

# Acarix Year-End report January-December 2019



## Successful rights issue enables increased focus on strategic initiatives

### Fourth quarter 2019 compared with same period 2018

- During the fourth quarter, sales amounted to ten (7) CADScor®Systems and 1,500 (640) patches of which four (-) CADScor®Systems and 840 (-) patches were delivered for clinical trials.
- Revenue amounted to 774 kSEK (208), with gross profit of 607 kSEK (132) and a gross margin of 78 percent (63).
- Operational costs amounted 10,591 kSEK (12,328).
- Result before tax amounted to -9,987 kSEK (-12,006).
- After a new share issue that provided the company with a net of SEK 34,548 kSEK, total cash flow amounted to SEK 26,037 kSEK (-8,547).
- Basic earnings per share amounted to -0.31 SEK (-0.52). No dilution arose.

### Financial year 2019 compared with same period 2018

- During the year a total of 23 (22) CADScor®Systems and 4,326 (2,210) patches were sold of which 5 (2) CADScor®System and 2,040 (240) patches were delivered for clinical trials.
- The share of repurchases of disposable patches increased from 43% in 2018 to 59%.
- Revenue amounted to SEK 1,857 kSEK (1,024), with a gross profit of 1,430 kSEK (708) and a gross margin of 77 percent (69).
- Operating costs amounted to 47,873 kSEK (43,232).
- Result before tax amounted to -46,434 kSEK (-42,250).
- After a new share issue that provided the company with a net of SEK 34,548 kSEK, total cash flow was SEK -11,500 kSEK (-38,336).
- Cash at the end of the period was 53,747 kSEK (65,019).
- Basic earnings per share amounted to -1.83 SEK (-1.83). No dilution arose.

### Events in the fourth quarter, 2019

- On October 9, the company announced that the subscription period for its rights issue had begun. Supported by authorization from the Extraordinary General Meeting on August 16, the Board of Directors resolved on September 25 on a rights issue of a maximum of 34,541,064 shares with preference for existing shareholders.
- On October 30, the company announced the outcome of its rights issue. Through the rights issue, Acarix's share capital increased by SEK 28,666,667 to SEK 51,694,043. The total number of shares and votes increased with 28,666,667, from 23,027,376 to 51,694,043 shares and votes.
- On October 16, the company announced the submission of a De Novo application to the American Food and Drug Administration (FDA) for the CADScor®System in preparation of a US market entry.

### Events after December 31, 2019

- On January 14, 2020, the company announced that the CADScor®System is being used commercially for the first time in the UK, and the first patients are being evaluated. Dr Amrit Takhar and his team at Wansford and Kingscliffe Practice near Peterborough is the first clinic in the UK to use the unique CADScor technology to evaluate patients suffering from stable chest pain.
- On February 18, the company announced initiation of the randomized, multi-center clinical study FILTER-SCAD to examine the cost effectiveness and safety of adding the CADScor®System as a rule-out test in patients referred with symptoms suggestive of stable coronary artery disease. In the FILTER-SCAD study, 2,000 patients referred on suspected stable coronary disease are to be consecutively enrolled at four hospitals in Denmark and Lund's University Hospital in Sweden.

The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total.

# CEO Message

The fourth quarter of 2019 was eventful, and we had the opportunity to see progress in several areas. Importantly, we closed a rights issue of SEK 43 million, before transaction costs, securing our ability to execute our plans and activities moving forward.

In order to fully reach our potential, our initial strategy and focus is built on three important pillars;

- Continued efforts to broaden and deepen our already strong base of clinical evidence. This will facilitate inclusion in central guidelines and local reimbursement programs. It will also build awareness and confidence for the individual clinician.
- Prioritization of Germany, UK and the Nordics in order to extend sales of systems and the use of patches. We increase market awareness by developing partnership and market access through additional commercial channels.
- Obtain FDA approval to open the US market for commercialization. In parallel with the approval process plan, prepare and start executing on the US entry strategy.

During the period, we sold ten systems, of which four are used in clinical trials. Although volumes are still at an early stage, it is encouraging that we made our first commercial footprints in two new markets – the UK and Finland. We see promising signs in both markets and each system supports our continued leverage as customers re-order patches.

With Dr Amrit Takhar and his team we saw the first use of our system commercially in the UK. The clinic is running a local evaluation to ensure that CADScor®System fits well into their care routines and provides benefits from both a cost and patient perspective. Consequently, our new customers will become important references for further market penetration.

In order to strengthen our efforts in the Nordic market, we have initiated cooperation with CardiRad, initially in Finland, which will enable more efficient sales work in the Nordic countries. During the quarter, we also started a collaboration with two new distribution partners: Neucomed in Austria and Bodenwinkler Medtech in Switzerland. Both will further build and strengthen presence and awareness of the CADScor®System in these two markets.

In November, the first patients were included in the randomized clinical study FILTER-SCAD that will run at four centers in Sweden and Denmark. The study investigates prospective outcomes for 2,000 patients comparing CADScor®System to standard evaluation over 12 months of follow-up. We are very eager to follow the outcome of this important study as it will provide long-term clinical data and document economic benefits.



One of the most important events in the quarter was our submission of a dossier for a De Novo application to the US Food and Drug Administration (FDA) for market approval in the US. As for all De Novo applications, FDA's ambition is to share its initial feedback within 150 days. The duration of the process is however hard to predict, as the timing is dependent on FDA's response to the application and if they request additional information or complementary clinical evaluations.

I would like to take this opportunity to thank previous and new owners for their support. It is with great pride I lead this company and look forward to getting back to you about our journey going forward.

Sincerely,  
Per Persson  
*Chief Executive Officer*

# Financial Report

## Revenues and gross margin

### Fourth quarter

A total of ten CADScor®Systems and 1,500 disposable patches were sold during the quarter, of which four (–) CADScor®Systems and 840 (–) disposable patches were delivered to ongoing clinical trials in Denmark. The remaining systems were delivered to Germany (2), England (2), Finland (1) and Switzerland (1). During the corresponding period last year, seven CADScor®Systems and 640 disposable patches were sold. Three CADScor®Systems and 496 disposable patches were sold during the third quarter.

Consolidated revenues for the fourth quarter amounted to 774 kSEK compared to 208 kSEK for the same period last year. Revenues adjusted from deliveries to clinical trials amounted to SEK 376 kSEK.

Gross profit for the quarter amounted to 607 kSEK, which corresponded to a gross margin of 78 percent, compared with 63 percent in the same period last year. Increased sales of disposable patches was the main reason for the increased gross margin compared to last year.

### Year 2019

During the year, 23 CADScor®Systems and 4,326 disposable patches were sold, of which five CADScor®Systems and 2,040 disposable patches were delivered to clinical trials in Denmark. The systems were sold in Germany (11), Sweden (3), UK (2), Finland (1), Switzerland (1) and Denmark (5). In 2018, 22 CADScor®Systems and 2,120 disposable patches were sold.

Consolidated revenues totaled 1,857 (1,024) kSEK, of which 478 kSEK related to the CADScor®System and 1,379 kSEK to disposable patches. Revenues cleared from deliveries to clinical trials amounted to SEK 1,049 kSEK. Gross profit amounted to 1,430 kSEK, corresponding to a gross margin of 78 percent, compared to 69 percent last year.

## Expenses

### Fourth quarter

Total operating expenses (R&D and sales/administration expenses) for the fourth quarter amounted to 10,591 kSEK, compared with 12,328 kSEK in the corresponding period last year. Sales and administrative expenses amounted to 7,647 (9,211) kSEK in the quarter, of which 4,106 (4,736) kSEK related to sales/marketing expenses. Research and development costs amounted to 2,944 (3,117) kSEK, which was in line with the fourth quarter of the previous year.

### Year 2019

Total operating expenses (R&D and sales/administration expenses) for the financial year amounted to 47,873 kSEK compared with 43,232 kSEK during the previous year. Sales and administrative expenses amounted to 27,591 (30,887) kSEK, of which 15,553 (17,502) kSEK related to sales and marketing costs. Research and development costs amounted to 20,282 (12,344) kSEK during the period and increased in line with increased activities in the Dan-NICAD II and the Seismo studies.

## Result

### Fourth quarter

During the quarter, the Group reported an operating loss of –9,984 kSEK compared to –12,196 kSEK during the corresponding period last year. Depreciation during the fourth quarter amounted to 1,038 kSEK, distributed between capitalized development costs of 583 kSEK, patent costs of 67 kSEK and depreciation of leasing assets of 388 kSEK. The net loss for the quarter amounted to SEK –9,987 kSEK compared to –12,006 kSEK during the corresponding period last year. Earnings per share before dilution were SEK –0.31 for the fourth quarter compared to SEK –0.52 for the corresponding period last year. There were no dilution effects.

### Year 2019

During the financial year, the Group reported an operating loss of –46,444 kSEK compared to –42,523 kSEK during the corresponding period last year. Depreciation during the year amounted to 4,115 kSEK distributed between capitalized development costs of 2,317 kSEK, patent costs of 268 kSEK and depreciation of leasing assets of 1,530 kSEK. The net loss for the year amounted to –46,459 kSEK, compared with –42,250 kSEK during the corresponding period last year. Earnings per share before dilution were –1.83 SEK compared to –1.83 SEK during the previous year. There were no dilution effects.

## Intangible assets

Development costs related to the CADScor®System have been capitalized since August 2015 when the notifying body TÜV issued a certificate of compliance (CE-mark) for the product. Capitalization ceased when the product was launched on the market during the second quarter of 2017 and amortization of development costs was initiated. As of December 31, 2019, capitalized development costs amounted to 16,924 kSEK. The carrying amount including capitalized development costs and acquired rights as of December 31, 2019 amounted to 21,508 kSEK.

## Equity

As of December 31, 2019, consolidated equity amounted to 76,602 kSEK compared to 87,877 kSEK on December 31, 2018. During the fourth quarter, a rights issue was carried out. The total number of shares increased from 23,027,376 to 51,694,043 shares. The share capital increased by 28,666,667 SEK to SEK 51,694,043 SEK.

## Cash Flow

### Fourth quarter

In the fourth quarter, the funds were increased by a rights issue that, after issue costs, amounted to 34,548 kSEK. The total inflow for the period amounted to 26,037 kSEK compared with an outflow of –8,547 kSEK during the corresponding period last year. The effect from working capital amounted to 826 kSEK compared with 1,642 kSEK in the corresponding period last year.

## Year 2019

Total outflow for the full year amounted to –11,500 kSEK, compared with an outflow of –38,336 kSEK for the same period last year. Cash flow was affected by a rights issue that provided the company with a net of 34 548 kSEK. The effect from working capital was –2,213 kSEK, compared with 133 kSEK for the same period last year. At the end of the period, Acarix had 53,747 kSEK in cash and cash equivalents, compared with 65,019 kSEK at December 31, 2018.

The management of Acarix and its Board of Directors estimates that current liquidity can finance operations up to the first quarter 2021 and at the same time evaluates the capital structure and possible future financing options. Management and the Board are positive about the possibility of raising capital for the company's continued operations in accordance with the business plan.

## Parent Company

The Parent Company's operations are primarily focused on Group wide administration and management and have during the quarter invoiced 1,523 kSEK (527) in management fees. The company reported a net loss for the quarter of –17,047 kSEK (–46,280) including write-down of shares in subsidiary amounting to –13,590 kSEK (–41,428).

From second quarter 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 year amounted to 33,654 kSEK (58,936). Participation in subsidiaries on December 31 amounted to 42,178 kSEK (42,178).

The Parent Company's cash and cash equivalents at the end of the period amounted to 48,243 kSEK compared to 61,349 in the year-earlier period.

## Rights issue

The outcome of the Rights Issue amounted to 43,000 kSEK before deduction of transaction costs. After transaction costs, amounting to 8,452 kSEK, net proceeds amounted to 34,548 kSEK.

The Rights Issue comprised a maximum of 34,541,064 shares, of which 16,356,468 shares that has been subscribed for by exercise of subscription rights. A total of 3,307,570 shares has been subscribed for without use of subscription rights.

Thus, 19,664,038 shares had been subscribed for with and without the use of subscription rights.

A bottom guarantee of 7,002,629 shares and a top-guarantee of 2,000,000 shares will thus be utilized.

Totally the Rights Issue provided the company with an additional 28,666,667 new shares.

## Share information

The share has been trading on Nasdaq First North Growth Market Stockholm with the ticker symbol ACARIX and ISIN code SE0009268717 since December 19, 2016 and the shares are listed under the Premier segment. As of December 31, 2019, the number of shares in the company amounted to 51,694,043 (23,027,376).

Shareholder register December 31, 2019	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	9.2%
SEED Capital DK II K/S	4,749,081	9.2%
Formue Nord Markedsneutral A/S	2,956,315	5.7%
Försäkringsktiebolaget Avanza Pension	2,836,049	5.5%
Puhua Jingxin	2,654,259	5.1%
Danska Bank International S.A	2,425,940	4.7%
Nordnet Pensionsförsäkring AB	2,069,347	4.0%
SHB, Copenhagen Branch	2,023,290	3.9%
Coloplast A/S	1,683,072	3.3%
Mikael Lönn	1,366,930	2.6%
Other shareholders	24,180,679	46.8%
<b>Total</b>	<b>51,694,043</b>	<b>100.0%</b>

## Auditor's review

This Interim report has not been reviewed by the company's auditor.

## Certified Adviser

Acarix's Certified Adviser on Nasdaq First North is Wildeco Ekonomisk Information AB, tel +46 8 545 271 00 or info@wildeco.se.

## Financial calendar

	Date
Interim Report, first quarter	May 14, 2020
Annual General Meeting	May 14, 2020
Interim Report, second quarter	August 20, 2020
Interim Report, third quarter	November 12, 2020

## For more information, please contact

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## Group – Consolidated statement of income

kSEK	Note	Oct-Dec 2019	Oct-Dec 2018	Year 2019	Year 2018
Revenue	7	774	208	1,857	1,024
Cost of goods sold		-167	-76	-427	-316
<b>Gross profit</b>		<b>607</b>	<b>132</b>	<b>1,430</b>	<b>708</b>
Research and development costs		-2,944	-3,117	-20,282	-12,344
Sales, general and administrative costs		-7,647	-9,211	-27,591	-30,887
<b>Operating result</b>		<b>-9,984</b>	<b>-12,196</b>	<b>-46,444</b>	<b>-42,523</b>
Financial income		16	217	103	352
Financial costs		-19	-27	-94	-79
<b>Profit before tax</b>		<b>-9,987</b>	<b>-12,006</b>	<b>-46,434</b>	<b>-42,250</b>
Tax		0	-	-25	-
<b>Net loss for the period</b>		<b>-9,987</b>	<b>-12,006</b>	<b>-46,459</b>	<b>-42,250</b>
<b>Net income attributable to Parent Company's shareholders</b>		<b>-9,987</b>	<b>-12,006</b>	<b>-46,459</b>	<b>-42,250</b>
Basic earnings per share (SEK) <sup>1), 2)</sup>		-0.31	-0.52	-1.83	-1.83
Diluted earnings per share (SEK)		-0.31	-0.52	-1.83	-1.83
Average number of shares, thousands		32,583	23,027	27,805	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 statement of comprehensive income

kSEK	Oct-Dec 2019	Oct-Dec 2018	Year 2019	Year 2018
Net loss for the period after tax	-9,987	-12,006	-46,459	-42,250
<b>Items that may be reclassified to profit or loss</b>				
Foreign currency translation adjustment	-596	-257	637	1,188
<b>Other comprehensive income for the period, net of tax</b>	<b>-596</b>	<b>-257</b>	<b>637</b>	<b>1,188</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>-10,584</b>	<b>-12,263</b>	<b>-45,822</b>	<b>-41,062</b>
<b>Total comprehensive income attributable to:</b>				
Owners of Acarix	-10,584	-12,263	-45,822	-41,062

# Group – Consolidated statement of financial position

kSEK	Note	Dec 31, 2019	Dec 31, 2018
<b>Assets</b>			
<i>Tangible assets</i>			
Lease rights		881	-
<b>Total tangible assets</b>		<b>881</b>	<b>-</b>
<i>Intangible assets</i>			
Acquired rights		4,584	4,775
Development projects, capitalized		16,924	18,921
<b>Total intangible assets</b>	8	<b>21,508</b>	<b>23,696</b>
<b>Total fixed assets</b>		<b>22,389</b>	<b>23,696</b>
<i>Current assets</i>			
Tax receivables		-	-
Inventory		3,052	2,625
Accounts receivables		1,108	603
Other receivables		2,688	3,254
Prepayments		-	-
Cash and cash equivalents		53,747	65,019
<b>Total current assets</b>		<b>60,594</b>	<b>71,501</b>
<b>Total assets</b>		<b>82,983</b>	<b>95,197</b>
<b>Shareholders' equity and liabilities</b>			
<i>Equity</i>			
Share capital and share premium		430,592	396,044
Other reserves		2,514	1,877
Retained earnings		-356,502	-310,044
<b>Total equity</b>		<b>76,602</b>	<b>87,877</b>
<i>Long term liabilities</i>			
Lease debt		72	-
<b>Total long term liabilities</b>		<b>72</b>	<b>-</b>
<i>Current liabilities</i>			
Lease debt		694	-
Accounts payable		1,781	2,502
Other liabilities		3,834	4,818
<b>Total current liabilities</b>		<b>6,309</b>	<b>7,320</b>
<b>Total equity and liabilities</b>		<b>82,983</b>	<b>95,197</b>

# Group – Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
<b>As at January 1, 2019</b>	23,027	373,017	1,877	-310,043	87,878
Profit/loss for the period	-	-	-	-46 459	-46 459
<b>Other comprehensive income:</b>					
Foreign exchange rate adjustment	-	-	637	-	637
<b>Total comprehensive income</b>	23,027	373,017	2 514	-356 502	42 054
<b>Transactions with shareholders</b>					
Rights issue	28 667	14 333	-	-	43 000
Costs related to rights issue	-	-8 452	-	-	-8 452
<b>At December 31, 2019</b>	51 694	378 898	2 514	-356 502	76 602
<b>As at January 1, 2018</b>	23,027	373,017	689	-267,794	128,940
Profit/loss for the period	-	-	-	-42,250	-42,250
<b>Other comprehensive income:</b>					
Foreign exchange rate adjustment	-	-	1,188	-	1,188
<b>Total comprehensive income</b>	23,027	373,017	1,877	-310,044	87,877
<b>At December 31, 2018</b>	23,027	373,017	1,877	-310,044	87,877

# Group – Consolidated statement of cash flows

kSEK	Oct-Dec 2019	Oct-Dec 2018	Year 2019	Year 2018
<b>Operating activities</b>				
Operating result	-9,984	-12,006	-46,444	-42,250
Adjustment for depreciation	1,039	630	4,115	2,507
Taxes received	-	997	-	997
Financial items	-4	190	9	277
<b>Cash-flow before change of working capital</b>	<b>-8,949</b>	<b>-10,189</b>	<b>-42,320</b>	<b>-38,469</b>
<i>Working capital adjustments:</i>				
Change in inventory	320	-86	-426	-680
Change in receivables and prepayments	-765	-895	-428	-1,388
Change in trade and other payables	1,271	2,623	-1,359	2,201
<b>Total change in working capital</b>	<b>826</b>	<b>1,642</b>	<b>-2,213</b>	<b>133</b>
<b>Cash-flow from operations</b>	<b>-8,122</b>	<b>-8,547</b>	<b>-44,533</b>	<b>-38,336</b>
<b>Cash-flow from operating activities</b>	<b>-8,122</b>	<b>-8,547</b>	<b>-44,533</b>	<b>-38,336</b>
<b>Financing activities</b>				
Amortization of lease debt	-389	-	-1,515	-
Rights issue	34,548	-	34,548	-
<b>Cash-flow from financing activities</b>	<b>34,158</b>	<b>-</b>	<b>33,033</b>	<b>-</b>
<b>Cash flow for the period</b>	<b>26,037</b>	<b>-8,547</b>	<b>-11,500</b>	<b>-38,336</b>
Currency translation differences	25	-372	238	-102
Cash and cash equivalents, beginning of period	27,685	73,938	65,019	103,457
<b>Cash and cash equivalents, end of period</b>	<b>53,747</b>	<b>65,019</b>	<b>53,747</b>	<b>65,019</b>



# Parent Company income statement

kSEK	Note	Oct-Dec 2019	Oct-Dec 2018	Year 2019	Year 2018
<b>Other revenue</b>		1,523	527	7,967	5,127
Sales, general and administrative costs		-4,995	-5,412	-20,259	-15,448
<b>Operating result</b>		<b>-3,472</b>	<b>-4,885</b>	<b>-12,292</b>	<b>-10,321</b>
Profit/Loss from shares in group companies		-13,590	-41,428	-33,654	-58,936
Financial income		15	33	92	141
Financial expense		-	-	-1	-2
<b>Result before tax</b>		<b>-17 047</b>	<b>-46,280</b>	<b>-45,855</b>	<b>-69,118</b>
Tax		-	-	-	-
<b>Net loss for the period</b>		<b>-17 047</b>	<b>-46,280</b>	<b>-45,855</b>	<b>-69,118</b>
<b>Net result attributable to Parent Company's shareholder</b>		<b>-17 047</b>	<b>-46,280</b>	<b>-45,855</b>	<b>-69,118</b>

# Parent Company balance sheet

kSEK	Note	Dec 31, 2019	Dec 31, 2018
<b>Assets</b>			
<i>Financial assets</i>			
Participation in subsidiaries		42,178	42,178
<b>Total financial assets</b>		<b>42,178</b>	<b>42,178</b>
<i>Current assets</i>			
Other receivables		1,163	623
Cash and cash equivalents		48,243	61,349
<b>Total current assets</b>		<b>49,406</b>	<b>61,972</b>
<b>Total assets</b>		<b>91,584</b>	<b>104,150</b>
<b>Shareholders' equity and liabilities</b>			
<i>Equity</i>			
Share capital		51,694	23,027
Other capital contribution		162,793	156,912
Retained earnings		-125,794	-79,939
<b>Total equity</b>		<b>88,693</b>	<b>100,000</b>
<i>Current liabilities</i>			
Accounts payable		666	1,113
Other liabilities		2,224	3,037
<b>Total current liabilities</b>		<b>2,890</b>	<b>4,150</b>
<b>Total equity and liabilities</b>		<b>91,584</b>	<b>104,150</b>

# Parent Company statement of changes in equity

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
<b>As at January 1, 2019</b>	23,027	156,912	-79,939	100,000
Net loss for the period	-	-	-45,855	-45,855
<b>Total comprehensive income</b>	23,027	156,912	-125,794	62,112
<b>Transactions with shareholders</b>				
Rights issue	28,667	14,333	-	43,000
Costs related to rights issue	-	-8,452	-	-8,452
<b>At December 31, 2019</b>	51,694	162,793	-125,794	88,693
<b>As at January 1, 2018</b>	23,027	156,912	-10,821	169,118
Net loss for the period	-	-	-69,118	-69,118
<b>Total comprehensive income</b>	23,027	156,912	-69,118	-69,118
Change in shareholders' equity	-	-	-69,118	-69,118
<b>At December 31, 2018</b>	23,027	156,912	-79,939	100,000

# 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 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
Acarix GmbH	Supporting sales on the Austrian market	Incorporated and located in Austria
Acarix China ApS	Supporting Chinese approval process	Incorporated and located in Denmark
Acarix Incentive AB		Incorporated and located in Sweden

## NOTE 2 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 subsidiaries according to above specification.

## 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, 2019 did not affect the Groups reporting as of December 31, 2019, except for IFRS 16. See separate note.

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.

### New and changed standards applied by the Group

#### 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 is applied by the Group as of January 1, 2019.

Acarix is primarily affected by the rights of use that relate to the leasing of premises and the leasing of vehicles. Acarix has chosen the forward-looking transition method and has, in accordance with the standard, not recalculated the comparative year. Acarix has also chosen to apply most of the relief rules that exist, the most important of which are to exclude leases which at the transition date have a remaining maturity of max. 12 months. At the transition date, January 1, 2019, Acarix has reported a right of use of 2,250 kSEK and a leasing debt of 2,125 kSEK (divided into Long-term lease debt of 1,454 kSEK and short-term lease debt of 671 kSEK). The difference between rights of use and leasing debt consists of prepaid rents which have been reclassified from the line Other receivables to the line of utilization rights. Equity has not been affected by the transition to IFRS 16.

As of December 31, 2019, the use rights to 880 kSEK and the total leasing debt amounted to 766 kSEK.

### Leases (from 2019)

Acarix leases various properties and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, especially for leases of properties where, among other things, the lease term differs between different agreements. Rental contracts for cars are typically made for fixed periods of 3 years.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset and the lease liability are reported on the line item *Right of use and Long-/Short term lease debt* in the balance sheet. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable in connection with the inception date of the lease
- variable lease payment that are based on an index or a rate, measured based on the index or rate at initial recognition
- amounts expected to be payable by the lessee under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Acarix uses the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received in connection with the inception date of the lease.

Acarix has chosen to apply the practical expedient concerning short-term leases. Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 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 2018.

#### 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 2018. 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.

#### Consultancy fee to member of Board of Directors 2019

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	-	66	-	-	66
Denis Gestin	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>66</b>

#### Consultancy fee to member of Board of Directors 2018

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	41	112	42	68	263
Denis Gestin	-	50	-	-	50
<b>Total</b>	<b>41</b>	<b>162</b>	<b>42</b>	<b>68</b>	<b>313</b>

#### 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 control 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, kSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019
Germany	203	225	120	183	731
Sweden	96	29	-	-	125
Denmark	-	410	-	398	808
Austria	-	-	-	-	-
Other	-	-	-	193	193
<b>Total</b>	<b>299</b>	<b>664</b>	<b>120</b>	<b>774</b>	<b>1,857</b>

Invoiced sales per country, kSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018
Germany	128	60	160	196	544
Sweden	86	-	58	12	156
Denmark	-	174	-	-	174
Austria	-	-	133	-	133
Other	16	1	-	-	17
<b>Total</b>	<b>230</b>	<b>235</b>	<b>351</b>	<b>208</b>	<b>1,024</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 2019.

Group, 2019, kSEK	Acquired rights	Development costs	Total
<b>Cost at January 1, 2019</b>	5,975	22,480	28,456
Foreign currency translation adjustment	79	339	418
<b>Cost at September 30, 2019</b>	6,054	22,819	28,873
<b>Amortization and impairment at January 1, 2019</b>	-1,200	-3,559	-4,759
Amortization	-267	-2,317	-2,584
Foreign currency translation adjustment	-3	-19	-22
<b>Amortization and impairment losses at September 30, 2019</b>	-1,470	-5,895	-7,365
<b>Carrying amount at September 30, 2019</b>	4,584	16,924	21,508

  

Group, 2018, kSEK	Acquired rights	Development costs	Total
<b>Cost at January 1, 2018</b>	5,773	21,612	27,385
Foreign currency translation adjustment	202	868	1,071
<b>Cost at September 30, 2018</b>	5,975	22,480	28,456
<b>Amortization and impairment at January 1, 2018</b>	-933	-1,261	-2,194
Amortization	-259	-2,248	-2,507
Foreign currency translation adjustment	-8	-50	-58
<b>Amortization and impairment losses at September 30, 2018</b>	-1,200	-3,559	-4,759
<b>Carrying amount at September 30, 2018</b>	4,775	18,921	23,696

# 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, February 20, 2020

## EXECUTIVE MANAGEMENT

Per Persson  
*CEO*

## BOARD OF DIRECTORS

Dr. Werner Braun  
*Chairman of the Board*

Paolo Raffaelli  
*Board Member*

Johanne Braendgaard  
*Board Member*

Claus Andersson  
*Board Member*

Hong Yun Fei  
*Board Member*

Ulf Rosén  
*Board Member*

The information disclosed in this year-end 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 CEO, February 20, 2020 at 8:00 am (CET).

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