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm. Magnus Lagerberg can be contacted via PwC:s address.

Up until the annual general meeting of 2017 the registered public accounting firm Ernst & Young Aktiebolag was the Company's auditor with authorised public accountant Björn Ohlsson as the auditor in charge. The former auditor in charge Björn Ohlsson was also a member of FAR.

Management

SIMON GRANT

Born 1967, CEO since 2014.

Education and experience

Simon has extensive experience from the MedTech industry, especially from positions related to commercialisation of diagnostic devices. Simon has held leading operational positions in MedTech companies in both start up phases, such as Synetics Medical AB and Neoventa Medical AB, and in established multinational companies such as Medtronic Inc. Simon holds a B.Sc. (hons) in Electrical Engineering.

Current assignments

Board member of ExScale Biospecimen Solutions AB.
Deputy board member of Inanga AB.

Holdings in SciBase

Holder of 12,269 shares and 166,159 warrants of series 2015/2020.

MICHAEL COLÉRUS

Born 1962, CFO since 2014.

Education and experience

Michael was previously CFO of Aerocrine AB (publ) in connection with the Company's listing on the Nasdaq OMX Stockholm exchange in 2007. Prior to being appointed as CFO of Aerocrine, he worked as Business Controller for various business areas within the Pharmacia & Upjohn-family. Michael holds an MBA from Uppsala University.

Current assignments -

Holdings in SciBase

Holder of 5,555 shares and 55,386 warrants of series 2015/2020.

TOBIAS BERGENBLAD

Born 1973, Global Sales Director since 2015.

Education and experience

Tobias has many years of experience in sales and marketing of MedTech products at multinational companies. He has previously worked at Hudson RCI, Maquest Critical Care AB and Aerocrine AB (publ). At Aerocrine, Tobias worked as International Sales Director for the Asia-Pacific region.

Current assignments -

Holdings in SciBase

Holder of 2,136 shares.

ANNA DANSTRÖM

Born 1976, Supply Chain & Production Manager since 2016.

Education and experience

Anna has approximately 15] years of experience from the MedTech industry and has worked in numerous international MedTech companies. Anna has inter alia worked at St. Jude Medicals where she worked with a number of products related to [global technology transfer] and she has also experience from FDA regulated processes. Before Anna took up her post she was responsible for the development of electrodes at SciBase. Anna holds a M.Sc. in technical biology from Linköping University.

Current assignments -

Holdings in SciBase:

Holder of 5,555 shares.

NIKLAS JAKOBSSON

Born 1968, Director of Quality Assurance & Regulatory Affairs since 2016.

Education and experience

Niklas has almost 20 years of experience from the MedTech industry with specific experience from companies active on the US market. Niklas has experience from research and development, production and quality assurance from, amongst others, Siemens Elema, HotSwap AB and Millicore AB. Furthermore, Niklas held the position as director of quality assurance at Ginolis AB worked until August 2017, the Company previously in charge of the production of SciBase's electrode before the production was taken over by SciBase. Niklas holds a M.Sc. in technical physics and electronics from Linköping University.

Current assignments

Board member and CEO at Raise-In AB. Treasurer at Älvsjö AIK Simning.

Holdings in SciBase

Holder of 5,555 shares through Raise-In AB.

DAVID MELIN

Born 1985, Director Product Development since 2017.

Education and experience

David has worked with product development at SciBase since 2013, focusing on hardware development and system design. David also has previous experience of product development and test automation as a consultant. David holds a M.Sc. in Mechanical Engineering with focus on mechatronics from KTH Royal Institute of Technology.

Current assignments

Board member at Annette Melin Konsult AB.

Holdings in SciBase

Holder of 1,000 shares and 5,000 warrants of series 2015/2020.

PER SVEDENHAG

Born 1958, Head of Business Development and Marketing since 2015.

Education and experience

Per has more than 20 years of experience working with product management, marketing and business development with in the MedTech industry and has previously worked at, inter alia, Gambro Engström, Racal-redac Ltd., Siemens-Elema AB, XCounter AB (publ) and Innoventus Project AB. Per holds an M.Sc. in Electrical Engineering from KTH Royal Institute of Technology.

Current assignments

Chairman of the board of directors of Ekonomiska Föreningen Hersby Åker u.p.a.

Holdings in SciBase

Holder of 2,068 shares and 25,000 warrants of series 2015/2020.

Glossary

CE-marking A mandatory conformity marking to show that the product sold within the European Economic Area (EEA) since 2008 fulfills the requirements of the acquis, and that the required control procedures are followed. CE marking is also available on products sold outside of the EEA which are produced in, or intended for sale in the EEA.

Dermatoscope A special magnifying glass fitted with lights to get a clearer picture of the lesion.

Electrical Impedance Spectroscopy (EIS) EIS is a measure of the overall impedance within the tissue at alternating currents for a range of frequencies. It is measured by applying an unnoticeable alternating potential between the bars of the electrode, mounted on the tip of the probe and measuring the resulting current.

FDA US Food and Drug Administration, the American agency that controls all aspects of the development, manufacture and commercialization of pharmaceutical products and medical devices in the United States.

Histopathology Refers to the microscopic examination of tissue in order to study diseases.

Non-melanoma skin cancer Basal cell and squamous cell skin cancer (different from melanoma skin cancer).

IDE- Investigational Device Exemption An IDE allows the test unit to be used in a clinical study to collect safety and effectiveness data required to support a Premarket Approval application in the US.

Incidence Annual number of new cases.

Key opinion leaders (KOL) Physicians who are considered to be opinion leaders in their field.

Malignant melanoma The most dangerous form of skin cancer, consisting of cancer of the pigment-forming melanocytes.

Metastatic A tumor that has spread to organs other than where the primary tumor is located.

Nevi Lesion.

Nevisense® Registered trademark.

Point of care An instrument that can be used at the time of examination and in the examination room, that is, no separate place or time required for analysis.

Pathologist A specialist in pathology; specifically a doctor who interprets and diagnoses the changes caused by disease in tissues and body fluids.

PMA- Premarket Approval Form of approval required for all Class III devices for FDA approval in the United States.

Proof of principle Proof of Principle is an early stage of development which seeks to prove the basic effects of a specific methodology.

Reader-study A reader study involving doctors who evaluate clinical pictures, as well as possibly other clinical information.

Sensitivity The number of melanomas correctly identified out of the total number of melanomas being investigated.

Specificity The number of benign lesions correctly identified out of the total number of benign lesions examined.

TGA (Therapeutic Goods Administration) The regulatory body for therapeutic goods (drugs, medical equipment, genetic engineering and blood products) in Australia.

Definitions

Average number of shares after dilution Average number of shares in issue after dilution is the same as before dilution because potential ordinary shares do not cause to dilution.

Average number of shares before dilution Average number of shares during the period before dilution.

Debt/equity ratio Total liabilities in relation to equity.

Dividend per Share Dividend for the period divided by average number of shares after dilution.

Earnings per share for the period after dilution Profit for the period divided by average number of shares after dilution. Earnings per share after dilution is the same as before dilution because potential ordinary shares do not cause to dilution.

Earnings per share for the period before dilution Profit for the period divided by average number of shares before dilution.

Equity/assets ratio Equity at the end of the period divided by total assets at the end of the period.

Number of employees (average) Weighted average number of employees in the relevant period.

Number of shares before dilution at the end of the period Number of shares in issue before dilution at the end of the period.

Operating margin (EBIT-margin), % Operating profit divided by income.

Operating profit (EBIT) Operating income less operating expenses.

Return on equity Earnings divided by Equity at the end of the period.

Shareholders' equity per share Equity divided by average number of shares.

Welcome to the AGM

The shareholders of SciBase Holding AB, reg. no. 556773-4768, (hereinafter the "Company") are hereby invited to the annual general meeting to be held on 16 May 2018, at 5.00 p.m. at Setterwalls Advokatbyrå's offices with address at Sturegatan 10 in Stockholm.

Shareholders who wish to attend the AGM must be recorded in the share register held by Euroclear Sweden AB on Tuesday May 9, 2018 and notify the company of their intention to attend by no later than Tuesday May 9, 2018, preferably before 3.00 p.m. CET. Notice of attendance is made in writing to SciBase Holding AB, P.O. Box 3337, 103 67 Stockholm, Sweden, or by e-mail info@scibase.com or by phone +46-8-410 620 00. The notice of attendance shall include name, personal or corporate ID number, address and phone number. The same dates, addresses, etc. apply for notifying the company of any accompanying advisors. Powers of attorneys, certificates of incorporation and other documents of authorization must be presented at the AGM, but can preferably be sent to the company in connection with the notice of attendance.

Shareholders whose shares are registered in the names of nominees must temporarily register the shares in their own name in order to be entitled to attend the annual general meeting (so called voting registration). In order for such voting registration to be completed on May 9, 2018 the shareholders must inform their nominees well before this date.

Financial calendar

Interim report Q1 2018	May 9, 2018
Half-year report	August 21, 2018
Interim report Q3 2018	November 13, 2018
Year-end report 2018	February 2019

All interim reports, annual reports and if applicable presentations are available at SciBase webpage www.scibase.com/ investors. A printed version of the annual report will only be distributed to investors that expressly requests it. To order a printed copy please e-mail info@scibase.com.



SCIBASE

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