April 17, 2019

Dear SciBase shareholder

At SciBase we have been very focused on two key development projects and a market launch over the last months, which explains the lack of CEO letters - my apologies! Now that we have come some way on the projects, I thought I'd take the chance to describe what has happened so far, and what we see coming in the near future.

The updated measurement method, Nevisense 3.0

Much of 2018 was spent overhauling the Nevisense measurement method for melanoma. Though we knew our method worked, we also knew that customers felt it involved too many steps and the time it took was too variable. Both these factors made it more difficult to include as a standard test in a busy dermatology clinic, where a single consultation often takes only 15 minutes.

Nevisense used a two-step measurement process – first a reference measurement on healthy skin and then a lesion measurement itself, and our goal was to remove the need for the reference measurement completely. The team worked extremely hard and found a way to extract reference information from the lesion measurement itself. When we validated the updated method in June last year, we saw that in addition to being simpler, the new process actually improved the clinical results.

We launched the new method in September, and I can say that within three months the majority of users had upgraded to the new method and are very happy with the improvements. With over ten thousand patients now tested with the new method, we see increased usage and significantly increased electrode sales – and to us this shows that the improvement was well worth the effort. The new clinical guidelines released in November were a bonus for us and are helping to cement Nevisense 3.0 as a best practice method in Europe's largest market, Germany.

Skin Barrier Application

The second project is the result of three years of work cooperating with the SIAF institute in Davos, Switzerland. We have spoken for some time about our strategy to broaden the number of clinical applications for Nevisense and Electrical Impedance Spectroscopy (EIS).

Together with the team in Davos, we are developing a new application called 'Skin Barrier function testing'. The first scientific article resulting from this cooperation is an animal study entitled 'Direct assessment of skin epithelial barrier by electrical impedance spectroscopy' which has just been published in the journal Allergy. The publication of this article, and an ongoing human trial mark SciBase's entry into the barrier assessment space.

Skin barrier is an area with a very high level of clinical interest, and interest exists even at consumer level. The next time you are in a pharmacy, take a look at the number of moisturizers and skin cremes that mention 'barrier'. The interest in barrier is growing exponentially and SciBase has found itself well positioned to take advantage of this interest.

So, what is the skin 'barrier'? In the simplest sense, the skin's barrier prevents external threats such as irritants, allergens and infectious agents from entering the body and prevents water from leaving the body. It achieves this through a complex combination of layers and mechanisms, but the most important of these from a barrier function perspective are two mechanical barriers – the outermost

'stratum corneum' layer and the epithelial cell layer with its 'tight junctions' in the underlying 'stratum granulosum' layer.

When these layers are defective or damaged, barrier related disorders often occur. The most common of these is atopic dermatitis (AD) or eczema. It has been shown that children with a defective or 'leaky' barrier are far more likely to develop eczema – so the barrier problem precedes the symptoms we know as eczema. Put simply, a poor barrier allows irritants to penetrate the skin and cause inflammation which we see as eczema rashes, itchiness and so on. We also know that children with a poor barrier function are more likely to develop food allergies, as the new understanding is that food allergies develop after sensitization that occurs through the skin. So a poor skin barrier is also a very important risk factor in the development of food allergies. Furthermore, diseases such as allergic rhinosinusitis and asthma also appear to be barrier-related and a subset of children who develop AD also go on to develop these diseases.

Clinicians call this progression of disorders the 'atopic' or 'allergic march' and recent studies show this to be very-much barrier-related. These disorders are very common and consume a lot of healthcare resources – for example atopic dermatitis affects 20% of children and 2-8% of adults. Understanding the integrity of the skin barrier is extremely important in the characterization and management of these disorders.

The challenge is that the method used to measure skin barrier function, called Trans Epidermal Water Loss (TEWL) is not a clinical method because it is time consuming and very sensitive to environmental and patient artifacts.

This is where EIS comes in. We know from work done fifteen years ago by Stig Ollmar that EIS is inversely correlated to TEWL – in other words that EIS can be used as a measure of barrier function. What the work in Davos has shown is that this correlation still holds, and our hope is that even more information is available from the measurement of EIS. Barrier diseases like AD are systemic diseases and so measurement on healthy skin can provide important information also.

SciBase has been fully occupied with new research co-operations within the area of skin barrier testing and we look forward to announcing new clinical studies at top research centers in the near future. We also see the potential to partner with one of the many industry players developing therapies in this space.

Looking to the near future, we believe that EIS can provide a quick and simple method for the measurement of the skin barrier. By leveraging our current platform and our machine learning tools, we hope to develop analyses that add real clinical value in this space of barrier-related disorders.

Looking to the mid-term future, we will continue to execute on our strategy and complete development of a simpler and easier next generation EIS device – and in doing so provide a platform for a screening device for EIS that can result in broad adoption both within and outside our current core customer group Dermatologists.

In the next CEO letter, we will update you on the further development of these areas and discuss the progress of Nevisense in the US.

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For more information, please contact:
Simon Grant, CEO SciBase
Tel: +46 72 887 43 99
Email: simon.grant@scibase.com

Certified Advisor:
Avanza
Tel: +46 409 421 20
Email: corp@avanza.se

About SciBase and Nevisense

SciBase AB is a Swedish medical technology company, headquartered in Stockholm that has developed and sells a unique point-of-care device for evaluation of skin disorders such as skin cancer and atopic dermatitis. Its first product, Nevisense, helps doctors to detect malignant melanoma, the most dangerous type of skin cancer. SciBase was founded by Stig Ollmar, Associate Professor at The Karolinska Institute in Stockholm, Sweden. Nevisense is based on substantial research and has achieved excellent results in the largest clinical study ever conducted on the detection of malignant melanoma. Nevisense is CE marked in Europe, has TGA approval in Australia and a FDA clearance in the United States. Nevisense is based on a method called Electrical Impedance Spectroscopy (EIS), which uses the varying electrical properties of human tissue to categorize cellular structures and thereby detect malignancies and abnormalities. SciBase is listed on Nasdaq First North ("SCIB"). Further information is available at www.scibase.com.