

# Acarix Interim Report

JANUARY–SEPTEMBER 2018

## Customer evaluation of CADScor®System compares favorably against existing methods

### Third quarter (July–September) 2018 compared with same period 2017

- During the third quarter, sales increased to seven CADScor®System and 680 patches compared with three CADScor®System and 520 patches in same period previous year. Revenue amounting to 351 kSEK (215), with gross profit of 226 kSEK (140) and a gross margin of 64% (65).
- Increased clinical and commercial activities and new employment resulted in higher operational costs amounting kSEK 12,996 (7,717).
- Result before tax amounted to -12,744 kSEK (-7,513).
- Net cash flow from operating activities amounted to -11,142 kSEK (-7,413).
- Basic earnings per share amounted to -0.55 SEK (-0.31). No dilution arose.

### First nine months (January–September) 2018 compared with same period 2017

- During the first nine months, fifteen CADScor®System and 1,480 patches were sold and generated revenue amounting to 815 kSEK with gross profit of 575 kSEK and a gross margin of 70%.
- Operating costs amounted to 30,904 kSEK (18,760).
- Result before tax amounted to -30,244 kSEK (-17,049).

- Net cash flow from operating activities amounted to -29,876 kSEK (-34,254).
- Cash position amounted to 73,940 kSEK (109,552).
- Basic earnings per share amounted to -1,31 SEK (-0,74).

### Events before September 30, 2018

- In August, Acarix announced that two major Swedish hospitals – Kristianstad and Sunderby – have evaluated the CADScor®System for rule-out of Coronary Artery Disease. The evaluation compares favorably against existing methods and offers the possibility of avoiding expensive invasive methods.
- In August, Acarix presented the CADScor®System at the ESC congress in Munich, an important global scientific congress with more than 30,000 participants.
- In parallel to the ESC congress, Acarix Clinical Advisory Board held a meeting confirming validity of the comprehensive clinical study program.

### Events after September 30, 2018

- In October, Acarix entered strategic alliance with MED Management in Germany to increase awareness and knowledge of the unique rule-out technology offered by Acarix through its CADScor®System.
- In November 13 Acarix announced that the board of directors has appointed Per Persson to Chief Executive Officer. Per Persson comes directly from the role as Chief Commercial Officer of Acarix. Christian Lindholm, who has served as interim CEO since February 2018, resumes his role as Chief Financial Officer. The changes are effective immediately.



## Message from the CEO



During the quarter we proudly reported that Kristianstad Central Hospital in Sweden evaluated the CADScor®System with a positive outcome. Due to the good result the hospital's clinical management team has now included the CADScor®System as method of ruling out CAD into the local procedures and the hospital will start using the system clinically during the fourth quarter.

We are looking forward to other hospitals joining us on our pioneering journey, where they are offered to allocate their resources in healthcare in the most efficient way. From the patient's perspective, our CADScor®System makes a world of difference – instead of weeks or months waiting for the next examination, our system can provide an answer in just eight minutes.

The very important process, whereby reimbursement can be obtained for the German market, is progressing according to plan and is expected to be in place in the latter part of the fourth quarter of 2019.

Meanwhile, we are strengthening our commercial channel toward the German market in the form of our recently announced partnership with MED Management in Germany. In addition to our own sales organization, they will strengthen our platform toward the ambulatory care in this important market. This provides additional opportunities to raise awareness and knowledge of the unique technology for ruling out coronary artery disease, which Acarix offers through the CADScor®System. Additionally, this agreement will support expanded contacts with insurance and healthcare groups adding more strength to Acarix activities in Germany. MED Management have already established successful partnerships with other leading Medtech companies in the cardiovascular sector.

In August, Acarix presented the CADScor®System at ESC in Munich, an important global scientific congress with more than 30,000 participants. At this event, Acarix had the opportunity to present and discuss the performance of our technology and related clinical evidence to many Cardiologists and other Health Care professionals from all over the world. The Acarix team gathered a large number of requests for further discussions from both new and existing customers and markets and the benefit of our technology was clearly recognized.

In parallel to the ESC congress, Acarix Clinical Advisory Board held a meeting confirming validity of the comprehensive clinical study program. Further, Acarix presented its clinical plan moving forward with additional performance and cost-benefit trials as well as new exploratory studies. The general conclusion was that Acarix has now generated strong data supporting the initial study findings and that focus is moving to the clinical application and increase utilization of CADScor and its benefits.

The DAN-Nicad II study for obtaining more data to increase next-generation CAD-scoring algorithm performance, has added an additional inclusion site as planned. The clinical study has now three running inclusion sites and will be planning to add a fourth site later. The addition of the new sites will ensure the timely execution of the DAN-Nicad II clinical study, expected to end patient inclusion by early 2020. The DAN-Nicad II study is based in Denmark and expected to include up to 2,000 patients with suspicion of stable Coronary Artery Disease.

Finally, this quarter, we are very pleased to report increased sales in terms of the number of systems and patches, both when compared to the previous quarters of this year and for the corresponding period last year. Since the introduction in June 2017, we have now installed 24 systems and sold 2,840 patches at customers in Germany, Austria, Sweden and Denmark. In the third quarter, we sold seven systems and 680 patches.

Malmö, November 13, 2018

CHRISTIAN LINDHOLM  
INTERIM CHIEF EXECUTIVE OFFICER

# Financial Report

## Revenue and gross margin

### Third quarter

Sales increased from four CADScor®System in second quarter to seven CADScor®System in third quarter. In same quarter previous year three systems were sold. For the quarter three CADScor®System were sold in Germany, two in Austria and the remaining two CADScor®System were sold in Sweden.

Number of patches sold during the quarter amounts to 680 of which 120 patches were re-ordered. In previous quarter 380 patches were sold and in third quarter previous year 520 patches were sold.

Consolidated revenue for the third quarter amounted to 351 kSEK (215). Revenue from CADScor®System amounted to 133 kSEK and revenue from patches amounted 218 kSEK. Gross profit for the third quarter amounted to 226 kSEK, corresponding to a gross margin of 64%. Gross margin for the period is lower compared to previous quarters due to discounted CADScor®System to selected customers. Gross margins on Patches remains.

### First nine months

During the first nine months, totally fifteen CADScor®System were sold divided between Germany (six), Danmark (three), Sweden (four) and in Austria (two). Number of patches sold during the period amounts to 1,480 of which 240 patches were re-ordered.

Consolidated revenue amounted to 815 kSEK, distributed between CADScor®System with 359 kSEK and patches with 456 kSEK. Gross profit for the period amounted to 575 kSEK, corresponding to a gross margin of 70%.

## Expenses

### Third quarter

Total group expenses (R&D and SG&A) for the third quarter amounted to 12,996 kSEK compared with 7,717 kSEK in the year-earlier period. The year-on-year cost increase is related to intensified commercial and clinical activities and increased activities on the German subsidiary. SG&A costs amounted to 8,080 kSEK in the quarter, of which 4,698 kSEK related to sales and marketing costs. Research and development costs amounts to 4,916 kSEK and have increased mainly due to start-up activities related to the DAN-Nicad II study.

### First nine months

Accumulated expenses for the first nine months amounted to 30,904 kSEK compared with 18,760 kSEK in the year-earlier period. Accumulated SG&A costs amounted to 21,676 kSEK, of which 12,765 kSEK related to sales and marketing costs. Research and development costs amounted to 9,228 kSEK.

## Result

### Third quarter

In the third quarter, the Group reported an operating loss of -12,770 kSEK, compared with -7,577 kSEK in the year-earlier period. The net loss for the third quarter amounted to -12,744 kSEK compared with -7,049 kSEK in the year-earlier period. Earnings per share before dilution were -0,55 SEK for the third quarter, compared with -0,31 SEK in the corresponding period in the preceding year. No dilution effects arose.

### First nine months

For the first nine months, the Group reported an operating loss of -30,329 kSEK, compared with a loss of -18,504 kSEK in the year-earlier period. Tax income amounted to zero for the year, compared with 1,420 kSEK in the year-earlier period related to a Danish R&D tax credit which was ceased at the end of the second quarter of 2017. The net loss for the first nine months amounted to -30,244 kSEK, compared with -17,049 kSEK in the corresponding period in 2017. Earnings per share before dilution were -1,31 SEK for the first nine months, compared with -0,74 SEK in the corresponding period in the preceding year. No dilution effects arose.

## Intangible assets

Capitalization of development costs related to the CADScor®System has been ongoing since August 2015, when TÜV issued a certificate of compliance (CE mark) for the product. Capitalization ceased when the product was launched in the market during the second quarter of 2017 and amortization of development costs was initiated. As of September 30, 2018, capitalized development costs amounted to 19,545 kSEK. The carrying amount including capitalized development costs and acquired rights as of September 30, 2018 amounted to 24,400 kSEK.

## Equity

As of September 30, 2018, consolidated equity amounted to 100,140 kSEK, compared with 140,669 kSEK on September 30, 2017. As of September 30, 2018, the total number of shares amounted to 23,027,376.

## Cash Flow

### Third quarter

In the third quarter, total cash flow showed an outflow of -11,142 kSEK, compared with an outflow of -6,210 kSEK in the corresponding period 2017. The cash outflow is driven by the results and change in working capital for the period. Cash flow from operating activities amounted to -11,142 kSEK, compared with -7,413 kSEK in the corresponding period in 2017. The impact from working capital amounted to 967 kSEK, compared with -596 kSEK in the year-earlier period.

### First nine months

Total cash flow for the first nine months showed an outflow of -29,876 kSEK, compared with an outflow of -35,938 kSEK in the year-earlier period. Cash flow from operating activities amounted to -29,876 kSEK, compared with -34,254 kSEK in the corresponding period in 2017. The impact from working capital amounted to -1,509 kSEK, compared with -16,682 kSEK in the year-earlier period, which was affected by large payments to suppliers mainly related to the initial public offering (IPO) during December 2016. Cash flow used in investing activities amounted to zero, compared with -2,887 kSEK in the year-earlier period. At the end of the period, Acarix had 73,940 kSEK in cash and cash equivalents, compared with 109,552 kSEK in the year-earlier period.

## Parent Company

The Parent Company's operations are primarily focused on Group-wide administration and management and invoiced 1,700 kSEK in management fees during the third quarter and 4,600 kSEK for the first nine months. The company reported net loss for the quarter of -3,720 kSEK (-1,390) and a net loss for the first nine months of -22,838 kSEK. From 2018 onwards, shareholder contributions covering losses in the wholly owned subsidiaries have been recognized in the Parent Company's profit and loss and not as a financial fixed asset. The shareholder contributions recognized

in the quarter amount to 1,392 kSEK (0) and accumulated for the year 17,508 kSEK (0). Participation in subsidiaries on September 30, 2018 amounted to 68,876 kSEK (63,373). The Parent Company's cash and cash equivalents at the end of the period amounted to 70,971 kSEK, compared with 106,840 kSEK in the year-earlier period.

## Share information

The share has been traded on Nasdaq First North, with the ticker symbol ACARIX and ISIN code SE0009268717, since December 19, 2016 and the shares are listed under the Premier segment. As of September 30, 2018, the number of shares in the company amounted to 23,027,376 (23,027,376).

Shareholder register June 30, 2018	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	20.6%
SEED Capital DK II K/S	4,749,081	20.6%
Puhua Jingxin	2,654,259	11.5%
Coloplast A/S	1,683,072	7.3%
Seventure Partners	993,334	4.3%
Other shareholders	8,198,549	35.6%
<b>Total</b>	<b>23,027,376</b>	<b>100.0%</b>

## Auditor's review

This Interim Report has been reviewed by the company's auditor.

## Certified Adviser

Acarix's Certified Adviser on Nasdaq First North is Wildeco Ekonomisk Information AB.

## Financial calendar

	Date
Fourth quarter and Year-end Report	February 20, 2019
First quarter 2019	May 16, 2019
Annual General Meeting	May 16, 2019
Second quarter 2019	August 21, 2019
Third quarter 2019	November 14, 2019

## For more information, please contact

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Group - Consolidated **Income statement**

kSEK	Note	Quarter 3 2018	Quarter 3 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Revenue	7	351	215	815	408	638
Cost of goods sold		-125	-75	-240	-151	-208
<b>Gross profit</b>		<b>226</b>	<b>140</b>	<b>575</b>	<b>256</b>	<b>430</b>
Research and development costs		-4,916	-1,736	-9,228	-3,495	-5,289
Sales, general and administrative costs		-8,080	-5,981	-21,676	-15,265	-25,884
<b>Operating result</b>		<b>-12,770</b>	<b>-7,577</b>	<b>-30,329</b>	<b>-18,504</b>	<b>-30,743</b>
Financial income		40	64	137	35	130
Financial costs		-14	-	-52	-	-123
<b>Profit before tax</b>		<b>-12,744</b>	<b>-7,513</b>	<b>-30,244</b>	<b>-18,469</b>	<b>-30,736</b>
Tax		-	464	-	1,420	960
<b>Net loss for the period</b>		<b>-12,744</b>	<b>-7,049</b>	<b>-30,244</b>	<b>-17,049</b>	<b>-29,776</b>
<b>Net income attributable to Parent Company's shareholders</b>		<b>-12,744</b>	<b>-7,049</b>	<b>-30,244</b>	<b>-17,049</b>	<b>-29,776</b>
Basic earnings per share (SEK) <sup>1), 2)</sup>		-0.55	-0.31	-1.31	-0.74	-1.29
Diluted earnings per share (SEK)		-0.55	-0.31	-1.31	-0.74	
Average number of shares, thousands		23,027	23,027	23,027	23,027	23,027

<sup>1)</sup> No dilution effects arose

<sup>2)</sup> EPS – Net profit for the period, attributable to shareholders of the Parent Company, divided by average number of shares outstanding

Group - Consolidated **Statements of Comprehensive Income**

kSEK	Quarter 3 2018	Quarter 3 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Net loss for the period after tax	-12,744	-7,049	-30,244	-17,049	-29,776
<b>Items that may be reclassified to profit or loss</b>					
Foreign currency translation adjustment	-402	-498	1,445	-333	664
<b>Other comprehensive income for the period, net of tax</b>	<b>-402</b>	<b>-498</b>	<b>1,445</b>	<b>-333</b>	<b>664</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>-13,146</b>	<b>-7,547</b>	<b>-28,799</b>	<b>-17,382</b>	<b>-29,112</b>
<b>Total comprehensive income attributable to:</b>					
Owners of Acarix	-13,146	-7,547	-28,799	-17,382	-29,112

Group - Consolidated **Balance sheet**

kSEK	Note	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
<b>Assets</b>				
<b>Intangible assets</b>				
Acquired rights		4,855	4,743	4,840
Development projects, capitalized		19,545	20,212	20,351
<b>Total intangible assets</b>	<b>8</b>	<b>24,400</b>	<b>24,955</b>	<b>25,191</b>
<b>Financial assets</b>				
Deferred tax assets		-	1,410	-
<b>Total financial assets</b>		<b>-</b>	<b>1,410</b>	<b>-</b>
<b>Current assets</b>				
Tax receivables		1,038	2,607	995
Inventory	9	2,539	1,633	1,945
Accounts receivables		619	293	454
Other receivables	10	1,925	1,237	1,634
Prepayments		374	1,720	380
Cash and cash equivalents		73,940	109,552	103,457
<b>Total current assets</b>		<b>80,435</b>	<b>117,042</b>	<b>108,865</b>
<b>Total assets</b>		<b>104,834</b>	<b>143,407</b>	<b>134,056</b>
<b>Shareholders' equity and liabilities</b>				
<b>Equity</b>				
Share capital and share premium		396,044	396,044	396,044
Other reserves		2,134	-308	689
Retained earnings		-298,038	-255,067	-267,794
<b>Total equity</b>		<b>100,140</b>	<b>140,669</b>	<b>128,939</b>
<b>Current liabilities</b>				
Accounts payable		1,414	380	1,464
Other liabilities		3,279	2,357	3,653
<b>Total current liabilities</b>		<b>4,694</b>	<b>2,738</b>	<b>5,117</b>
<b>Total equity and liabilities</b>		<b>104,834</b>	<b>143,407</b>	<b>134,056</b>

Group - Consolidated **Statement of changes in shareholders' equity**

KSEK	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
<b>As at January 1, 2018</b>	23,027	373,017	689	-267,794	128,940
Profit/loss for the period	-	-	-	-30,244	-30,244
<b>Other comprehensive income:</b>					
Foreign exchange rate adjustment	-	-	1,445	-	1,445
<b>Total comprehensive income</b>	23,027	373,017	2,134	-298,038	100,140
<b>At September 30, 2018</b>	23,027	373,017	2,134	-298,038	100,140
<b>As at January 1, 2017</b>	23,027	371,814	25	-238,018	156,848
Profit/loss for the period	-	-	-	-17,049	-17,049
<b>Other comprehensive income:</b>					
Foreign exchange rate adjustment	-	-	-333	-	-333
<b>Total comprehensive income</b>	23,027	371,814	-308	-255,067	139,466
<b>Transactions with owners:</b>					
Issue of stock option	-	1,203	-	-	1,203
<b>At September 30, 2017</b>	23,027	373,017	-308	-255,067	140,669

Group **Consolidated Statements of Cash Flow**

kSEK	Quarter 3 2018	Quarter 3 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
<b>Operating activities</b>					
Result before tax	-12,744	-7,513	-30,244	-18,469	-30,736
Adjustment for depreciation	636	585	1,877	834	1,433
Taxes received	-	-	-	-	2,421
Financial expenses	-	64	-	35	7
Adjustment for other items not included in cash flow	-	47	-	28	-
<b>Cash-flow before change of working capital</b>	<b>-12,108</b>	<b>-6,817</b>	<b>-28,367</b>	<b>-17,572</b>	<b>-26,875</b>
Working capital adjustments:					
Change in inventory	411	-43	-594	-	-355
Change in receivables and prepayments	-699	787	-493	-1,650	-656
Change in trade and other payables	1,255	-1,341	-422	-15,032	-12,653
<b>Total change in working capital</b>	<b>967</b>	<b>-596</b>	<b>-1,509</b>	<b>-16,682</b>	<b>-13,664</b>
<b>Cash-flow from operations</b>	<b>-11,142</b>	<b>-7,413</b>	<b>-29,876</b>	<b>-34,254</b>	<b>-40,539</b>
<b>Cash-flow from operating activities</b>	<b>-11,142</b>	<b>-7,413</b>	<b>-29,876</b>	<b>-34,254</b>	<b>-40,539</b>
<b>Investing activities</b>					
Investments in intangibles	-	-	-	-2,887	-2,984
<b>Cash-flow from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,887</b>	<b>-2,984</b>
<b>Financing activities</b>					
Issue of warrants	-	1,203	-	1,203	1,203
<b>Cash flow from financing activities</b>	<b>-</b>	<b>1,203</b>	<b>-</b>	<b>1,203</b>	<b>1,203</b>
<b>Cash flow for the period</b>	<b>-11,142</b>	<b>-6,210</b>	<b>-29,876</b>	<b>-35,938</b>	<b>-42,320</b>
Currency translation differences	-83	-237	359	-405	-118
Cash and cash equivalents, beginning of period	85,165	115,999	103,457	145,895	145,895
<b>Cash and cash equivalents, end of period</b>	<b>73,940</b>	<b>109,552</b>	<b>73,940</b>	<b>109,552</b>	<b>103,457</b>

Parent Company **Income statement**

kSEK	Note	Quarter 3 2018	Quarter 3 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Other revenue		1,700	750	4 600	2,266	4,239
Sales, general and administrative costs	6, 7, 8	-4,061	-2,207	-10,035	-6,099	-10,295
<b>Operating result</b>		<b>-2,361</b>	<b>-1,457</b>	<b>-5,435</b>	<b>-3,833</b>	<b>-6,056</b>
Profit/Loss from shares in group companies		-1,392	-	-17,508	-	105
Financial income		34	66	107	66	105
Financial expense		-1	-	-2	-	-66
<b>Result before tax</b>		<b>-3,720</b>	<b>-1,390</b>	<b>-22,838</b>	<b>-3,767</b>	<b>-6,017</b>
<b>Net loss for the period</b>		<b>-3,720</b>	<b>-1,390</b>	<b>-22,838</b>	<b>-3,767</b>	<b>-6,017</b>
<b>Net income attributable to Parent Company's shareholder</b>		<b>-3,720</b>	<b>-1,390</b>	<b>-22,838</b>	<b>-3,767</b>	<b>-6,017</b>

Parent Company **Statements of Comprehensive Income**

kSEK	Note	Quarter 3 2018	Quarter 3 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Net loss for the period after tax		-3,720	-1,390	-22,838	-3,767	-6,017
<b>Total comprehensive income for the period, net of tax</b>		<b>-3,720</b>	<b>-1,390</b>	<b>-22,838</b>	<b>-3,767</b>	<b>-6,017</b>
<b>Total comprehensive income attributable to:</b>						
Owners of Acarix		-3,720	-1,390	-22,838	-3,767	-6,017

Parent Company **Balance sheet**

kSEK	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
<b>Assets</b>			
<b>Financial assets</b>			
Participation in subsidiaries	68,876	63,373	68,876
<b>Total financial assets</b>	<b>68,876</b>	<b>63,373</b>	<b>68,876</b>
<b>Current assets</b>			
Other receivables	9,463	2,712	4,773
Cash and cash equivalents	70,971	106,840	98,741
<b>Total current assets</b>	<b>80,434</b>	<b>109,552</b>	<b>103,514</b>
<b>Total assets</b>	<b>149,310</b>	<b>172,925</b>	<b>172,390</b>
<b>Shareholders' equity and liabilities</b>			
<b>Equity</b>			
Share capital	23,027	23,027	23,027
Other capital contribution	156,912	156,912	156,912
Retained earnings	-33,659	-8,571	-10,821
<b>Total equity</b>	<b>146,280</b>	<b>171,368</b>	<b>169,118</b>
<b>Current liabilities</b>			
Accounts payable	222	244	109
Other liabilities	2,808	1,312	3,163
<b>Total current liabilities</b>	<b>3,029</b>	<b>1,557</b>	<b>3,172</b>
<b>Total equity and liabilities</b>	<b>149,310</b>	<b>172,925</b>	<b>172,390</b>

Parent Company **Statement of changes in shareholders' equity**

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2018	23,027	156,912	-10,821	169,118
Net loss for the period	-	-	-22,838	-22,838
<b>Total comprehensive income</b>	-	-	-22,838	-22,838
Change in shareholders' equity	-	-	-22,838	-22,838
<b>At September 30, 2018</b>	<b>23,027</b>	<b>156,912</b>	<b>-33,659</b>	<b>146,280</b>
As at January 1, 2017	23,027	155,709	-4,804	173,932
Net loss for the period	-	-	-3,767	-3,767
<b>Total comprehensive income</b>	-	-	-3,767	-3,767
<b>Transactions with owners:</b>				
Issue of stock options	-	1,203	-	1,203
<b>Total transactions with owners</b>	-	<b>1,203</b>	-	<b>1,203</b>
Change in shareholders' equity	-	1,203	-3,767	-2,564
<b>At September 30, 2017</b>	<b>23,027</b>	<b>156,912</b>	<b>-8,571</b>	<b>171,368</b>

# Notes to the interim consolidated financial statements

## Note 1 Corporate information

### Company information

Acarix AB (559009-0667) is a limited liability company incorporated and domiciled in Malmö, Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 211 11 Malmö, Sweden. Acarix's main activities are to develop, produce and market a new cardiovascular diagnostic method and similar equipment for the same and related services. The Acarix Group (the Group) consist of Acarix A/S, the main operating company incorporated and located in Denmark, Acarix GmbH supporting sales on the German market incorporated and located in Germany and Acarix Incentive AB incorporated and located in Sweden.

## Note 2 Basis of preparation

### Basis of preparation

The interim report for the Group and Parent Company comprises summary consolidated financial statements for Acarix AB (publ). The interim consolidated financial statements include the Company's wholly-owned Danish, German and Swedish subsidiaries, Acarix A/S, Acarix GmbH and Acarix Incentives AB.

## Note 3 Accounting policies

### Accounting policies

The consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, Interim Financial Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2018 did not affect the Groups reporting as of September 30, 2018.

Acarix continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The Parent Company report is prepared in accordance with RFR 2, Accounting for Legal Entities, the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

## Standards issued but not yet effective

### IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15.

An analysis of the transition effects of IFRS 16 on the consolidated accounts is in progress.

#### Note 4 Significant accounting estimates, judgments and assumptions

In preparing the interim report, certain provisions under IFRS require management to make judgments, which may significantly impact the Group's financial statements. For additional descriptions of significant judgments and estimates, refer to note 4 in the annual report 2017.

#### Note 5 Risk management

The Acarix Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2017. In addition to the risks described in these documents, no additional significant risks have been identified.

#### Note 6 Related parties

Related parties comprise the members of the Board of Directors and other senior executives. Apart from remuneration of the Board of Directors, transactions to market price were recognized with related parties during the year.

#### Note 7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized.

##### Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

##### Invoiced sales per country 2018

kSEK	Q1 2018	Q2 2018	Q3 2018	Jan-Sep, 2018
Germany	128	55	197	380
Sweden	86	-	58	144
Denmark	-	174	-	174
Austria	-	-	96	96
Other	16	5	-	21
<b>Total</b>	<b>230</b>	<b>234</b>	<b>351</b>	<b>815</b>

##### Invoiced sales per country 2017

kSEK	Q2 2017	Q3 2017	Q4 2017	Jan-Sep, 2017
Germany	64	152	-	216
Sweden	-	63	65	63
Denmark	65	-	194	65
Austria	64	-	-	64
Other	-	-	-	-
<b>Total</b>	<b>193</b>	<b>215</b>	<b>259</b>	<b>408</b>

**Note 8 Intangible assets**

Development projects are related to the development of the CADScor®System (acoustic cardiovascular diagnostics), which records heart sounds and murmurs for calculating a patient's specific score in order to determine the patient's risk of coronary artery disease. During the second quarter 2017, the CADScor®System was introduced on the market and the first sales orders were recognized. Capitalization of

development costs ceased when the product was ready to launch on the market and amortization of capitalized development costs commenced. Management estimates the useful life of development projects to be 10 years. These assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount. Development projects have been tested for impairment in December 2017.

**Intangible assets 2018**  
kSEK

	Aquired rights	Development costs, completed	Total
Cost at January 1, 2018	5,773	21,612	27,385
Foreign currency translation adjustment	219	940	1,159
<b>Cost at September 30, 2018</b>	<b>5,992</b>	<b>22,552</b>	<b>28,543</b>
Amortization and impairment at January 1, 2018	-933	-1,261	-2,194
Amortization	-195	-1,691	-1,886
Foreign currency translation adjustment	-9	-55	-64
<b>Amortization and impairment losses at September 30, 2018</b>	<b>-1,137</b>	<b>-3,007</b>	<b>-4,144</b>
<b>Carrying amount at September 30, 2018</b>	<b>4,855</b>	<b>19,545</b>	<b>24,400</b>

**Intangible assets 2017**  
kSEK

	Aquired rights	Development costs, completed	Total
Cost at January 1, 2017	5,606	18,179	23,785
Addition for the period	34	2,853	2,887
Foreign currency translation adjustment	-33	-123	-156
<b>Cost at September 30, 2017</b>	<b>5,607</b>	<b>20,909</b>	<b>26,516</b>
Amortization and impairment at January 1, 2017	-658	-	-658
Amortization	-202	-697	-899
Foreign currency translation adjustment	-5	-	-
<b>Amortization and impairment losses at September 30, 2017</b>	<b>-864</b>	<b>-697</b>	<b>-1,561</b>
<b>Carrying amount at September 30, 2017</b>	<b>4,743</b>	<b>20,213</b>	<b>24,956</b>

**Note 9 Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

**Note 10 Trade receivables**

Receivable are measured at fair value, and subsequently at amortized cost using the effective interest method less impairment. At each balance sheet date, the Group assesses whether there is objective evidence that a receivable or a group of receivables has been impaired. Impairment testing is performed when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an account for provisions, and the amount of the loss is recognized in profit or loss under selling expenses. When a trade receivable is finally established as uncollectible, it is written off against the allowance account for trade receivables.

## Affirmation

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in accordance with the Swedish Annual Accounts Act. With respect to the Parent Company, this interim report has been prepared in accordance with the Swedish Annual Accounts Act and in compliance with RFR2, Accounting for Legal Entities. The Board of Directors and the CEO certify that this interim report presents a true and fair overview of the Group's and the Parent Company's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group

Malmö, November 13, 2018

Werner Braun  
*Chairman of the Board*

Johanne Braendgaard  
*Board member*

Denis Gestin  
*Board member*

Ulf Rosén  
*Board member*

Claus Andersson  
*Board member*

Yun Fei Hong  
*Board member*

Christian Lindholm  
*Interim CEO*

The information disclosed in this interim report is mandatory for Acarix AB (publ) to publish pursuant to the EU Market Abuse Regulation.  
This information was submitted through the agency of the interim CEO, November 14, 2018 at 8:00 am (CET).



Acarix AB (publ)

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