



INVENT MEDIC SWEDEN

Interim report
Q2 2020

Summary of the interim report

Continued sales growth despite Covid-19 shutdowns in the UK and Germany

FIRST HALF OF THE YEAR (January-June)

- The company's sales amounted to 873 (218) KSEK.
- Operating costs amounted to 8,300 (6,333) KSEK.
- Result before and after tax amounted to -7,545 (-6,116) KSEK.
- Result per share amounted to -0.57 (-0.59) SEK.
- Cash and cash equivalents at the end of the period amounted to 19,677(6,572) KSEK.

SECOND QUARTER (April-June 2020)

- The company's sales amounted to 471 (101) KSEK
- Operating costs amounted to 4,266 (3,243) KSEK.
- Result before and after tax amounted to -3,846 (-3,143) KSEK.
- Result per share amounted to -0.26 (-0.30) SEK.

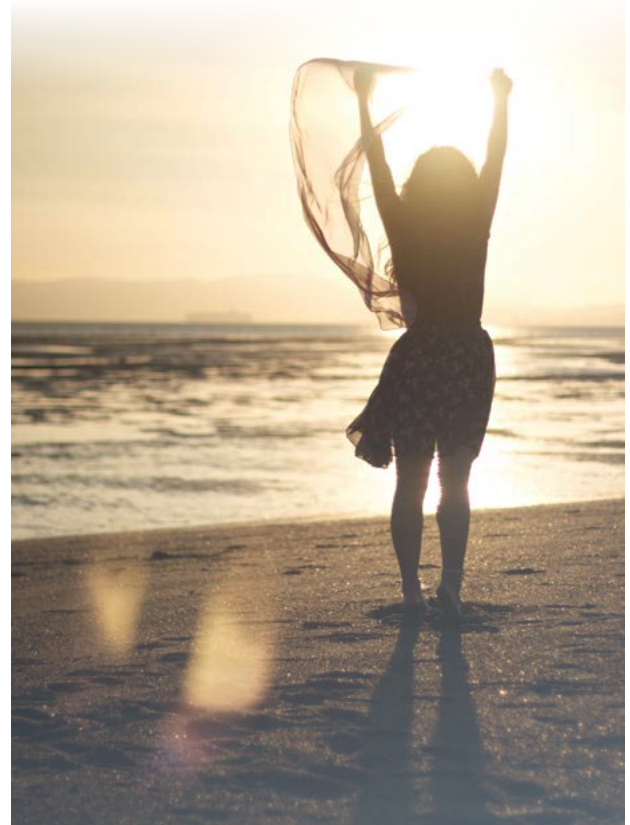
Results in brief

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan- Dec
Sales income	471	101	873	218	620
Other operating income	12	0	13	0	0
Operating costs	-4,266	-3,243	-8,300	-6,333	-13,357
Result for the period	-3,846	-3,143	-7,545	-6,116	-12,743

CEO summary and important events

CEO Karin Bryder summarizes the quarter

During the second quarter of the year, Invent Medic's business operations were substantially affected by the Covid-19 pandemic. Among other things, we clearly noticed the impact from the shutdowns in the UK and Germany, and we had to adjust to only being able to conduct digital meetings with distributors and partners. Due to the effects of the pandemic, the expected sales growth in the UK based on the agreement with the national healthcare organization NHS England did not materialize, but we were still able to increase the total sales figure somewhat in comparison with Q1, which is a positive sign for the future. In Sweden, our application for a design change of Efemia that makes the product more attractive for users was approved, and we also signed an agreement for inclusion in the large pharmaceutical chain Apoteka's assortment. Our discussions regarding expansion to additional countries in Europe had to be put on hold due to the pandemic, but they have now been resumed. We were however able to continue according to plan with our preparations for a possible launch of Efemia in the United States and other possible markets outside of Europe. Additionally, we are still aiming to present at least one new product candidate for our product pipeline before the end of the year.



Important events during the second quarter of 2020

- On April 14, the company published its annual report for 2019 and other material to be used in preparation for the company's annual general meeting on May 5, 2020 in Lund, Sweden.
- **On May 6, the company announced that Invent Medic's product Efemia bladder support has been approved for prescription with cost coverage in England.** The company's distributor has signed an agreement with NHS England, which means that the product Efemia bladder support can be prescribed with cost coverage in England from May 11, 2020. Efemia was launched in the UK in late 2019 together with the distributor Advanced Global Health (AGH). Users as well as healthcare entities in the UK have shown a strong interest in Efemia, and the agreement with NHS England constitutes the next important step as physicians, specialised nurses and pelvic floor therapists will be able to prescribe the product to their patients. The agreement is for England and thus covers a large majority of all women in the UK.

- **On May 8, Invent Medic announced that the company has received notification of patent approval in Sweden.** The notification relates to specific properties of the company's product Efemia bladder support, and the patent will be valid until March 2038. The current patent application includes surprising features of the company's product Efemia bladder support. The changes that were made, when the TVS prototype was refined into the finished product Efemia, made no difference in effect or safety. On the other hand, they made the product feel more appealing, while reducing material waste.

Summary from the CEO and important events, cont.

Important events after the end of the period

- On July 3, Invent medic announced that the company's product Efemia bladder support has been included in Swedish online pharmacy Apotea's assortment. Invent Medic has signed an agreement with the Swedish online pharmacy Apotea for the inclusion of the product Efemia bladder support in Apotea's assortment. Efemia will become available to buy on apotea.se during the summer. With this agreement in place, Efemia will soon be available for purchase from three major pharmacy companies in Sweden, as similar agreements have already been signed with Apoteket AB and Apotek Hjärtat.

A word from our CEO Karin Bryder

Continued sales growth despite Covid-19 shutdowns in the UK and Germany

Our solid Efemia sales in Q2 2020 bodes well for the future, and we continue to prepare for an introduction in the United States according to plan.

Just like for most of the world, the Covid-19 pandemic defined the working conditions of Invent Medic's management, board and employees during the second quarter. We had plenty of opportunities to be creative and find innovative solutions due to traditional physical ways of working and communicating being unavailable. Not in the least, our distributors in especially the UK and Germany had to adapt to an almost complete shutdown of the part of the healthcare system where Efemia is used.

Naturally, these challenging conditions affected our Q2 sales figures. Among other things, the anticipated sales growth in the UK following the inclusion of Efemia in NHS England's assortment due to a successful application process led by our distributor AGH did not materialize. We were however still able to deliver some total sales growth in Q2 compared to the previous quarter, which is encouraging and bodes well for the future.

Our rapid transition to using digital meetings likely contributed to our solid total sales figure, and we were able to keep in touch with distributors, partners and other stakeholders to the extent of them being available, even though not as frequently as usual.

In Sweden, we were excited to receive approval from the patent and registration office for a design change of Efemia that enhances the attractiveness of Efemia for the user. Corresponding applications, valid to March 2038 when approved, have been submitted for the rest of Europe and the United States where the approval process takes a bit longer to complete. After the end of the period we were also able to announce that another large pharmaceutical chain in Sweden, Apotea, is now including Efemia in their assortment.

We were looking forward to participating at scientific meetings/trade shows in Amsterdam and Las Vegas, but they have unfortunately been cancelled or transformed into digital meetings without satisfying solutions for us as a sponsor. Other interesting possibilities have however started to emerge, and we will participate at events including a web-based meeting in Belgium. At this event we will showcase Efemia in connection with a presentation on how Sweden is addressing SUI by a relevant speaker that is sponsored by us.

Our collaboration with the physiotherapist and comedian Elaine Miller has continued during the quarter, albeit in a slightly modified format due to travel restrictions and quarantine. During the summer, Elaine has written information texts on the pelvic floor and SUI that can be read on our British distributor AGH's website and on Efemia's English website.



The discussions we initiated in the beginning of the year in preparation for the continued expansion in Europe were temporarily paused in Q2, but they have now been resumed. As long as the spread of Covid-19 does not pick up pace again in the autumn/winter we are hoping to be able to offer Efemia to even more women in Europe going forward. We have also been able to continue with our preparations for a possible introduction of Efemia in the United States and other markets outside of Europe without any delays in our planning.

The ongoing work to expand our product pipeline is also progressing with evaluations of interesting products/product ideas. We are still aiming to present at least one new product candidate before the end of the year.

Finally, I want to thank all colleagues, partners and shareholders/stakeholders that have shown such a strong commitment so far during the pandemic. Together we will come out stronger when these circumstances are behind us, both when it comes to pursuing the long-term success of Invent Medic and as fellow humans.



Karin Bryder, CEO Invent Medic Sweden AB

Lund, August 25, 2020

Business activities

Vision and business activities

Invent Medic's vision is to offer new and innovative products to women with the aim to improve their health and quality of life. The product portfolio shall include safe, effective and dependable products that are easy to use in everyday life.

Efemia, the first CE approved medical technology product from Invent Medic was launched during the fall of 2018. Efemia targets the millions of women around the world that are being limited in their everyday life by stress incontinence (urine leakage). The product has in clinical studies proved to be as effective as a surgical procedure without requiring any operation. The product is easy to carry around and can be used when needed. In Sweden, Efemia is offered directly to consumers via the company's online store, www.efemia.se, and online through three large pharmacy chains; Apoteket AB, Apotek Hjärtat and Apotea. In Denmark, consumers can purchase Efemia in stores and on propsandpearls.com, and in Q4 2019 the product was launched also in Norway, Germany and the UK with regional distributors Quintet, Arteriomed and AGH. In Q1 2020, Efemia was launched in the Netherlands and Belgium with the distributor Pelvitec. Discussions are ongoing with additional entities, both in Sweden and internationally.



Business model

Invent Medic can develop products and services with no or low licensing costs to the immaterial rights owners by utilising internal development or acquisition of immaterial rights. In line with this strategy, the company owns all immaterial rights to Efemia, and the sales work can therefore be done efficiently, either independently or through licensing.

In 2018, the company launched Efemia and product sales were initiated in Sweden. In 2019, the company intensified its marketing and sales activities on its home market Sweden with the aim to increase the demand from both consumers and health care entities. The process to launch the product in the rest of Europe and thereafter in the USA, through distributors or via license agreements, is ongoing at the same time as the activities in Sweden.

When selling via external entities in the healthcare and women's health space, including pharmacies, Invent Medic functions as a distributor with its own warehousing.

Price levels and other terms are negotiated separately with each entity, and the product can be included in their existing marketing activities. Thanks to procured, flexible manufacturing capacity, the company is able to minimise its warehousing costs. Important professional categories within healthcare to contact include urotherapists, midwives, gynaecologists and urologists, and the company will focus on reaching them via industry events and personal meetings to build relations, trust and knowledge about the product. If an entity does not want to set up its own sales operation, the personnel can recommend the company's online store instead.

When Invent Medic offers the product directly to consumers via its online store, the company receives all the revenue, but at the same time there are additional costs for running and customer service as well as marketing costs. Efemia is marketed through social media as well as in connection with activities that caters to women's health.

Business activities

Market estimate and economic potential

Globally, around 50 million women experience symptoms connected to stress incontinence according to the company's estimation. This means that there is a substantial potential market for a non-surgical aid like Efemia. The target group consists of women who are having problems but for different reasons are not able to or do not want to undergo surgery, and those who are waiting for an operation.

Today, around 400 000 women (in the ages 45-70 years) in Sweden are using some kind of protection against urine leakage and are thereby potential regular users. According to the company's assessment, the main target group is women who are having daily or weekly problems, which is around 300,000 women in Sweden. During regular use, the product should be replaced every three months, which means that a user needs four units per year.

Clinical studies and post-launch study

In a randomized, controlled multi-center study with 97 women, Efemia was shown to reduce urinary leakage with 77% on average. The study was coordinated by Aino Fianu Jonasson (senior scientist at Karolinska University Hospital).

The results from a follow-up study to the clinical study was presented in April 2019. 75% of the participants stated that Efemia improved their quality of life, and 68% stated that they will use the product after the end of the study. The results were presented at the end of April 2019.

In a post-launch study with Efemia bladder support that was conducted together with Aller Media, Sweden's largest publisher of popular journals, 83% of the participants stated that Efemia made their everyday life easier.

During 2019, two studies were conducted with women with an average age under 40 years and active in either gym or crossfit training. When these women used Efemia during training, all of them (100%) stated that they were helped with their stress urinary incontinence. 18 of 21 participants stated that they will continue to use Efemia.

Existing and future development projects

Invent Medic sees significant value-creating potential in including additional products in the company's portfolio over the next few years.

Invent Medic is looking into possibilities to develop new innovative women's health solutions on its own. These solutions are to give women opportunity to live an active life on their own terms, just like Efemia. With that said, external products that are in an advanced development stage, so that they can be taken to market in a time and cost-effective manner, are also evaluated. Such acquisitions could create substantial value for the inventor and Invent Medic by utilising the manufacturing and distribution chain, as well as the brand awareness, that is now being created.

Business activities

Patent strategy

Invent Medic's main strategy is to own all immaterial rights for the products offered by the company, including patents, brands and design protection. This creates maximum flexibility when negotiating with potential distributors and license partners, while Invent Medic can avoid ongoing licensing fees.

At present, the portfolio includes all rights to the company's first product, Efemia Bladder Support.

Invent Medic is thus not dependent on patents owned by any third party, licenses, industrial, commercial or financial contracts or new manufacturing processes to be able to implement the planned successive global market launch of the product.

A gradual increase in the number of patents and the regions covered by the patents is expected over time as the product range and Invent Medic's geographical scope become more extensive.

Intellectual property

Type of right	Case number	Status	Period of validity
Patent – vaginal product			
Europe ¹	2376020	Approved	2029-12-17
USA	9,445,882	Approved	2030-12-29
USA	10,238,479	Approved	2030-12-29
Patent – vaginal product ²			
Sweden – priority application	1850402-7	In progress	
PCT/EP	PCT/EP2019/059357	In progress	
Design – vaginal plug			
Australia	201816052	Approved	2028-10-10
Canada	183988	Approved	2030-05-25
Canada	190402	Approved	2030-05-25
China	201830565149.3	Approved	2028-10-10
EU	005230521	Approved	2043-04-11
Japan	2018-022275	Approved	2039-05-10
South Korea	30-2018-0046675	Approved	2038-10-11
Russia	2018504391	Approved	2023-10-10
USA	29666186	In progress	
Brand - Efemia			
EU	017994075	Registered	2028-02-12
Norway	201816224	In progress	

1) Validated in Switzerland, Germany, Denmark, Estonia, Spain, Finland, France, UK, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Lithuania, Latvia, Netherlands, Norway, Poland, Portugal, Sweden and Slovenia.

Development during the period

Income and result from business activities

Up until September 2018, Invent Medic was a development company and did not generate any income from sales activities. From October 2018, Invent Medic is a commercial company with sales activities. The sales income for the second quarter amounted to 471 (101) KSEK and the net result amounted to -3,846 (-3,143) KSEK.

Cash flow

Cash and cash equivalents at the end of the period amounted to 19,677(6,572) KSEK. The cash flow from the operating activities during the second quarter amounted to -4,532 (-2,937) KSEK.

Numbers in parentheses are from the corresponding period last year.

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Cash flow from operating activities	-4,532	-2,937	-8,343	-6,136	-11,506
Cash flow from investment activities	-62	-142	-69	-181	-277
Cash flow from financing activities	-2	0	25,483	0	1,500
Cash flow for the period	-4,596	-3,079	17,071	-6,317	-10,283
Cash and cash equivalents at the beginning of the period	24,273	9,651	2,606	12,889	12,889
Cash and cash equivalents at the end of the period	19,677	6,572	19,677	6,572	2,606

Assets

Invent Medic's assets consist of patents, development costs and production tools as shown in the table below.

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Development costs	0	0	0	0	0
Patents and brands	62	142	69	181	277
Furnishings	0	0	0	0	0
Total investments	62	142	69	181	277

Development during the period

Equity

The tables below show information regarding Invent Medic's equity. The company's equity per 30 June, 2020 amounted to 20,149 (10,338) KSEK, of which share capital amounted to 1,031 (1,031) KSEK.

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Equity at the beginning of the period	23,977	13,481	3,711	16,454	16,454
Rights issue	0	0	29,829	0	0
Issuing costs	-2	0	-5,846	0	0
Result for the period	-3,846	-3,143	-7,545	-6,116	-12,743
Amount at the end of the period	20,149	10,338	20,149	10,338	3,711
Result per share, SEK	-0.26	-0.30	-0.57	-0.59	-1.23

Personnel and organisation

Invent Medic's organisation consists of six employees including the CEO. Invent Medic is managed in a virtual organisation model where the hired employees have the core competence while additional competence that is required during specific circumstances is acquired through consultants. During the development of the company, additional core competence will be included by hiring additional employees in the company when needed.

The Share

The result after tax divided by the number of shares at the end of the report period amounts to -0.26 (-0.30) SEK. Invent Medic has around 2,000 shareholders.

	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Average number of shares	14,730,608	10,311,428	13,257,548	10,311,428	10,311,428
Result per share, SEK	-0.26	-0.30	-0.57	-0.59	-1.23

	Number of shares	Quota value per share
Number of shares/value at the beginning of the year	10,311,428	0.1
Number of shares/value 2020-06-30	14,730,608	0.1

Development during the period

Accounting principles for the interim report

For the interim report, Invent Medic applies the accounting principles of the Swedish Annual Accounts Act and the Swedish Accounting Standards Board (BFN) general rules. More information on additional accounting principles used can be found in the company's annual report for the period 2019-01-01 – 2019-12-31.

Auditor review

The interim report has not been reviewed by the company's auditor.

Risks and uncertainties

Apart from the general uncertainties related to market launches and sales growth, there are no known tendencies, uncertainties, potential factors or other demands, commitments or events that is expected to have a substantial impact on the company's outlook.

Affirmation by the board

The board and the CEO assure that this interim report gives a true and fair view of Invent Medic's operations, financial position and performance and that it describes the important risks and uncertainties that the company is subject to.

LUND, AUGUST 25, 2020

THE BOARD OF INVENT MEDIC SWEDEN AB

Lars Persson | Helena Liljedahl | Lars Wilander Gun-Britt Fransson | Johan Wennerholm

Financial statements

Income statement

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Sales	471	101	873	218	620
Other operating income	12	0	13	0	0
Total operating income	483	101	886	218	620
Commodities	-163	-34	-277	-52	-151
Additional external expenses	-1,643	-1,107	-3,513	-2,315	-5,199
Personnel costs	-2,311	-1,953	-4,211	-3,668	-7,406
- Depreciation	-149	-149	-298	-298	-596
Additional operating costs	0	0	-1	0	-5
Total operating costs	-4,266	-3,243	-8,300	-6,333	-13,357
Operating profit/loss	-3,783	-3,142	-7,414	-6,115	-12,737
Profit/loss after financial items	-63	-1	-131	-1	-6
Profit/loss before tax	-3,846	-3,143	-7,545	-6,116	-12,743
Result for the period	-3,846	-3,143	-7,545	-6,116	-12,743

Balance sheet

KSEK	2020-06-30	2019-06-30	2019-12-31	2018-12-31
ASSETS				
Intangible fixed assets				
Development costs	1,274	1,667	1,471	1,863
Patents and trademark	1,828	1,780	1,818	1,659
Total intangible fixed assets	3,102	3,447	3,289	3,522
Furnishings and equipment				
	279	365	322	408
Total tangible fixed assets	279	365	322	408
Total fixed assets	3,381	3,812	3,611	3,930
Current assets				
Inventories	675	533	538	433
Current receivables	1,315	787	859	575
Cash and cash equivalents	19,677	6,572	2,606	12,889
Total current assets	21,667	7,892	4,003	13,897
TOTAL ASSETS	25,048	11,704	7,614	17,827

Financial statements

EQUITY AND LIABILITIES	2020-06-30	2019-06-30	2019-12-31	2018-12-31
Equity	20,149	10,338	3,711	16,454
Non-current liabilities	3,000	0	1,500	0
Current liabilities	1,899	1,366	2,403	1,373
Total equity and liabilities	25,048	11,704	7,614	17,827

Cash flow analysis

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Cash flow from operating activities	-4,532	-2,937	-8,343	-6136	-11,506
Cash flow from investment activities	-62	-142	-69	-181	-277
Cash flow from financing activities	-2	0	25,483	0	1,500
Cash flow for the period	-4,596	-3,079	17,071	-6317	-10,283

Changes in equity

KSEK	2020 Apr-June	2019 Apr-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Equity at the beginning of the period	23,997	13,481	3,711	16,454	16,454
Rights issue	0	0	29,829	0	0
Issuing costs	-2	0	-5,846	0	0
Result for the period	-3,846	-3,143	-7,545	-6,116	-12,743
Amount at the end of the period	20,149	10,338	20,149	10,338	3,711

Key financial indicators

KSEK	2020-06-30	2019-06-30	2019-12-31
Working capital ¹ , KSEK	19,768	6,526	1,600
Cash and cash equivalents ² , %	1105%	539%	144%
Equity/assets ratio ³ , %	80%	88%	49%
Debt-to-equity ⁴ , %	15%	0%	40%
Number of employees	6	6	6

¹ Current assets excluding current liabilities

² Current assets excluding inventory in percent of current liabilities

³ Equity in percent of total assets

⁴ Interest bearing liabilities in percent of equity

Upcoming financial information and events

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