Letter from the CEO

As the end of 2022 approaches, I'd like to take the opportunity to thank you all for your support for SciBase and review some of the highlights of an extremely eventful year.

2022 has been a breakthrough year for SciBase. We have seen impressive sales growth in key markets, important progress in the US and the establishment of our third application segment skin barrier in a year capped off by the signing of our agreement with J&J Consumer.

Probably the most pleasing single aspect of 2022 has been the considerable increase in the usage of our test by clinicians. We are averaging around 10,000 tests per quarter, which is more than 50% up on 2021. There have been several factors contributing to the growth

1. **New customer growth**. We saw a 50+% increase in the number of new customers compared to 2021, and a resurgence in the number of customers purchasing multiple units.
2. Our new **NMSC application** is now installed at about 50% of our German sites. The availability of NMSC has helped both drive new system sales and test usage.
3. **Increased market presence.** Our German and US sales teams both did a fantastic job in 2022 supporting customers, Marketing-wise we saw a successful return to in-person congresses, we launched a new expanded digital platform in Europe and we updated our positioning in the US.

We have seen good momentum this year, starting in Q1 with a price increase in Europe that, combined with the 'end' of Covid, appeared to 'kick-start' a year of several sales records. We saw our largest ever electrode order ever of over 60 €k from a single clinic.

US sales growth and traction has also been very good, albeit from relatively low levels. The feedback we have received in general and that I have personally experienced from clinicians during 2022 confirms for me the broad need for Nevisense in the US. With 6-7,000 potential customers and high numbers of patients per clinic, the potential is clear.

We saw an increase in sales during the first three quarters of more than 290%, concentrated in two key regions - Florida and the North-East. Our key US objective is to secure broad reimbursement coverage and overall the progress has been good, with a second Medicare Administrative Contractor Novitas (covering the central US and mid-Atlantic regions) assigning payment to our test. There are many steps in the process and while progress with payer decisions has been slower than we had hoped, we await payment level updates around the end of the year.

Even with the reimbursement decision delays, we believe that our US penetration progress has been both positive and cost-effective. We look forward to a broader collaboration with our key US partner ADCS, while expanding geographically through further agreements with large dermatology practice groups. We remain the only product approved for point-of-care melanoma detection in the US and believe that the regulatory and clinical evidence requirements continue to provide an important barrier to any competitors wishing to enter this market.

In many ways, 2022 was the year that the broad potential of our new skin barrier application became apparent. We have known for some time that there is considerable interest from researchers and Industry. We know our platform of Electrical Impedance Spectroscopy and AI can be applied clinically in the field, having performed over 150,000 patient tests. We also know that we offer unique value when it comes to our ability to investigate the skin barrier. We have named our product for this application Nevisense AD (for atopic dermatitis), based on our Nevisense Go platform. Within this space we are focusing on three specific clinical applications where we see a clear path to market and where there is interest from both researchers and industry:

1. Infant AD prediction– strategic collaboration with J&J Consumer Health

2. Objective AD Assessment and management - imminent study start, US

3. In-home AD flare prediction and management – study ongoing in Germany

Research interest has continued to grow, as illustrated recently in our inclusion in the very large Origins study in Perth, Australia. With now over 20 studies either ongoing or just about to start we know that there is a significant research market for this application.The real scale of the skin barrier opportunity is however linked to clinical and consumer use of our technology. Our three indication studies within atopic dermatitis (eczema) all represent significant markets with unique clinical value and we believe that two of the three indications can lead to products with broad consumer potential.

To reach an agreement with J&J Consumer Health to partner in the development of an infant prediction screening product for AD was undoubtedly one of the highlights of the year. The goal is a product that can be used in the home. The value for a broad population of patients and parents of such a product would be considerable and the commercial potential for SciBase obvious. We look forward very much to that project, and to securing further Industry collaborations within skin barrier.

In terms of financial performance, we have seen several sales records this year and we have also achieved improved levels of gross margin. The operations team have delivered some exceptional improvements this year, including our first ever quarter with a gross margin above 70%, partly driven by increased prices. Our spending levels are slightly up on 2021, but with Germany being profitable as a market, our investment continues to be concentrated on the increased US marketing and development of the new applications, especially skin barrier.

All in all, it has been a really successful year for SciBase and I am very proud of the progress the team have delivered. I'd like to thank you again for your interest in SciBase during 2022 and the team wishes you all a very Merry Christmas, and a Happy New Year as we look forward to 2023.

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About SciBase and Nevisense
SciBase is a global medical technology company headquartered in Stockholm, Sweden, that has developed a unique point of care platform for the non-invasive detection of skin cancer and other skin conditions. SciBase is a pioneer within augmented intelligence, combining artificial intelligence with Electrical Impedance Spectroscopy (EIS) to provide objective information that assists dermatologists and others in clinical decision-making. SciBase's products include Nevisense and Nevisense Go and to date the platform addresses the areas of melanoma detection, non-melanoma skin cancer detection and skin barrier assessment. Nevisense is the only FDA-approved device for the detection of melanoma and the only MDR-approved technology for skin cancer detection in Europe. SciBase's technology is based on more than 20 years of academic research at the Karolinska Institute in Stockholm, Sweden. For more information please visit www.scibase.com. **All press-releases and financial reports can be found here :**
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