

Acarix Interim report January-September 2019



Acarix finalized a rights issue to finance further market expansion

Third quarter 2019 compared with same period 2018

- During the third quarter, sales amounted to three CADScor®System and 496 patches compared with seven CADScor®System and 680 patches in same period previous year.
- Revenue amounting to 120 kSEK (351), with gross profit of 74 kSEK (226) and a gross margin of 62% (64).
- Operational costs amounting 11,401 kSEK (12,996).
- Result before tax amounted to -11,324 kSEK (-12,744).
- Net cash flow from operating activities amounted to -11,002 kSEK (-11,142).
- Basic earnings per share amounted to -0.49 SEK (-0.55). No dilution arose.

First nine months 2019 compared with same period 2018

- During the first nine months a total of 13 (15) CADScor®System and 2,826 (1,480) patches were sold and generated totally 1,083 kSEK (815) in revenue. Gross profit amounted to 823 kSEK (575), corresponding to a gross margin of 76% (70).
- Operating costs amounted to 37,283 kSEK (30,904).
- Result before tax amounted to -36,447 kSEK (-30,244).
- Net cash flow from operating activities amounted to -36,411 kSEK (-29,876).
- Cash position amounted to 27,685 kSEK (73,940).
- Basic earnings per share amounted to -1.58 SEK (-1.31). No dilution arose.

Events in the third quarter, 2019

- On September 25 the board of directors of Acarix AB, pursuant to the authorization granted by the extra general meeting on 16 August 2019, resolved to carry out a new share issue of a maximum of 34,541,064 shares with preferential rights for the Company's existing shareholders at a subscription price of SEK 1.50 per share, which may provide the Company with approximately SEK 51.8 million before deduction of transaction costs.
- On August 5 Acarix announced the publication of a meta-analysis including 2,245 patients showing Acarix's leading CADScor®System is more than three times as effective as current practice, implying clinical and economic advantages. The meta-analysis was published in The International Journal of Cardiovascular Imaging and explores reclassification of patients with suspected stable chest pain.

Events after September 30, 2019

- On October 30 the final outcome in the Rights Issue was announced. Totally 19,664,038 shares, corresponding to approximately 56.9 percent of the offered shares, had been subscribed for with and without the use of subscription rights. A total guarantee of 9,002,629 shares, corresponding to approximately 26.0 percent of the Rights Issue will be utilized. The board of directors has in accordance with adopted principles for allotment, thus allotted 28,666,667 offered shares in the Rights Issue. The Rights Issue provides the Company with approximately SEK 43 million before deduction of transaction costs.

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

Dear Shareholder,

Acarix has a stable foundation with a solid clinical platform backed up with an innovative technology and market dynamics developing in a favorable direction for our offering. Our technology is well received, and there is an urge for a disruption of the current diagnostic pathway in several markets.

Today, many patients undergo a long chain of unnecessary care, resulting in high healthcare costs and increased patient risks. Long waiting time in the healthcare system is a major problem in most countries. With the CADScor diagnostic system, the waiting time can be shortened and the care chain cost optimized.

Q3 presented several exciting news on the clinical and commercial pillars of our strategic plan as well as on the financial front.

In order to strengthen our offering further, it is vital to extend our clinical evidence. In the quarter, we announced the meta-analysis including 2,245 patients showing that the CADScor®System is more than three times as effective as prevailing pre-test probability analysis, implying strong clinical and economic advantages. The publication will be available within the nearest months. This type of aggregated clinical data is an important driver in accelerating the uptake of our system.

During the quarter, our company was represented at the European Society of Cardiology Congress, ESC, in Paris. At ESC the new guidelines were presented which recommend looking at the clinical likelihood of obstructive CAD for each individual in order to choose the appropriate diagnostic procedure. They conclude that Exercise ECG is no longer recommended to routinely rule out CAD due to its limited reclassification potential. This creates an opportunity for Acarix and the CADScor®System, as we see an opportunity to now fill the gap and the need for a rapid and accurate rule out method before other more complex and resource driven methods are referred to.

Also, at ESC, Dr Simon Winther presented the outcome of the prognostic data from the study Dan-NICAD 1. This was the first time the prognostic long-term data for the CADScor®System was presented. The findings were very well received and spurred interest from several key opinion leaders. The publication of the study is in progress.

All in all, the ESC congress meant strong exposure for Acarix and resulted in several strong leads, both with physicians as well as potential distributors. We also had the opportunity to present Acarix at the well-attended Digital Health section, generating good interest and traffic to our booth.

In September we announced a rights issue in order to be able to further develop our product offering and to intensify our international investments. During this period, I had the opportunity to present Acarix at a large number of events, creating interest and increased awareness of our company and unique CADScor®System.



In the end we raised an additional 34 mSEK after deduction of transaction costs. These additional recourses will be fundamental in our sustained focus on the following areas:

- Continued and focused work on the development and expansion in selected markets within the EU.
- Initiate the process in order to obtain approval by the FDA to commercialise the CADScor®System for the US market
- Additional clinical data and health economic support for market development and reimbursement towards selected markets

Acarix primary markets are Germany and Sweden. Going forward, we are specifically targeting Germany, the world's third largest MedTech market. We see that healthcare across the world is facing major challenges and in Germany in particular, political pressure is increasing to lower costs as well as to strengthen patient safety. Other countries with great potential for us are the Netherlands and the UK. The market in the UK is particularly interesting as the CADScor®System was recently mentioned as an interesting and potential technology in the national guidelines for diagnosis of cardiovascular disease.

From both a patient and healthcare system perspective, we foresee a good fit in the American market, and we continue our work around the initial processes of an FDA approval for a possible launch in the US.

Our vision for the CADScor®System is to achieve a paradigm shift in the diagnostics for exclusion of coronary artery disease; quicker, safer, more accurate, non-invasively and without radiation at the first point of care. Strong clinical evidence is one of the key pillars of our strategy and the CADScor®System continues to strengthen its clinical evidence through continued clinical studies.

I look forward to coming back to you with more information about our future journey, and finally, I would like to take this opportunity to thank colleagues, board members and shareholders for their strong belief in and commitment to Acarix.

Sincerely,
Per Persson
Chief Executive Officer

Financial Report

Revenues and gross margin

Third quarter

During third quarter three CADScor®Systems and 496 patches were sold in Germany. In previous quarter five CADScor®-Systems and 1,960 patches were sold, were of 1 system and 1,100 disposable patches was delivered into a clinical trial. In third quarter last year seven CADScor®Systems and 680 patches were sold.

The Group's sales for the third quarter amounted to 120 kSEK compared to 351 kSEK in same quarter previous year. The gross profit for the third quarter amounted to 74 kSEK corresponding to a gross margin of 62% compared to 64% during the same period last year.

First nine months

Thirteen CADScor®Systems and 2,826 patches were sold during the first nine months compared to fifteen CADScor®-Systems and 1,480 patches in same period previous year. During the period one system and 1,100 disposable patches were sold into a clinical trial. Nine CADScor®Systems were sold in Germany, three system in Sweden and one system sold in Denmark.

Group revenue for the first nine months of the year amounted to 1,083 kSEK, divided into 211 kSEK for CAD-Scor®System and 872 kSEK for patches. Gross profit for the first nine months of the year amounted to 823 kSEK, corresponding to a gross margin of 76% compared to 70% during the same period last year.

Expenses

Third quarter

Total group expenses (R&D and SG&A) for the third quarter amounted to 11,401 kSEK compared to 12,996 kSEK in the year-earlier period. SG&A costs amounted to 5,275 kSEK in the quarter, of which 2,931 kSEK related to sales and marketing costs. Research & Development costs amounted to 6,126 kSEK in the quarter and have increased due to activities related to the Dan-NICAD II and the Seismo study.

First nine months

Total group expenses (R&D and SG&A) for the first nine months amounted to 37,283 kSEK compared to 30,904 kSEK in the year-earlier period. SG&A costs amounted to 19,747 kSEK in the period, of which 11,579 kSEK related to sales and marketing costs. Research & Development costs amounted to 17,535 kSEK for the period and have increased due to activities related to the Dan-NICAD II and the Seismo study.

Result

Third quarter

In the third quarter the Group reported an operating loss of -11,327 kSEK compared to -12,770 kSEK in the year-earlier period. Depreciation in the quarter amounted to 1,035 kSEK divided between capitalized development costs of 583 kSEK, patent 67 kSEK and depreciation of lease assets of 384 kSEK.

Deferred tax amounted to 1 kSEK for the period. The net loss for the period amounted to -11,323 kSEK compared to -12,744 kSEK in the year-earlier period. Earnings per share before dilution were -0.49 SEK for the quarter compared to -0.55 SEK in the corresponding period in the preceding year. No dilution effects arose.

First nine months

In the first nine months the Group reported an operating loss of -36,460 kSEK compared to -30,329 kSEK in the year-earlier period. Depreciation in the period amounted to 3,076 kSEK divided between capitalized development costs of 1,735 kSEK, patent 200 kSEK and depreciation of lease assets of 1,141 kSEK. Deferred tax amounted to -25 kSEK for the period related to leases. The net loss for the period amounted to -36,472 kSEK compared to -30,244 kSEK in the year-earlier period. Earnings per share before dilution were -1.58 SEK for the first nine months compared to -1.31 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 on the market during the second quarter of 2017 and amortization of development costs was initiated. As of September 30, 2019, capitalized development costs amounted to 17,998 kSEK. The carrying amount including capitalized development costs and acquired rights as of September 30, 2019 amounted to 22,781 kSEK.

Equity

As of September 30, 2019, consolidated equity amounted to 52,639 kSEK compared to 100,140 kSEK on September 30, 2018. As of September 30, 2019, 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 -11,384 kSEK compared to an outflow of -11,142 kSEK in the year-earlier period. The impact from working capital amounted to -714 kSEK compared to 967 kSEK in the year-earlier period.

First nine months

In the first nine months, total cash flow showed an outflow of -37,537 kSEK compared to an outflow of -29,876 kSEK in the year-earlier period. The impact from working capital amounted to -3,051 kSEK compared to -1,509 kSEK in the year-earlier period. At the end of the period, Acarix had 27,685 kSEK in cash and cash equivalents compared to 73,940 kSEK in the year-earlier period.

Parent Company

The Parent Company's operations are primarily focused on Group wide administration and management and have during the quarter invoiced 364 kSEK (1,700) in management-fees. The lower amount of management-fee is related to an adjustment from first and second quarter. The company report net loss for the quarter amounting -12,492 kSEK (-3,720) including write-down of shares in subsidiary amounting -8,603 kSEK (-1,392).

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 first nine months amount to 20,064 kSEK (17,508). Participation in subsidiaries on September 30, 2019 amounted to 42,178 kSEK (68,876).

The Parent Company's cash and cash equivalents at the end of the period amounted to 24,638 kSEK compared to 70,971 in the year-earlier period.

Rights issue

The outcome of the Rights Issue amounts to 43,000 kSEK before deduction of transaction costs. After transaction costs, amounting to approximately 9,000 kSEK, net proceeds amount to 34,000 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 additional 28,666,667 new shares.

Share information

The share has been trading 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, 2019, the number of shares in the company amounted to 23,027,376 (23,027,376).

Shareholder register September 30, 2019	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%
Total	23,027,376	100.0%

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, fourth quarter and Year end Report	February 20, 2020
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

Per Persson, CEO
mail: per.persson@acarix.com
tel: +46 736 005 990

Christian Lindholm, CFO
mail: christian.lindholm@acarix.com
tel: +46 705 118 333

Group – Consolidated statement of income

kSEK	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Year 2018
Revenue	7	120	351	1,083	815	1,024
Cost of goods sold		-46	-125	-260	-240	-316
Gross profit		74	226	823	575	708
Research and development costs		-6,126	-4,916	-17,535	-9,228	-12,344
Sales, general and administrative costs		-5,275	-8,080	-19,747	-21,676	-30,887
Operating result		-11,327	-12,770	-36,460	-30,329	-42,523
Financial income		23	40	87	137	352
Financial costs		-20	-14	-74	-52	-79
Profit before tax		-11,324	-12,744	-36,447	-30,244	-42,250
Tax		1	-	-25	-	-
Net loss for the period		-11,323	-12,744	-36,472	-30,244	-42,250
Net income attributable to Parent Company's shareholders		-11,323	-12,744	-36,472	-30,244	-42,250
Basic earnings per share (SEK) ¹⁾ , ²⁾		-0.49	-0.55	-1.58	-1.31	-1.83
Diluted earnings per share (SEK)		-0.49	-0.55	-1.58	-1.31	-1.83
Average number of shares, thousands		23,027	23,027	23,027	23,027	23,027

¹⁾ No dilution effects arose

²⁾ 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Year 2018
Net loss for the period after tax	-11,323	-12,744	-36,472	-30,244	-42,250
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment	429	-402	1,233	1,445	1,188
Other comprehensive income for the period, net of tax	429	-402	1,233	1,445	1,188
Total comprehensive income for the period, net of tax	-10,894	-13,146	-35,239	-28,799	-41,062
Total comprehensive income attributable to:					
Owners of Acarix	-10,894	-13,146	-35,239	-28,799	-41,062

Group – Consolidated statement of financial position

kSEK	Note	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets				
<i>Tangible assets</i>				
Lease rights		1,270	-	-
Total tangible assets		1,270	-	-
<i>Intangible assets</i>				
Acquired rights		4,783	4,855	4,775
Development projects, capitalized		17,998	19,545	18,921
Total intangible assets	8	22,781	24,400	23,696
Total fixed assets		24,051	24,400	23,696
<i>Current assets</i>				
Tax receivables		-	1,038	-
Inventory		3,372	2,539	2,625
Accounts receivables		1,143	619	603
Other receivables		2,419	1,925	3,254
Prepayments		-	374	-
Cash and cash equivalents		27,685	73,940	65,019
Total current assets		34,619	80,435	71,501
Total assets		58,670	104,834	95,197
Shareholders' equity and liabilities				
<i>Equity</i>				
Share capital and share premium		396,044	396,044	396,044
Other reserves		3,110	2,134	1,877
Retained earnings		-346,515	-298,038	-310,044
Total equity		52,639	100,140	87,877
<i>Long term liabilities</i>				
Lease debt		93	-	-
Total long term liabilities		93	-	-
<i>Current liabilities</i>				
Lease debt		1,061	-	-
Accounts payable		675	1,414	2,502
Other liabilities		4,202	3,279	4,818
Total current liabilities		5,938	4,694	7,320
Total equity and liabilities		58,670	104,834	95,197

Group – Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
As at January 1, 2019	23,027	373,017	1,877	-310,044	87,878
Profit/loss for the period	-	-	-	-36,472	-36,472
Other comprehensive income:					
Foreign exchange rate adjustment	-	-	1,233	-	1,233
Total comprehensive income	23,027	373,017	3,110	-346,515	52,639
At September 30, 2019	23,027	373,017	3,110	-346,515	52,639
As at January 1, 2018	23,027	373,017	689	-267,794	128,940
Profit/loss for the period	-	-	-	-30,244	-30,244
Other comprehensive income:					
Foreign exchange rate adjustment	-	-	1,445	-	1,445
Total comprehensive income	23,027	373,017	2,134	-298,038	100,140
At September 30, 2018	23,027	373,017	2,134	-298,038	100,140

Group – Consolidated statement of cash flows

kSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Year 2018
Operating activities					
Operating result	-11,326	-12,744	-36,459	-30,244	-42,523
Adjustment for depreciation	1,035	636	3,086	1,877	2,507
Taxes received	-	-	-	-	997
Financial items	2	-	13	-	277
Cash-flow before change of working capital	-10,289	-12,108	-33,360	-28,367	-38,742
<i>Working capital adjustments:</i>					
Change in inventory	55	411	-746	-594	-680
Change in receivables and prepayments	826	-699	336	-493	-1,388
Change in trade and other payables	-1,595	1,255	-2,641	-422	2,201
Total change in working capital	-714	967	-3,051	-1,509	133
Cash-flow from operations	-11,002	-11,142	-36,411	-29,876	-38,609
Cash-flow from operating activities	-11,002	-11,142	-36,411	-29,876	-38,609
Financing activities					
Amortization of lease debt	-382	-	-1,126	-	-
Cash-flow from financing activities	-382	-	-1,126	-	-
Cash flow for the period	-11,384	-11,142	-37,537	-29,876	-38,609
Currency translation differences	32	-83	203	359	171
Cash and cash equivalents, beginning of period	39,037	85,165	65,019	103,457	103,457
Cash and cash equivalents, end of period	27,685	73,940	27,685	73,940	65,019

Parent Company income statement

kSEK	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Year 2018
Other revenue		364	1,700	6,444	4,600	5,127
Sales, general and administrative costs		-4,275	-4,061	-15,264	-10,035	-15,448
Operating result		-3,911	-2,361	-8,820	-5,435	-10,321
Profit/Loss from shares in group companies		-8,603	-1,392	-20,064	-17,508	-58,936
Financial income		22	34	77	107	141
Financial expense		-	-1	-1	-2	-2
Result before tax		-12,492	-3,720	-28,808	-22,838	-69,118
Tax		-	-	-	-	-
Net loss for the period		-12,492	-3,720	-28,818	-22,838	-69,118
Net result attributable to Parent Company's shareholder		-12,492	-3,720	-28,818	-22,838	-69,118

Parent Company balance sheet

kSEK	Note	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Assets				
<i>Financial assets</i>				
Participation in subsidiaries		42,178	68,876	42,178
Total financial assets		42,178	68,876	42,178
<i>Current assets</i>				
Other receivables		7,048	9,463	623
Cash and cash equivalents		24,638	70,971	61,349
Total current assets		31,686	80,434	61,972
Total assets		73,864	149,310	104,150
Shareholders' equity and liabilities				
<i>Equity</i>				
Share capital		23,027	23,027	23,027
Other capital contribution		156,912	156,912	156,912
Retained earnings		-108,747	-33,659	-79,939
Total equity		71,192	146,280	100,000
<i>Current liabilities</i>				
Accounts payable		324	222	1,113
Other liabilities		2,348	2,808	3,037
Total current liabilities		2,672	3,029	4,150
Total equity and liabilities		73,864	149,310	104,150

Parent Company statement of changes in equity

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2019	23,027	156,912	-79,939	100,000
Net loss for the period	-	-	-28,808	-28,808
Total comprehensive income	-	-	-28,808	-28,808
Change in shareholders' equity	-	-	-28,808	-28,808
At September 30, 2019	23,027	156,912	-108,747	71,192
As at January 1, 2018	23,027	156,912	-10,821	169,118
Net loss for the period	-	-	-22,838	-22,838
Total comprehensive income	-	-	-22,838	-22,838
Change in shareholders' equity	-	-	-22,838	-22,838
At September 30, 2018	23,027	156,912	-33,659	146,280

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 September 30, 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 September 30, 2019, the use rights to 1,270 kSEK and the total leasing debt amounted to 1,154 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 recognised 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	-	-	-	-	-
Total	-	66	-	-	66

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
Total	41	162	42	68	313

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	-	548
Sweden	96	29	-	-	125
Denmark	-	410	-	-	410
Austria	-	-	-	-	-
Other	-	-	-	-	-
Total	299	664	120	-	1,083

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
Total	230	235	351	208	1,024

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 2018.

Group, 2019, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2019	5,975	22,480	28,456
Foreign currency translation adjustment	232	995	1,227
Cost at September 30, 2019	6,207	23,475	26,682
Amortization and impairment at January 1, 2019	-1,200	-3,559	-4,759
Amortization	-200	-1,734	-1,890
Foreign currency translation adjustment	-24	-185	-253
Amortization and impairment losses at September 30, 2019	-1,424	-5,478	-6,902
Carrying amount at September 30, 2019	4,783	17,998	22,781
Group, 2018, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2018	5,773	21,612	27,385
Foreign currency translation adjustment	219	940	1,159
Cost at September 30, 2018	5,992	22,552	28,543
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
Amortization and impairment losses at September 30, 2018	-1,137	-3,007	-4,144
Carrying amount at September 30, 2018	4,855	19,545	24,400

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 14, 2019

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, November 14, 2019 at 8:00 am (CET).

Acarix AB (publ)
World Trade Center Malmö
Skeppsgatan 19
SE-211 11 Malmö
Sweden

Phone: +46 10 471 58 02
Mail: info@acarix.com
www.acarix.com

