

Invitation to acquire shares in **Scandinavian ChemoTech AB (publ)**

Reference to Memorandum

All investments in securities are associated with risk. In the Memorandum for Scandinavian ChemoTech AB (publ) ("ChemoTech" or "the Company") there is a description of the potential risks associated with the Company's business and its securities. Before making an investment decision the description of these risks, together with other information in the full Memorandum, should be read. The publication of the Memorandum will take place on May 22, 2018 and is then available for download at ChemoTech's website (www.chemotech.se) and Västra Hamnen Corporate Finance's website (www.vhcorp.se).



VÄSTRA HAMNEN
CORPORATE FINANCE

Scandinavian ChemoTech AB (publ)

ChemoTech is a medical technology company that develops and markets new treatments in cancer care. The Company's first product IQWave™ D-EECT (Dynamic-ElectroEnhanced Chemotherapy™) affects the cells of the tumor with electric fields and thereby increases the chance of passing cytotoxic drugs into the tumor cells. The treatment cost associated with D-EECT is low compared to other cancer therapies, making treatment with D-EECT available to a large proportion of patients that otherwise would have no access to treatment of a highly advanced cancer. Geographically, the Company's focus is on emerging economies like India and Southeast Asia, which also includes the Philippines, where the patients' needs of varying cancer treatments are significant.

IQWAVE™

ChemoTech's product IQWave™ combines traditional electrochemotherapy with tumor-adapted and controlled distribution of electrical pulses, which improves the coverage of electrical currents within the treated area. With IQWave™, which has unique electrodes, the attending physician can distribute a variety of different pulse treatments. The technology makes it possible to treat tumors that are difficult to reach with traditional electrochemotherapy treatment. For instance, tumors in the oral cavity are usually difficult to access, but with IQWave™, the physician can provide both increased efficacy and enable treatment for major tumors. These tumors are more common in India, Southeast Asia and other countries where patients often visit healthcare at a later stage than in the Western World. The next version, IQWave™ 3.0, also has the ability to integrate a tumorspecific database, which means that physicians will be able to exchange anonymous patient data with each other.

MARKET STRATEGY

In ChemoTech's markets, in-depth relationships are crucial for success, as it is difficult to achieve sales with their limited organization. To achieve market penetration, ChemoTech also operates sales and distribution through distributors and agents. Market initiatives are focused on strategically important hospitals and clinics with a high flow of patients and the potential to perform at least three treatments per week and IQWave™ device.

The Company's primary markets consist of India and Southeast Asia, including the Philippines. Secondly, ChemoTech intends to establish itself in the Middle East, Africa and Europe. Establishment in Europe is expected to happen when the ongoing CE marking process of IQWave™ 3.0 is approved, which is expected in autumn 2018.

DEVELOPMENT PROJECTS

The goal of the Company's development projects is to broaden the offering to more cancer indications and related treatment areas. In addition to IQWave™, ChemoTech has two development projects; D-EEPC (Dynamic-ElectroEnhanced Pain Control™) and D-EEIS (Dynamic-ElectroEnhanced Immunostimulation™).

D-EEPC aims to treat pain related to spinal metastases, such as secondary skeletal cancer, which is often associated with severe pain. With D-EEPC, the Company intends to focus primarily on the European market. In Europe, approximately 900,000 patients are diagnosed with secondary skeletal



The Company's product, IQWave™, enables tumor-adapted and controlled distribution of the electric field.

tal cancer each year. The Company estimates that approximately 25 percent of these patients need advanced pain control and that each patient needs an average of two treatments. The Company expects the sales price per device and disposable item to be higher than for IQWave™. Before a commercialization phase can begin, a number of clinical components are required. As it is significantly more difficult to carry out studies with new equipment in Europe, the Company intends to start with a "Proof of Concept Study" using IQWave™, in order to ensure that the results in India can be replicated in Europe.

The next development project, D-EEIS, aims to develop a minimal invasive treatment of prostate cancer. The aim of the treatment is, in addition to create an effective cancer treatment, but also minimize the risk of side effects present with today's treatment methods. The exact time of when the project will start is determined by how resource and time consuming the development of D-EEPC will be.

FINANCIAL OBJECTIVES

The Company's financial objectives are to:

- Deliver a positive cash flow from current operations by the fourth quarter of 2019;
- During 2018, achieve sales of at least eight IQWave™ devices;
- During 2019, achieve sales of at least 16 IQWave™ devices.

Letter from the CEO

The success of IQWave™ has been significant during the early 2018. We have sold the first three IQWave™ devices and signed an agreement with two new distributors in Asia. The successes have strengthened the Board in its assessment that ChemoTech's products address a significant demand that other treatments are unable to meet. The recent commercial breakthrough for IQWave™ has led the board to pinpoint forward-looking financial targets, with the primary goal of showing positive cash flow from current operations in 2019.

Focus on our prioritized markets gives results

The start of 2018 has been a very intense period for the new organization in India, which now has its headquarters in Mumbai. Through a distributor in Chennai, the subsidiary received its first order. This IQWave™ unit is expected to generate additional revenue from the sales of treatment kits, as the purpose is to regularly lease it to different hospitals and clinics in the region.

ChemoTech has also had great success in the Philippine market and received its first order from Baypointe Hospital. In Southeast Asia, ChemoTech works with the distributor ABEX. The interest in Southeast Asia has been beyond expectation, with the result that treatments can start before an official

registration of IQWave™ has been completed. The University Hospital PPUM in Kuala Lumpur expressed great interest in D-EECT and has recently received a so-called "Special Access" from the authorities, which is an import license for equipment or drugs that are not yet registered in the country. The purpose of the permit is to enable PPUM to carry out its desired evaluation study of IQWave™ D-EECT as quickly as possible.

Rights issue

ChemoTech has now, three years after the Company was founded, reached a position that is unique for a company launching a whole new generation of oncology equipment. The Company has started selling its first product IQWave™. Since the launch, we have learned that doctors are very pleased with the results and benefits that IQWave™ has contributed to the 50 patients treated so far. The doctors have successfully treated patients, but also marketed and spread knowledge about us and the D-EECT treatment. We therefore see it as crucial that we continue to invest in IQWave™ for our core markets and continue to run the development projects that we have already initiated.

Mohan Frick, CEO Scandinavian ChemoTech AB (publ)

Financial information

Income Statement of Scandinavian ChemoTech AB (publ)

	1 jan 2018 - 31 mar 2018	1 jan 2017 - 31 mar 2017	1 jul 2016 - 31 dec 2017	1 jul 2015 - 30 jun 2016
(amounts in KSEK)	Not audited	Not audited	Audited	Audited
Total operating income	1 010 699	463 814	3 973 637	795 240
Total operating expenses	-2 293 367	-2 894 626	-16 332 052	-1 944 291
Operating profit (EBIT)	-1 282 668	-2 430 812	-12 358 415	-1 149 051
Financial items	-12 521	-10 253	-76 822	-31 783
Tax for the period	-	-	-	-
Net profit	-1 295 188	-2 441 065	-12 435 237	-1 180 834

Balance Sheet of Scandinavian ChemoTech AB (publ)

(amounts in KSEK)	2018-03-31	2017-03-31	2017-12-30	2016-06-30
<i>Assets</i>				
Intangible assets	6 974 097	4 369 562	6 361 802	3 033 436
Tangible assets	117 415	-	129 424	-
Financial assets	1 746 211	13 367	1 033 232	13 367
Total fixed assets	8 837 723	4 382 929	7 524 458	3 046 803
Current assets	1 934 763	14 807 032	5 319 161	3 605 976
Cash	1 528 320	14 409 100	4 634 460	3 324 549
Total assets				
<i>Equity and Liabilities</i>				
Equity	8 991 990	17 200 347	10 287 179	868 636
Other liabilities	1 780 496	1 989 614	2 556 440	5 784 143
Total equity and liabilities	10 772 486	19 189 961	12 843 619	6 652 779

The Rights Issue

SUMMARY OF TERMS

Subscription price	12.50 SEK per new B share. Commission is not included
Terms	One subscription right entitles to subscription of one new B share
Subscription period	23 May - 7 June 2018
Trading in subscription rights	23 May - 4 June 2018
Record date	22 May 2018
Size of the offering	18.3 MSEK
Subscription and guarantee commitments	The rights issue is covered by subscription and guarantee commitments corresponding to 100 percent of the total offering

RECORD DATE

The record date with Euroclear for right to participate in the Rights Issue is 22 May 2018. The last day of trading in the Company's share in order to be entitled to participate in the Rights Issue is 18 May 2018. The first day of trading in the Company's share without the right to participate in the Rights Issue is 21 May 2018.

APPLICATION

Application forms are available at the Company's and Västra Hamnen Corporate Finance's website or can be obtained from Aqrat. For nominee shareholders, subscription and payment will be made in accordance with the instructions of the respective trustees.

Subscription with preferential rights

Subscription with preferential rights shall be done with simultaneous cash payment, no later than 7 June 2018 via the application form for subscription with preferential rights, "Särskild anmälningssedel".

Subscription without preferential rights

In case the Rights Issue is not fully subscribed with preferential rights, allocation will be made to those who subscribe without the use of subscription rights. Subscription is made via the application form for subscription without preferential rights, "Teckning utan företräde".

ALLOCATION

In the event that not all B shares are subscribed with preferential rights as described above, the Board shall decide on allocation within the framework of the maximum amount of the Rights Issue.

For shares not subscribed for by subscription rights, allocation shall primarily be made to subscribers who exercised subscription rights in the Rights Issue in proportion to the number

of subscription rights each subscriber used for subscription. Secondly, to others who applied for subscription for new shares without subscription rights, pro rata in relation to the number of new shares applied for, and thirdly, to the underwriters of the rights issue in proportion to the amount of the amount that the respective party has guaranteed.

MOTIVE FOR THE RIGHTS ISSUE

The primary focus for ChemoTech in the coming years, which also is the motive behind the Rights Issue, is to enable the Company to commercialize IQWave™ to positive cash flow from current operations, which is expected to take place in 2019. This will be achieved through the following two focus areas:

- **Accelerate the launch of IQWave™ in primary markets.** This will be done through increased marketing activities and strengthened sales organization, both internally and externally, by expanding the network of agents. The goal is to get a greater leverage in the market for limited investments through agents.
- **Broaden the market penetration into new regions.** There are many markets where cancer centers are inadequate and where many patients are in need of a treatment method that ChemoTech can offer through IQWave™. Mainly, these regions are neighboring countries in Southeast Asia and India.

The successes of IQWave™ have been significant in early 2018. The company has sold the first three IQWave™ units and signed an agreement with two new distributors in Asia, which allows for launch on additional markets. The successes strengthen the Board in its assessment that ChemoTech's products address a significant demand, which other available treatments are unable to meet. Establishing new treatment equipment, although the basic method is recognized by previous generations of electrochemotherapy, is a time-consuming process. The recent commercial breakthrough for IQWave™ has led the board to feel confident enough to pinpoint forward-looking financial targets, where the primary goal is to show positive cash flow from current operations in 2019.

The shares in the Rights Issue can be subscribed for with preferential rights for the Company's existing shareholders in proportion to the number of shares they already own. In case of full subscription, the Company will receive approximately 18.3 MSEK before costs related to the issue. The Board is of the opinion that the issue is sufficient to secure operations for at least twelve months. The following describes the use of proceeds:

- 50% for sales efforts and market establishment;
- 40% to meet the Company's need for working capital; and
- 10% for clinical studies and R&D.