

Letter from the Chairman of the Board

Midsummer approaches and, as you know, Simon resigned a few weeks ago so we would like to give you a quick update on the recent progress at SciBase.

SciBase has, under Simons leadership, built a foundation for growth by developing two dermatology products with great potential. Many important advancements have been made within the research, development, quality, regulatory, initial sales, and the reimbursement sides of the business. I believe we now have a solid foundation to stand on and, as Simon will remain with the company until October, it will give a smooth transition to the next phase of the company's future.

The foremost priorities for SciBase are to focus on further improving US reimbursement of our products, to cover a larger population and geographical part of the US, improving sales and usage of the sold products in both the US and in Germany, as well as continue lowering the production cost in our products to enable future sales outside of these territories.

We clearly have a chance to become the standard of care in dermatology. To achieve this, we will have to focus heavily on sales! The new CEO we recruit must have an excellent history and experience level with sales, understand how reimbursement works in the US, and be able to grow the company faster from where we now stand. The work to recruit a new CEO is ongoing even though we are approaching summer.

We have achieved a lot lately and by far the most important event this year has been the decision by two Medicare Administrative Contractors (MACs) to grant an increased fee schedule amount for the Nevisense test in the US.

This is a major step for the company for several reasons:

Firstly, it means that the Nevisense test can now be reimbursed for Medicare patients in Florida, Texas, Colorado, Louisiana, Arkansas, Mississippi, New Mexico, Oklahoma, New Jersey, District of Columbia, Delaware, Pennsylvania, Maryland, and parts of Virginia. In total that means approximately 11M seniors out of 37M in the whole US in all areas will have access to the test, paid by Medicare.

We see this as a very important, positive decision for SciBase. Of course, it is also important for patients, given that seniors are the patient demographic with the highest rates of skin cancer.

Secondly, this decision will help us in our efforts to secure coverage in other Medicare regions and with private insurers. Establishing a Medicare fee schedule in the western US is our next focus region. Additionally, we have been working for about a year with four large national private payers to secure coverage and payment. The Medicare decision will help us with those and other, expanded coverage efforts.

Finally, the decision means that it now makes sense for SciBase to increase efforts to sale more aggressively in the US. We are in the process of employing further field staff to cover existing and new areas.

US sales are the clear focus for SciBase in the coming quarters, though it may take a quarter or two to see a significant impact on sales as the new employees come on-line. If everything works out well, we can expect exponential, rather than linear sales growth i.e., lower growth in the beginning and exponentially better as reimbursement coverage improves.

As you might know our strategy is to cooperate with large practice groups, and we recently announced the third large group to implement Nevisense – The Schweiger Dermatology Group, based in the North-East US. Schweiger has started by installing systems with two clinics in New Jersey. There are advanced discussions underway with an additional group. As we secure broader insurance coverage, it will become easier to get these practice groups up and running. Now more than 10% of the target population have paid access to our test, and we expect real sales growth as we approach 50%.

Germany

Germany is now our proof of business and goes from strength to strength. We continue to see very good levels of organic growth in electrode usage rates, new system sales and sales overall. We are selling about twice as many new systems compared to last year, which in turn will drive future electrode sales. We are approaching 400 systems installed and there are nearly 1,000 Nevisense tests performed each week. A reasonable reimbursement level and our expanded indication (Non-Melanoma Skin Cancer) are key drivers for the growth. This again illustrates the importance of reimbursement in driving sales, and we know from our experience in Germany that as we secure coverage in the US, sales will come.

Skin Barrier Function

We will get back to you on this after the summer, but it is developing swiftly and in the right direction.

So, I would like to end by saying that we now have 1. Proof of Principle, i.e., the product/ technology works. We also have 2. Proof of Business, i.e., customers like the product, re-order and Germany is now profitable and cash positive.

Next step is to show we have 3. Proof of Scalability i.e., we can grow sales rapidly with lower cost of goods with a particular focus on the US.

Happy summer

Tord Lendau

Chairman SciBase

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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 : <http://investors.SciBase.se/en/pressreleases>