Acarix
Annual Report 2018

acarix
acoustic cardiac diagnostics

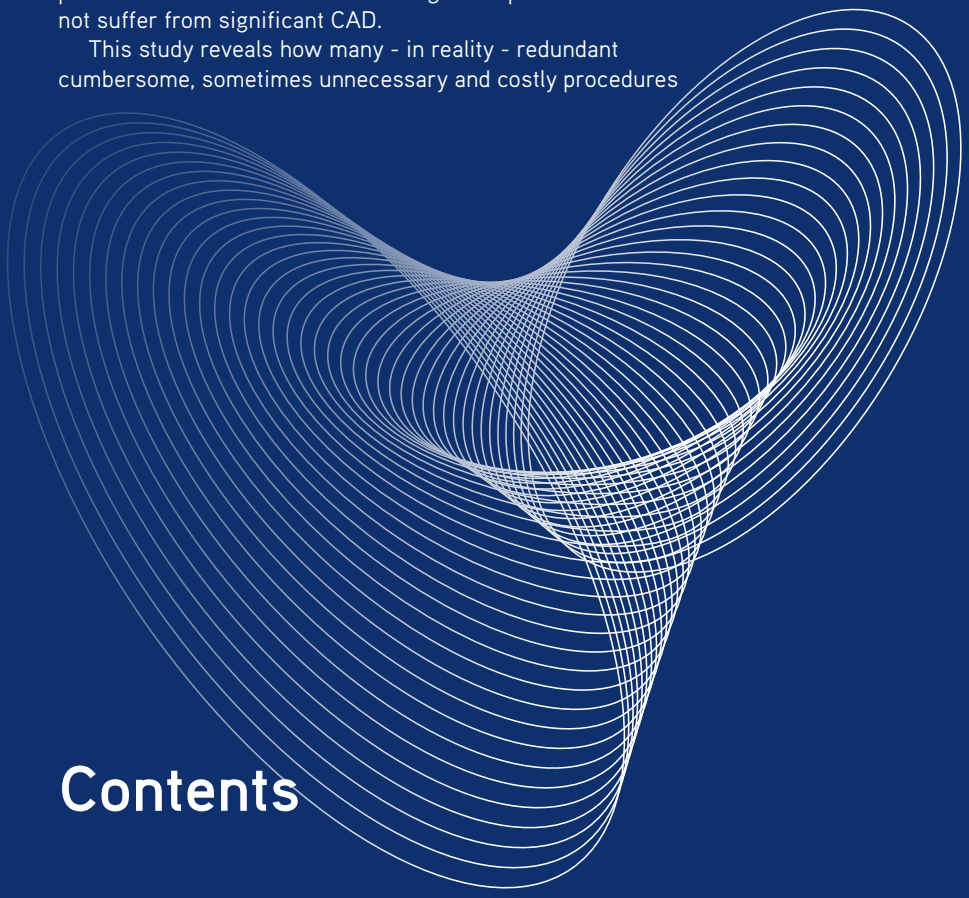
Acarix in brief

Acarix is a Swedish med-tech company offering the CADScor®System, an innovative, non-invasive, ultra-sensitive analytical device. This device enables a safe, reliable and cost-efficient rule-out of patients with symptoms of significant Coronary Artery Disease (CAD) at the very first stage of the diagnostic pathway.

The primary area of application for the CADScor®System is the diagnosis of patients displaying symptoms of CAD. Recent studies demonstrate that as low as six to ten percent of patients referred to non-invasive testing suffer from significant CAD [1, 2, 3, 4]. This means that nine out of ten patients referred to non-invasive diagnostic procedures do not suffer from significant CAD.

This study reveals how many - in reality - redundant cumbersome, sometimes unnecessary and costly procedures are performed within the healthcare system. Not to mention putting patients under unnecessary stress during the often long waiting times.

With 97 percent confidence (negative predictive value), the CADScor®System can rule out up to 50 percent of those patients who today present symptoms of CAD but experience chest pain due to another illness. This efficient and reliable rule-out device expects to generate significant cost savings for the healthcare system, while avoiding unnecessary waiting times for the patients. The product is commercialized in Germany, Sweden and Denmark since 2017.



1 Therming, C. et al. Low Diagnostic Yield of Non-Invasive Testing in Patients with Suspected Coronary Artery Disease: Results From a Large Unselected Hospital-Based Sample. Eur Heart J – Qual Care Clin Outcomes 2018: 4, 301-308

2 Winther, S. et al. Diagnostic performance of an acoustic-based system for coronary artery disease risk stratification. Heart 2018: 104, 928-935.

3 Douglas PM et al. Outcomes of anatomical versus functional testing for coronary artery disease. N Engl J Med 2015: 372, 1291-1300

4 Schmidt S et al. Manuscript submitted. 2019

Contents

Highlights 2018

- In November Acarix announced that Per Persson was appointed Chief Executive Officer. Per Persson has more than 25 years' of experience from executive sales and marketing positions, such as head of sales at Atos Medical, senior director of marketing at St. Jude Medical and director of the Nordics at Boston Scientific.
- In May Acarix announced the appointment of a highly experienced marketing expert, Johanne Louise Brændgaard, as a member of the board of directors. Johanne Louise Brændgaard has 13 years of experience from global sales, marketing and product management within the Medtech industry through positions in Cook Medical and Getinge. Johanne has a Master's degree in International Business Economics from Aalborg University in Denmark.
- In August Acarix announced that two major Swedish hospitals – Kristianstad and Sunderbyn – have evaluated the CADScor®System for rule-out of Coronary Artery Disease. The evaluation compared favorably against existing methods and offers the possibility of avoiding expensive invasive methods and reduce waiting time for patients. Kristianstad will integrate the CADScor®System in daily clinical practice while Sunderbyn will move to a second evaluation phase with the aim of adoption by year end.
- In October Acarix entered a strategic alliance with MED Management to broaden the commercial platform toward the German outpatient market. MED Management offers innovative services and concepts for patient treatment within cardiology and works closely together with insurance companies, health care providers, administration and some of the leading medical device suppliers in the outpatient environment.
- In January Acarix announced the initiation of a multi-center trial named Dan-NICAD II. The results from the extensive study are expected to be available early 2020. The new study is intended to further expand eligibility, document the positive effects on health economics and also expand the applicability to patients 30-39 years of age. The trial results are expected to involve 1,500-2,000 patients with a low-to-intermediate likelihood of CAD from four Danish hospitals.
- In September Acarix Clinical Advisory Board meeting, held in parallel to ESC-conference in Munich, Germany, confirmed validity of its comprehensive clinical study program. Acarix presented its clinical plan moving forward with additional performance and cost-benefit trials as well as new exploratory studies. "The strength of the Acarix CADScor®System has been proven in a number of clinical studies and the overall findings support the concept of using CADScor®System as a frontline test for early rule-out of stable CAD (Coronary Artery Disease). Today's presented clinical program even expands the basis for clinical evidence." says Professor Dr. Christian Hamm from UKGM Giessen, Germany.
- Acarix has initiated a new explorative clinical study to develop a diagnostic algorithm possibly leading to a new functionality for early detection of heart failure using the CADScor®System. In December the patient enrollment was initiated in the Seismo study. A total of 200 patients referred on the suspicion of heart failure are planned to be consecutively enrolled at Aalborg University Hospital (AAU), Denmark and Odense University Hospital (OUH), Denmark. All patients will undergo a standardized assessment, including a clinical examination and echocardiography for assessment of structural heart
- The five-center study Dan-NICAD II was initiated in January 2018, planned to enroll up to 2,000 patients suspected of stable CAD. The study will add data to expand the patient group to include patients from 30 to 39 years of age, and add data for further algorithm improvements. The Dan-NICAD II study is expected to be concluded in 2020.
- In June 2018 Acarix initiated the first larger exploratory clinical trial "Seismo" to evaluate the possibility of developing an early Heart Failure detection algortihm. This first study is planned to include 200 patients suspected of Heart Failure, and including patients at two sites in Denmark. The Heart Failure study is expected to be concluded in 2020.
- In november Acarix presented results of the ability in the combined clinical study cohorts to re-classify patients from an intermediate risk group to a low risk group, without increasing overall risk. The results were presented at the American Heart Association Scientific Meeting, held in Chicago on November 10-12th 2018. The re-classification was shown able to safely rule-out CAD in 43% of the cohort, confirming rule-out ability in the 40-50% range.

Key figures	2018	2017
Operating loss, kSEK	–42,523	–30,743
Loss after tax, kSEK	–42,250	–29,776
Loss per share, after taxes before and after dilution, SEK	–1.83	–1.29
Cash and cash equivalents, kSEK	65,019	103,457

Financial calendar	Date
Annual General Meeting 2019	May 16, 2019
Interim Report, first quarter	May 16, 2019
Interim Report, second quarter	August 21, 2019
Interim Report, third quarter	November 14, 2019
Interim Report, forth quarter and Year end Report	February 20, 2020

CEO Message

"CADScor®System represents a paradigm shift in ruling out CAD, rapid and accurate, non-invasive with no radiation exposure at the time and place of initial patient care."

With more than 400 million patients suffering from cardio related diseases globally, the market for Acarix and our CADScor®System remains an enormous opportunity. Our ability to support health care providers and their patients with rapid and accurate assessment strongly supports our ability to change behaviour and simplify the decision process.

After joining Acarix in 2018, I clearly see our market evolving and a growing opportunity for our products aimed at revolutionizing cardiac diagnostics. At congresses and scientific events, an increasing number of presentations focus on the need for accurate tools that physicians can rely on to make quick and appropriate decisions.

With more than 25 years in the field of medical device and life science, I have learned that developing technology and entering new markets is a demanding, but also a highly rewarding process. We strive to improve an important part of the health-care system, burdened by aging tools and strained budgets by making sure healthcare professionals using the CADScor®System quickly receive reliable feedback in order to determine the best decision for their patients. The healthcare industry is taking notice and during the last quarter of 2018, there were a number of events indicating growing interest in improving today's diagnostic and therapeutic options.

At the PCI Congress in Munich in November, a number of leading German physicians were questioning the need of angiograms and CT scans early on for patients. The publication from J. Knuuti et al. is challenging the validity of stress test ECGs, and in Sweden there is a health technology assessment (HTA) that will do a similar evaluation initiated by regional healthcare administration. In short, the need of a rule-out device that can support the decision pathway for the patient in a safe, reliable and cost-efficient way is starting to get the right attention.

In December, we saw customers in Germany ordering a second CADScor®System for their clinics, saying they were very satisfied with the system's high accuracy. The waiting time to see a cardiologist is typically several months, but with the help of the CADScor®System we can impact this positively. Using the system as a rule-out device gives fast and accurate results, dramatically reducing waiting time, improving patients' quality of life, while ensuring physicians end up seeing patients truly in need of continued support.

In Sweden, we have seen growing interest in the CADScor®System, and we expect the positive feedback from regional hospitals will support the referring of patients from the local GP community.

In Austria, we opened our first accounts during the second half of 2018, and with some pioneering work together with local physicians, we started to create awareness around CADScor®System and Acarix.

By now, all four recruitment sites in the DanNICADII study have been initiated and patients are being included. This study will support our previous publications and collect more patient data for further algorithm expansion to include the lower age group of patients. In the fourth quarter, we also started the enrollment of SEISMO, a new explorative clinical study to investigate a diagnostic algorithm possibly leading to a new functionality for early detection of heart failure using the CADScor®System.

At the beginning of 2019 we intensified contact with the German Federal Joint Committee, G-BA, and submitted a dossier aiming for full reimbursement in Germany. Later this spring we expect feedback on requirements and potential complementary data to decide on the further pathway, this represents a delay on our original expectations.

For Acarix, a number of events are lining up for an exciting 2019. We expect feedback in the coming month from MTEP UK (Medical Technologies Evaluation Programme) after we submitted in December. MTEP reviews new technology and clinical evidence before recomending next steps towards the formal NICE process. In general, this will help our acceptance and establishment into the UK and other markets.

The healthcare system and its adoption of new medical devices vary depending on market and traditions. In addition to Germany, Sweden and Denmark, we are now evaluating entering the Netherlands, UK and Norway. For the Netherlands we started the assessment of the reimbursement process and market opportunity. A good example is a hospital in the Netherlands where local physicians are referring 800 patients per year for stress-ECG; a perfect example of how the CADScor®System could support an early rule out and thereby quickly provide reliable feedback and reduce unnecessary waiting time and costs compared to current methods.

Acarix also plans on attending a number of events in 2019, including the DGIM congress in Germany. At DGIM, there will be a symposium with a strong chair and presenters, focusing on real life usage, the evidence and the unique technology offered by the CADScor®System.

I look forward to coming back to you with more details about these events, as well as other matters related to our business. I would also 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

Business concept, goals and strategy

Acarix is a Swedish medical technology company that develops and commercializes diagnostic tests for cardiovascular diseases. Acarix's primary objective is to establish the company's first test – the CADScor®System – for early rule-out of Coronary Artery Disease on patients whose symptoms give cause for further investigation. The test can determine with a high degree of precision (negative predictive value) that a patient is not suffering from Coronary Artery Disease, and is expected to enable early rule out in the patient's first contact with the physician.

Business concept

By providing a tool for physicians, Acarix intends to establish a new market segment, where Coronary Artery Disease can be ruled out already in the first line contact. CADScor®System will be sold or placed at clinics to minor capital investment. Acarix will also sell disposable patches, to which the actual ultra-sensitive microphone is attached. The patches are designed for single use only.

Vision

The company's vision is to create a paradigm shift in early assessment of cardiovascular diseases and to be world leading in acoustic diagnostics of the cardiovascular system.

Target

Acarix's ambition is to establish CADScor®System as a standard tool to enable physicians to rule out Cardio Artery Diseases in their first contact with a sympotomatic patient.

Strategy

Acarix's strategy is to develop and provide tests enabling swift, reliable and non-invasive rule-out of cardiovascular diseases in patients whose symptoms at the time give cause for further and more invasive examination. The company's strategy is to address the need to be able to rule out cardiovascular diseases at an early stage. Cardiovascular diseases are characterized by, for example, vague and non-specific symptoms, whose link to cardiovascular diseases cannot be ruled out without comprehensive diagnostic testing. Today, only about 10 percent of all patients who seek medical care for Coronary Artery Disease actually have the disease. Accordingly, there is a real need to be able to rule out the disease swiftly, reliably and non-invasively in the first contact with healthcare professionals.

Acarix's revenue model

Most of the customer segments currently have varying levels of importance depending on the healthcare structure of their respective market. In Northern Europe, the company have started with sales to hospitals as well as to private cardiologists and walk-in cardiology clinics. Thereafter, the company intends to introduce the product in the significantly larger customer segment where reimbursement is required.

Acarix offer the CADScor®System as a multi-tool with disposable patches. The disposable patches contain an RFID chip* and are preprogrammed to match the device.

In the short term, revenue is driven by the number of CADScor®Systems sold, while the bulk of revenue is generated from the sale of disposable patches in the longer term.

Commercialization strategy

Acarix's primary goal is to make CADScor®System part of the standard diagnostic chain for Coronary Artery Disease. As clinical data is collected, the company aims

to establish CADScor®System as a standard method for physicians to quickly and safely rule out patients who display the symptoms but do not have Coronary Artery Disease.

Acarix is to pursue a tactic of gradually and selectively commercializing the test in Europe. The company introduced the CADScor®System in Denmark, Sweden, Germany and Austria and intend to introduce the CADScor®System in the NL, UK and in other European markets. In order to receive reimbursement, a number of clinical and health economics studies must be conducted, which is scheduled to take a number of years. Before Acarix obtains reimbursement on the public German market, the test will be sold to clinics covered by the private health insurance system under existing reimbursement codes.

An important step will be to systematically introduce the test to Key Opinion Leaders, who will then work for CADScor®System's inclusion as a standard method for the diagnosis of Coronary Artery Disease.

Reimbursement and national guidelines

Acarix aims to have CADScor®System included in the national and medical organizational guidelines for Coronary Artery Disease diagnosis. In parallel to the private segment of the health insurance system, Acarix is applying for inclusion in the state reimbursement system in the German market. To achieve this, the company must also present the CADScor®System benifits HCP from a financial perspective.

In the UK, Acarix will work with the National Institute of Clinical Excellence (NICE) to investigate the clinical and health economic benefits of the CADScor®System. Also the Netherlands will be part of an early market assessment as their Health care market is well structured in adapting for new technologies and has similarities to some of our core markets.

Technology

The core technology of the CADScor®System is a very high-grade audio recording system, using extremely low noise components and ultrasensitive microphones. Of-course based on world recognized danish acoustic expertise.

A new technology

The CADScor®System is an advanced medical equipment undertaking ultrasensitive phono-cardiography. Sounds and murmurs emitted from the human heart are recorded and analysed, to present a score indicating the risk of suffering from coronary artery stenosis.

Adding to the high-quality recordings is a specially designed patch, that in combination with the recording sensor, eliminates external micro-vibrations and maintains a constant pressure towards the chest of the patient during recording.

Also during recording a number of quality checks are performed to ensure that optimal recording conditions are met throughout the recording, and that the resulting CAD-score is reliable.

The CADScor®System is intended for early rule-out of coronary artery disease, as an aid in the diagnostic work-up for a patient suspected of stable coronary artery disease.

Even though the physicians are trained to listen to heart sounds and murmurs, the sounds are up to 1,000 times lower than can be heard by the human ear.

Background

The application of sound in diagnosis using stethoscopes has been and still is today, very important in identifying diseases from certain lung, heart and stomach/intestinal conditions. The first early type stethoscopes were made more than 200 years ago, basically as wooden sticks conducting sounds through a central canal. Over the years the stethoscope was refined from mono-aural to modern times binaural types, and today digital recording stethoscopes are advancing and evolving into discrete medical devices changing the world of auscultation.

The initial work behind the CADScor®System was done at University of Aalborg, Denmark, researching to develop an algorithm to distinguish between healthy patients and patients suffering from coronary artery disease by use of heart sounds. Acarix and the University of Aalborg has since an initial proof of concept phase been collaborating to explore and develop acoustic-based diagnostic equipment, first to undertake the safe rule-out of coronary artery disease.

Initial evaluation of the patient pathway for patients suspected of suffering from stable coronary artery disease, identified a long process from first patient healthcare contact to diagnosis. Since many of the suspected patients were even referred for additional analyses before a diagnosis or rule-out of coronary artery disease could be made, this resulted in a relatively low diagnostic yield.

In other words, many patients were examined, but only a much lower percentage of these patients actually suffered from CAD.

Based on this analysis, the CADScor®System was developed to:

- Make it possible, at first patient contact to cardiologists or physicians, to perform a standardized ultra-sensitive analysis for ruling out coronary artery disease, with a very high level of confidence (high “Negative Predictive Value”),
- Enable patient assessment in standard clinical environments by using a sophisticated adaptive noise-filtering system, and
- Generate a result, a CAD-score, quickly by using an autonomous acoustic algorithm without the need for complicated accessories, such as electrodes or separate computers.

History

2007

- The technology developed at Aalborg University receives the Medicoprisen award in Denmark.
- The technology is incubated in the Coloplast Innovation Center.

2008

- Receives 6.8 MDKK in funding from Højteknologifonden (High Tech Fund) in Denmark.

2009

- Is spun off and becomes a separate company, Acarix A/S, with Coloplast, Aalborg University and the individual founders as the shareholders.

2010

- Private placement of MDKK 21 in seed capital with Sunstone Capital, Seed Capital and Seventure as new investors.
- First CAD – CP002 studies on high-risk groups.
- Prototype completed.
- Receives MDKK 5.3 in funding from the Market Development Fund in Denmark.

2013

- Performs new share issue of MDKK 27.
- Completes registry study of high-risk groups for CAD – AC003.

2014

- Performs new share issue of MDKK 18.7.

2015

- Receives CE Marking for commercialization in Europe.

2016

- Completes CADScor®System's transition from prototype to production of final product.
- Completes registration of the major Dan-NICAD study comprising 1,675 patients.
- CADScor®System receives regulatory approval in Canada.
- Strategic investor Puhua Jingxin signs an agreement for a major investment in Acarix and discusses the possibility of a collaboration in the Chinese market.
- Completed IPO of new shares and listing on Nasdaq First North Premier Stockholm.

2017

- Direct sales force in place in Germany, Sweden and Denmark.
- First sales in Germany, Sweden, Denmark and Austria.

2018

- Started enrollement in Dan-NICAD II.
- Started enrollement in Seismo.
- More than 5,000 patients in clinical and commercial usage.

Patents

Acarix holds nine patent families in relation to the CADScor®System.

In all patent applications Acarix focuses on the most important markets i.e. USA, China, Europe and India

Five of the patent families relates to the classification by phonocardiography of cardio-vascular signals, for identification of coronary artery disease. Two of these patent families relate to methods/procedures exclusively for US applications.

Two patent families relate to product design and construction.

One patent family relate to adaptive filtering of the recorded signal.

One patent family relate to classification of heart failure by seismo cardiography.

The majority of the applications have been granted while the latest applications still are pending.

Clinical

The current diagnostic pathway for Coronary Artery Disease (CAD) result in many patients undergoing unnecessary procedures, some invasive and also adding radioactive exposure or carrying other procedural risks.

Consequently, many patients are entering a diagnostic pathway resulting in both high healthcare costs and in unnecessary risk of short and longterm complications for the individual. There is thus a clear need to be able to rule-out patients who do not have Coronary Artery Disease when they are first seen by the cardiologist or physician.

Ongoing clinical studies

The five-center study Dan-NICAD II was initiated in January 2018, enrolling up to 2,000 patients suspected of stable CAD. The Dan-NICAD II study will add data to expand the patient group to include patients from 30 to 39 years of age, and add data for further algorithm improvements. The Dan-NICAD II study is expected to be concluded in 2020.

In June 2018 Acarix initiated the first larger exploratory clinical trial "Seismo" to evaluate the possibility of developing an early Heart Failure detection algortihm. This first study is planned to include 200 patients suspected of Heart Failure, and is including patients at two clinical sites in Denmark. The Heart Failure study is expected to be concluded in 2020.

The Seismo-study is a clinical study partly funded by the Innobooster program (Denmark), in collaboration with the University hospitals in Aalborg and Odense, both in Denmark.

The recording devices used in the study are modified CADScor®Systems obtaining additional seismo-cardiographic data information.

The acoustic data collection from The BACC-study is an exploratory clinical sub-study to collect acoustic data from patients suspected of acute myocardial infarction, presenting at the Emergency Room.

The data will be analysed for new acoustic features and relation to other clinical bio-markers. Study-data will however be evaluated in 2019, to conclude on further continuation of the data collection.

The Validate study data has been processed and entering finalization for submission and publication. Submission of manuscript for peer-review expected 2019.

Planned clinical studies

One larger clinical study, "The FILTER-SCAD trial" has been planned during 2018 to begin enrollment in 2019. The study objective is to evaluate the CADScor®System in a randomized study comparing to standard evaluation. The patient population is approximately 2,000 patients, recruited from four different clinical study sites, including one swedish centre. The inclusion- and follow-up period is planned for 12 month each per centre, and study results to be concluded by 2021/2022.

Market

Cardiovascular disease (CVD) is the number one cause of death globally[1]. CVD is a generic term for heart attack, stroke, heart failure and other diseases affecting the circulatory organs.

The World Health Organization (WHO) estimates that around 17.9 million people died of some form of CVD in 2016, representing approximately 31 percent of all global deaths[2]. Most common is that these deaths are due to strokes and heart attacks. Over 75 percent of all CVD deaths take place in low- and middle-income countries[3]. People with CVD or people who are living with an increased cardiovascular risk due to the presence of risk factors such as hypertension, diabetes or hyperlipidemia would highly benefit from getting detection and treatment as early in the diagnostic pathway as possible.

In Europe CVD causes approximately 3.9 million deaths annually and accounts for 45 percent of all deaths in this region[4]. In the US, the corresponding figure is nearly 840,000 annual deaths[5]. The total cost to society of CVD in the EU and the US amounts to EUR 210 billion[6] and USD 330 billion[7], respectively, including both direct and indirect costs.

Coronary Artery Disease

Coronary Artery Disease (CAD) is one of the most common cardiovascular diseases and is estimated to cause around 7.2 million deaths annually (3.8 million men and 3.4 million women)[8].

The primary symptoms of CAD are rarely unambiguous and are often confused with symptoms of other inconveniences and diseases. Recent studies have shown that as few as six to ten percent of patients referred to non-invasive testing suffer from significant CAD[9, 10, 11]. This means that nine out of ten patients referred to non-invasive diagnostic procedures do not suffer from significant CAD, but have symptoms from other afflictions, such as muscle pain, diffuse stomach complaints or psychosocial stress.

The need to reduce the number of non-invasive and invasive diagnostic procedures while maintaining diagnostic reliability seems indispensable. Identifying and ruling out patients not suffering from significant CAD already in the early stages of the diagnostic pathway would help achieve better results.

Today's diagnostic pathways

Symptoms of CAD include pressure or pain in and around the heart, often in combination with breathing difficulties, dizziness or nausea. The symptoms are not unambiguous, why patients are often asked to consult a cardiology specialist for further investigations to see whether symptoms are due to CAD or if there may be other causes.

The primary examination is divided into a number of steps, all of which are evaluated in order to determine whether a need for further examinations are necessary or not. Recommended methods used along the diagnostic pathway are often country specific and closely related to the structure of individual, national guidelines and reimbursement systems. The four most common steps for diagnosis of CAD are:

- General medical examination
- Exercise ECG
- Echocardiography or myocardial scintigraphy and, in certain cases, coronary computed tomography angiography (cCTA)
- Coronary angiogram

1 https://www.who.int/news-room/fact-sheets/detail/cardiovascular-diseases-(cvds)

2 https://www.who.int/en/news-room/fact-sheets/detail/cardiovascular-diseases-(cvds)

3 https://www.who.int/en/news-room/fact-sheets/detail/cardiovascular-diseases-(cvds)

4 European Cardiovascular Disease Statistics 2017

5 Heart Disease and Stroke Statistics 2018- At a Glance – A Report from the American Heart Association

6 European Cardiovascular Disease Statistics 2017

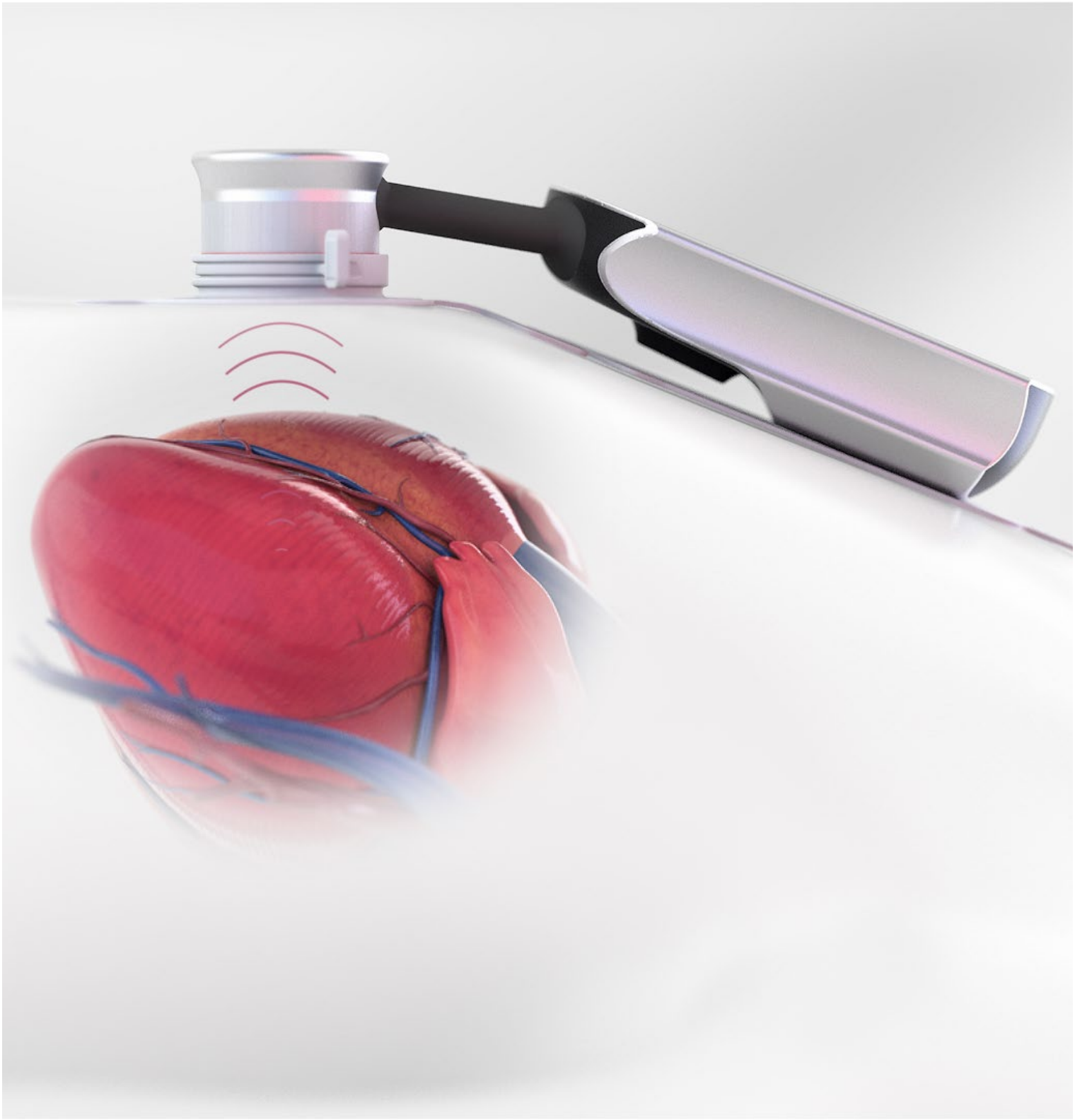
7 Heart Disease and Stroke Statistics 2018- At a Glance – A Report from the American Heart Association

8 Mackay J, Mensah G, eds. The Atlas of Heart Disease and Stroke, World Health Organization, Geneva, 2004.

9 Therming, Christina et al. "Low Diagnostic Yield of Non-Invasive Testing in Patients with Suspected Coronary Artery Disease: Results From a Large Unselected Hospital-Based Sample." *European Heart Journal – Quality of Care and Clinical Outcomes* 117 (2017): 1526–8. Web.

10 Winther, S. et al. Diagnostic performance of an acoustic-based system for coronary artery disease risk stratification. Heart (2017). doi:10.1136/heartjnl-2017-311944.

11 Lu, Michael T. et al. (2017) Safety of coronary CT angiography and functional testing for stable chest pain in the PROMISE trial: A randomized comparison of test complications, incidental findings, and radiation dose. Journal of Cardiovascular Computed Tomography. doi.org/10.1016/j.jcct.2017.08.005



The noninvasive alternatives, exercise ECG and echocardiography, often produce inconsistent results which which also are dependent are dependent on the assessment of the particular cardiologist. Patients are therefore frequently referred for an invasive coronary angiogram, resulting not only in high costs for the health care system, but often also discomfort and unnecessary risks for the patient.

Market Review

The CADScor®System has been launched in Germany, Austria, Sweden and Denmark. The company has also initiated market activities and reimbursement assessments in Holland and Norway in parallel to ongoing projects to further support an increasing penetration of the German market as well as gaining insights and knowledge about the American CAD market.

The share

Acarix AB (publ) is the parent company in the Group consisting of five wholly owned subsidiaries, of which Acarix A/S with Registered office in Kongens Lyngby, Denmark, is the company in which the Group's operations are conducted. The Acarix share has been traded since December 19, 2016 on First North Premier. The share was introduced at a price of SEK 17.60 per share and the final closing price at December 31, 2018 was SEK 4.52. In 2018, the highest price paid was SEK 14.90 on January 5, 2018, and the lowest price paid was SEK 4.52 on December 28, 2018.

The share trades under the ACARIX ticker and the ISIN code SE0009268717 and is included in the Nasdaq First North Healthcare Index, which rose by 4.1% and 4.2 respectively during 2017 and 2018. The number of shares in the company at year-end totaled 23,027,376 (23,027,376) and comprised a total market cap of SEK 104.1 (286.7) million as of December 31, 2018. The share is regularly monitored by Edison analysts.

Shareholder register	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%**

Voting rights and entitlement to dividends

Each share entitles the holder to one (1) vote at general meetings of shareholders.

If the company issues new shares, warrants or convertibles in a cash issue or a share issue offsetting debt, the shareholders have preferential rights to subscribe for such securities in proportion to the number of shares held prior to the issue.

All shares in the company provide the same right to the company's assets and any surplus in the event of liquidation.

Warrant Program

At General Meeting held on May 24, 2017, a resolution was passed on two warrant programs carrying entitlement to subscribe for shares.

The first program "Incentive Program 2017/2020" for senior executives and employees comprises an issue of a maximum of 825,000 warrants, with each warrant entitling the holder to purchase one share during the exercise period June 1, 2020 – June 15, 2020. The subscription price for the shares pursuant to the warrant program is SEK 25.60. Market-based pricing was applied in conjunction with the warrant offering.

The second program "Incentive Program 2017/2021" for the Board of Directors comprises an issue of a maximum of 300,000 warrants, with each warrant entitling the holder to purchase one share during the exercise period June 1, 2021 – June 15, 2021. The subscription price for the shares pursuant to the warrant program is SEK 29.54. Market-based pricing was applied in conjunction with the warrant offering.

The duration of Incentive program 2017/2020 is three years while the duration of Incentive Program 2017/2021 is four years.

Annual general meeting

The annual general meeting of Acarix AB (publ) will take place on May 16, 2019 at Baker & McKenzie Advokatbyrå offices, Vasagatan 7, 101 23 Stockholm, Sweden. Notice to attend the annual general meeting will be published on Acarix's website www.acarix.com.

Resolutions in respect of distribution of profit in the limited company are taken by a general meeting of shareholders

The right to a dividend is held by those who on the date of record decided by a general meeting of shareholders are registered as a holder of shares in the share register maintained by Euroclear Sweden. The dividend is generally disbursed to shareholders as a cash sum per share through Euroclear Sweden, but payment may also be made in a form other than cash (in kind).

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders who are not residents in Sweden for tax purposes are generally liable for Swedish withholding tax.

“The strength of the Acarix CADScor®System has been proven in a number of clinical studies and the overall findings support the concept of using CADScor®System as a frontline test for early rule-out of stable CAD (Coronary Artery Disease). Today’s presented clinical program even expands the basis for clinical evidence.”

Professor Dr. Christian Hamm
UKGM Giessen, Germany

Risk Factors

Acarix's operations and market are exposed to a number of risks that are fully or partially beyond the control of the company and that influence or could influence the company's operations, financial position and earnings. The risk factors below, which are not exhaustive nor ranked in any order of significance, are deemed significant to Acarix's future development.

Market growth and general economic conditions

Start-ups in other countries, in particular countries in which the company has no previous experience, carry risks that can be difficult to foresee. Further, external factors such as the general economic situation, access to products essential for the company, demand for the company's products, interest rates, prices or levels of inflation can all be subject to change over time, which could have a negative impact on the willingness of financiers to invest or on the company's income stream.

Products and market acceptance:

There is a risk that the company's products will not generate revenues that justify the company's presence on the market. If the company's products do not generate income, become obsolete or for some other reason are not at the forefront of its field or are not included in state reimbursement programs and/or directives, this could have a negative influence on Acarix's operations, financial position or earnings.

Risks related to future commercialization

The company intends to continue applying for licenses or registration from state authorities or other administrative bodies in relevant markets to enable the marketing and sale of the company's products. There is a risk that the company's launches on individual markets will be delayed or be more expensive or not take place, which could have a negative effect on Acarix's operations, financial position or earnings.

Competition

There is a risk that competitors, both known and unknown, will develop a more effective pathway to rule out patients from Coronary Artery Disease or that competitors' products will be included in insurance companies' reimbursement programs and/or be included in state directives for the treatment of Coronary Artery Disease, which could have a negative effect on Acarix's operations, financial position or earnings.

Licenses and approval

Acarix is a commercial player operating in a market requiring certain permission from the authorities. Acarix operates in a market that in some jurisdictions is subject to various regulatory permits, approval or demands from state authorities or other administrative bodies. Licenses are required and the company's products must be registered with relevant bodies in the various jurisdictions before they can be sold. If permission or registration is not granted or is withdrawn, this could have a significant negative impact.

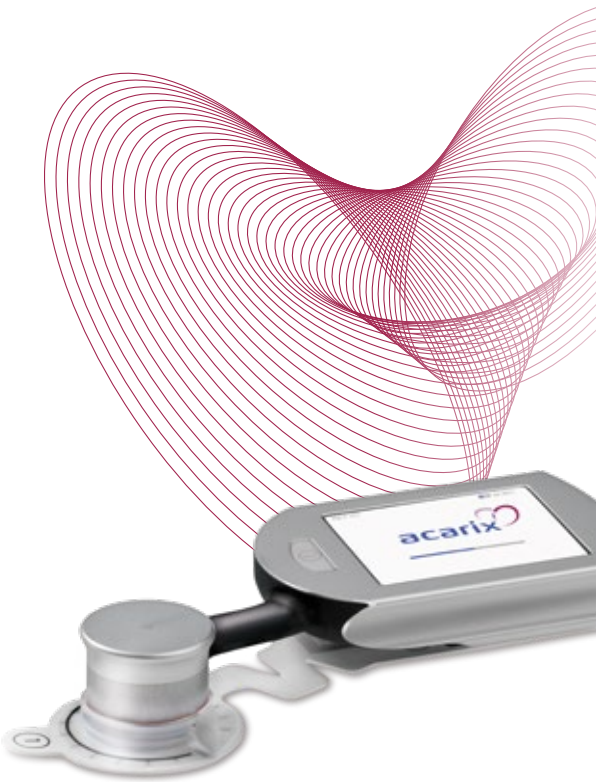
Research and development

Continuing to develop the company's product, which are a result of more than ten years' research, and continuing to verify the results of the use of the product will require further investments in research and development. There is a risk that investments in research and development will not provide the company with the anticipated benefit.

Development costs
Developing commercial marketable products within the company's business area is generally extremely costly. The complexity associated with product development means that it is difficult to predict, or to determine in advance, what costs might arise. This implies a risk that planned product development will be more time-consuming and/or more costly than planned.

Key person dependency
Acarix is dependent for the continued development of the company on certain key persons who at the time of this report or hereafter will be working as experts within the company in a number of leading positions. The company is thus dependent on the key persons' competence. Should key persons or other qualified staff leave the company, and the company cannot replace them, this could have a negative effect on Acarix.

Intellectual property rights
There is a risk that the company will be unable to maintain or protect its patent families or that other innovations developed by the company may in the future be unable to obtain adequate protection. There is also a risk that the company infringes, or is alleged to infringe, upon a third party's intellectual property rights or that a third party infringes, or is alleged to infringe, upon the company's intellectual property rights. This could result in the company needing to defend itself against alleged infringement or defend its intellectual property rights. If one or more risks are realized this could have a negative effect on Acarix's operations, financial position or earnings.



Financing
Acarix may in the future become dependent on financing from lenders, shareholders and/or other forms of financing. Market conditions, the general availability of credit, the company's credit rating and uncertainty and/or disruptions in the capital and credit markets could also influence access to financing. There is a risk that the company will not be able to obtain financing or that financing cannot be obtained on terms that are favorable to Acarix or that the capital procured is not sufficient to meet the Group's financing needs.

Tax
Acarix is domiciled in Malmö, Sweden, but conducts the predominant part of its operational activities in Denmark and its sales activities in Germany, Austria and Sweden. Acarix conducts, and has conducted, its operations in accordance with the company's interpretation of the tax legislation applicable at each respective time, requirements of relevant tax authorities, applicable administrative general practices, and, where appropriate, tax agreements. There is a risk that the company's interpretation and application of tax legislation is incorrect, or that such rules are changed retroactively.

Disputes
The company may occasionally become involved in legal disputes or be the subject of claims, investigations or other administrative proceedings which could result in Acarix being liable to pay compensation or to discontinue a certain activity or that members of the Board or other employees of the company risk sanctions under criminal law. Such proceedings are generally time-consuming and costly, disrupt the ongoing operations of the company and the outcome can be difficult to predict, which could have a negative effect on Acarix's operations, financial position or earnings.

Administration report

Acarix AB (publ) corporate ID 559009-0667

The Board of Directors and the Chief Executive Officer hereby present the annual accounts for the Parent Company and the Group for the 2018 fiscal year. The consolidated balance sheet and income statement and the balance sheet and income statement for the Parent Company will be presented for adoption at the Annual General Meeting on May 16, 2019.

Group

Acarix AB (publ) is the Parent Company of the Group also comprising the wholly owned subsidiaries

- Acarix A/S, Kongens Lyngby in Denmark
- Acarix GmbH, Köln in Germany
- Acarix GmbH, Vienna in Austria
- Acarix China ApS, Kongens Lyngby in Denmark
- Acarix Incentive AB, Malmö in Sweden

Parent Company

Acarix AB is a Swedish public limited liability company which was established in Sweden and whose current firm was registered with the Swedish Companies Registration Office on September 30, 2016. Acarix's operating activities have been conducted in Denmark since 2009. The company's corporate ID is 559009-0667. Acarix is domiciled in Malmö.

Line of business

Acarix is a Swedish medical technology company that entered into commercial phase in mid 2017. Acarix develops and commercializes diagnostic tests for cardiovascular diseases based on the company's technology platform CADScor®System. The company's main market is the market for medical technology for cardiovascular diseases. Acarix was during the financial year active in Germany, Austria, Sweden and Denmark. The primary area of application for CADScor®System is the diagnosis of patients displaying symptoms of Coronary Artery Disease. Today only around ten percent of all patients who seek medical care for Coronary Artery Disease actually have the disease. These patients cannot currently be easily identified by their physician and are therefore forced to undergo a long and comprehensive diagnostic process in order to receive a correct diagnosis. CADScor®System can with 97 percent confidence (negative predictive value*) rule out up to 50 percent of patients who today present symptoms of Coronary Artery Disease to their physician.

This is expected to generate significant cost savings for the healthcare and social insurance system, while enabling the patient to avoid unnecessary, invasive and in some cases harmful diagnostic procedures. Acarix's main focus is on the company's test for Coronary Artery Disease. The company is currently considering extending the technology platform's area of application to other diagnostic applications for cardiovascular diseases.

* Dan-NICAD study.

Financial Report

Revenues and gross margin

During the financial year, a total of 22 (10) CADScor®Systems and 2,120 (1,360) patches have been sold and generated totally SEK 1,024 (638) thousand in revenues. Gross profit for the year amounted to SEK 708 (430) thousand, corresponding to a gross margin of 69% (67).

Expenses

The group expenses for 2018 amounted to SEK 43,232 thousand against SEK 31,173 thousand in previous year. Accumulated costs for sales and administration costs amounted to SEK 30,887 thousand (25,884), of which SEK 17,502 thousand (11,478) related to sales and marketing expenses. Increased marketing activities and initiation of clinical activities refers to cost increase compared with the previous year.

Financial performance

In 2018, the group recorded an operating loss of SEK 42,523 thousand against a reported loss of SEK 30,743 thousand in previous year. The net financial income was SEK 273 thousand in 2018, positively impacted by interest gains, against a net financial income of SEK 7 thousand in previous year.

The loss before tax was SEK 42,250 thousand 2018 against a reported loss of SEK 30,736 thousand in 2017. In 2017, the Group reported a tax revenue of SEK 960 thousand generated by Danish tax credit for R&D. Tax credit which, attributable to CADScor®System, ceased during the second quarter of 2017 in connection with the commercialization of the product. In 2018, the group recorded a net loss of SEK 42,250 thousand, against a reported net loss of SEK –29,776 thousand in 2017. Basic earnings per share of SEK –1.83 in 2018 against SEK –1.29 previous year. No dilution effect arose.

Non-current assets

Tangible assets comprise capitalized development costs and acquired rights.

At the beginning of August 2015, the German quality organization TÜV certified the CADScor technology with a CE marking and by that time capitalization of the development costs was initiated. 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, 2018, capitalized development costs amounted to SEK 18,921 thousand, against SEK 20,351 thousand in previous year.

Total carrying amount of intangible assets in December 2018 was SEK 23,696 thousand, against SEK 25,191 thousand in previous year.

Cashflow and financial position

The total cash flow for 2018 showed an outflow of SEK 38,609 thousand against an outflow of SEK 42,327 thousand in previous year. In 2018, cash flow from operating activities amounted to an outflow SEK 38,609 thousand against an outflow of SEK 40,546 thousand in the previous year. Changes in the working capital amounted to SEK 133 thousand compared with the previous year, when the outflow from working capital amounted to SEK 13,664 thousand.

No investments in intangible assets reported during the year, compared with SEK 12,294 thousand during the year 2017.

No cash flow from the financing activities was generated during the year compared with the previous year when cash flow from financing activities generated an inflow of SEK 1,203 thousand in, due to an issue of warrants,

Cash and cash equivalents amounted to SEK 65,019 thousand as per December 31, 2018, as compared with SEK 103,457 thousand at December 31, 2017.

The Board believes that current cash and cash equivalents amounting to 65 million at December 31, 2018 is deemed to be sufficient to finance the business forward, for at least 12 months on the basis of the forecast for 2019, developed by the company's management.

The management of Acarix and its Board of Directors evaluates the capital structure and possible future financing options. The management and the board are positive about the opportunity to raise capital for the company's continuing operations according to the business plan.

Equity

As of December 31, 2018, consolidated equity amounted to SEK 87,877 thousand compared to SEK 128,939 thousand on December 31, 2017. Decrease in equity is due to the net loss of SEK 42,250 thousand and foreign exchange adjustments related to foreign subsidiaries. Total number of shares amounted to 23,027,376, against 23,027,376 in December 31, 2017.

Significant risks and uncertainties

All business operations in Acarix involve risk. Risk management is essential and an integral part of the company's operations and strategy. Risk may be due to events in the external environment and may affect certain industries more than others.

Risk may also be specific to the individual company. Acarix is exposed to some specific risk categories:

- Operational risks, attributable, for example, to the capital-intensive and risky development of new medical technical equipment, dependency on external partners, risks arising from clinical trials, dependence on qualified staff and key persons.
- External risks, such as patent infringement, competition, rapid technological development, regulatory requirements, pricing and cost reimbursement.
- Financial risks, such as exchange rate risk, interest risk, credit risk and financing risk.

Further information about risks is presented on page 14 of the Annual Report.

Events after the balance-sheet date

In February Acarix announced it will file for German reimbursement directly with the Federal Joint Committee (G-BA) for its CADScor®System. Previously, Acarix was aiming for full reimbursement in Germany by the end of 2019. A new legislation is underway which will impact the local reimbursement process and result in delays. Private reimbursement is not affected by the above changes.

Information about the share

The company's shares are all of the same class and there is no difference in voting rights. The share has been traded on NASDAQ First North under the ACARIX ticker and the ISIN code SE0009268717 since December 19, 2016, and the shares are listed in the Premier segment.

The number of shares in the company at year-end totaled 23,027,376 (23,027,376).

Shareholder register	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%**

Certified Adviser

Wildeco Ekonomisk Information AB is the company's certified adviser on Nasdaq First North Premier.

Proposed appropriation of profits

Unrestricted shareholder´s equity in the parent company	SEK
Share premium reserve	156,912,111
Result brought forward	–10,821,187
Result for the year	–69,117,764
Total	**76,973,160**

The Board of Directors proposes that the profits available for distribution and unrestricted reserves be allocated as follows:

	SEK
Carry forward	76,973,160

Group – Consolidated statement of income

kSEK	Note	Year 2018	Year 2017
Revenue	13	1,024	638
Cost of goods sold		–316	–208
Gross profit		**708**	**430**
Research and development costs		–12,344	–5,289
Sales, general and administrative costs		–30,887	–25,884
Operating result	6, 7, 8	**–42,523**	**–30,743**
Financial income		352	130
Financial costs	9	–79	–123
Profit before tax		**–42,250**	**–30,736**
Tax		–	960
Net loss for the period		**–42,250**	**–29,776**
Net income attributable to Parent Company's shareholders		**–42,250**	**–29,776**
Basic earnings per share (SEK) [1), 2)]	11	–1.83	–1.29
Diluted earnings per share (SEK)		–1.83	–1.29
Average number of shares, thousands		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	Year 2018	Year 2017
Net loss for the period after tax	–42,250	–29,776
Items that may be reclassified to profit or loss		
Foreign currency translation adjustment	1,188	664
Other comprehensive income for the period, net of tax	1,188	664
Total comprehensive income for the period, net of tax	**–41,062**	**–29,112**
Total comprehensive income attributable to:		
Owners of Acarix	**–41,062**	**–29,112**

Group – Consolidated balance sheet

kSEK	Note	Year 2018	Year 2017
Assets			
Intangible assets			
Acquired rights		4,775	4,840
Development projects, capitalized		18,921	20,351
Total intangible assets	12	**23,696**	**25,191**
Current assets			
Inventory		2,625	1,945
Accounts receivables		603	454
Other receivables	14	3,254	3,010
Cash and cash equivalents	15	65,019	103,457
Total current assets		**71,501**	**108,865**
Total assets		**95,197**	**134,056**
Shareholders' equity and liabilities			
Equity			
Share capital and share premium	16	396,044	396,044
Other reserves		1,877	689
Retained earnings		–310,044	–267,794
Total equity		**87,877**	**128,939**
Current liabilities			
Accounts payable	17	2,502	1,464
Other liabilities	18	4,818	3,652
Total current liabilities		**7,320**	**5,116**
Total equity and liabilities		**95,197**	**134,056**

Group – Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
As at January 1, 2018	**23,027**	**373,017**	**689**	**–267,794**	**128,939**
Profit/loss for the period	–	–	–	–42,250	–42,250
Other comprehensive income:					
Foreign exchange rate adjustment	–	–	**1,188**	–	1,188
Total comprehensive income	**23,027**	**373,017**	**1,877**	**–310,044**	**87,877**
At December 31, 2018	**23,027**	**373,017**	**1,877**	**–310,044**	**87,877**
As at January 1, 2017	**23,027**	**371,814**	**25**	**–238,018**	**156,848**
Profit/loss for the period	–	–	–	–29,776	–29,776
Other comprehensive income:					
Foreign exchange rate adjustment	–	–	664	–	664
Total comprehensive income	**23,027**	**371,814**	**689**	**–267,794**	**127,736**
Transactions with owners:					
Issue of stock option	–	1,203	–	–	1,203
At December 31, 2017	**23,027**	**373,017**	**689**	**–267,794**	**128,939**

Group – Consolidated statement of cash flows

kSEK	Year 2018	Year 2017
Operating activities		
Operating result	–42,523	–30,743
Adjustment for depreciation	2,507	1,433
Taxes received	997	2,421
Financial items	277	7
Cash-flow before change of working capital	**–38,742**	**–26,882**
Working capital adjustments:		
Change in inventory	–680	–355
Change in income tax receivables	–	169
Change in receivables and prepayments	–1,388	–825
Change in trade and other payables	2,201	–12,653
Total change in working capital	**133**	**–13,664**
Cash-flow from operations	**–38,609**	**–40,546**
Cash-flow from operating activities	**–38,609**	**–40,546**
Investing activities		
Investments in intangibles	–	–2,984
Cash-flow from investing activities	**–**	**–2,984**
Financing activities		
Issue of warrants	–	1,203
Cash flow from financing activities	**–**	**1,203**
Cash flow for the period	**–38,609**	**–42,327**
Currency translation differences	171	–111
Cash and cash equivalents, beginning of period	103,457	145,895
Cash and cash equivalents, end of period	**65,019**	**103,457**

Parent Company income statement

kSEK	Note	Year 2018	Year 2017
Other revenue		**5,127**	**4,239**
Sales, general and administrative costs	6, 7, 8	–15,448	–10,295
Operating result		**–10,321**	**–6,056**
Profit/Loss from shares in group companies		–58,936	–
Financial income		141	106
Financial expense		–2	–66
Result before tax		**–69,118**	**–6,017**
Tax		–	–
Net loss for the period		**–69,118**	**–6,017**
Net income attributable to Parent Company's shareholder		**–69,118**	**–6,017**

Parent Company statement of comprehensive income

kSEK	Note	Year 2018	Year 2017
Net loss for the period after tax		–69,118	–6,017
Total comprehensive income for the period, net of tax		**–69,118**	**–6,017**
Total comprehensive income attributable to:			
Owners of Acarix		–69,118	–6,017

Parent Company balance sheet

kSEK	Note	Year 2018	Year 2017
Assets			
Financial assets			
Participation in subsidiaries	19	42,178	68,876
Total financial assets		**42,178**	**68,876**
Current assets			
Other receivables	14	623	4,773
Cash and cash equivalents	15	61,349	98,741
Total current assets		**61,972**	**103,514**
Total assets		**104,150**	**172,390**
Shareholders' equity and liabilities			
Equity			
Share capital	16	23,027	23,027
Other capital contribution		156,912	156,912
Retained earnings		–79,939	–10,821
Total equity		**100,000**	**169,118**
Current liabilities			
Accounts payable	17	1,113	108
Other liabilities	18	3,037	3,163
Total current liabilities		**4,150**	**3,271**
Total equity and liabilities		**104,150**	**172,390**

Parent Company statement of changes in 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	–	–	–69,118	–69,118
Total comprehensive income	**–**	**–**	**–69,118**	**–69,118**
Change in shareholders' equity	–	–	–69,118	–69,118
At December 31, 2018	**23,027**	**156,912**	**–79,939**	**100,000**
As at January 1, 2017	**23,027**	**155,709**	**–4,804**	**173,932**
Net loss for the period	–	–	–6,017	–6,017
Total comprehensive income	**–**	**–**	**–6,017**	**–6,017**
Transactions with owners:				
Issue of stock options	–	1,203	–	1,203
Total transactions with owners	**–**	**1,203**	**–**	**1,203**
Change in shareholders' equity	–	1,203	–6,017	–4,814
At December 31, 2017	**23,027**	**156,912**	**–10,821**	**169,118**

Parent Company statement of cash flows

kSEK	Note	Full-year 2018	Full-year 2017
Cash flow from operating activities			
Operating result		–10,321	–6,056
Financial items		139	40
Working capital adjustments:			
Changes in other receivables and prepayments		4,150	–4,570
Changes in trade and other payables		878	–2,248
Total working capital		**5,028**	**–6,818**
Net cash flows from operating activities		**–5,154**	**–12,835**
Cash flow from investing activities			
Shareholder contribution		–32,238	–19,260
Net cash flow from investing activities		**–32,238**	**–19,260**
Cash flow from financing activities			
Capital increase		–	–
Issue of warrants		–	1,203
Net cash generated from/(used in) financing activities		**–**	**1,203**
Net increase in cash and cash equivalents		**–37,392**	**–30,891**
Cash and cash equivalents, opening balance		98,741	129,632
Cash and cash equivalents at year-end		**61,349**	**98,741**

Notes, Group and Parent Company

NOTE 1 CORPORATE INFORMATION

Company information
Acarix AB is a limited liability company incorporated and domiciled in Malmö, Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 21111 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 Annual Report of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU), RFR1, and the Swedish Annual Accounts Act. Figures in the Annual Report are presented in Swedish kronor (SEK). The Parent Company Acarix AB is registered in Sweden and has SEK as its functional currency. The accounting policies in the Parent Company's financial statements are included under the section "PARENT COMPANY".

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Consolidation
The consolidated financial statements comprise the financial statements of Acarix AB (the Parent Company) and the subsideries in which the Parent Company holds 100 percent of the voting rights. The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and its subsideries by aggregating items of a similar nature and subsequently eliminating intra-Group transactions and balances. The financial statements used for consolidation purposes are prepared in accordance with the Group's accounting policies.

Currency
The Group's financial reports are presented in Swedish kronor (SEK), which is also the functional currency. Foreign subsidiaries have euro (EUR) and Danish crowns (DKK) as foreign currency. All items included in the financial statements of each entity are measured using that entity's functional currency. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, foreign currency transactions are translated at the exchange rate prevailing on the transaction date. Receivables, liabilities and other monetary items denominated in foreign currency that have not been settled at the transaction date are translated at closing rates. Foreign exchange differences between the rate of exchange at the date of the transaction and the rate of exchange at the settlement date or the balance sheet date are recognized in profit or loss under financial items.

The assets and liabilities of foreign operations are translated into SEK at exchange rates prevailing on the reporting date and the income statement is translated at exchange rates prevailing at the date of the transactions or at an approximate average rate. The exchange difference arising on the translation is recognized in the satement of comprehensive income. On disposal of foreign operations, the accumulated foreign exchange adjustments in the separate component of equity are reclassified to profit or loss.

INCOME STATEMENT
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.

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**

Invoiced sales per country, kSEK	Q2 2017	Q3 2017	Q4 2017	Q2-Q4 2017
Germany	64	152	–	216
Sweden	–	63	36	99
Denmark	65	–	194	259
Austria	64	–	–	64
Other	–	–	–	–
Total	**193**	**215**	**230**	**638**

Sale of goods
The Group sells CADScor®System to cardiologists and clinics in Germany, Sweden, Denmark and Austria. Revenue from the sale of goods is recognised at a point in time when control is passed to the customer, which takes place when the products are delivered to the customer. In certain cases, the products are sold with discounts. Revenue from sales is recognised based on the price in the contract, less calculated volume discounts.

The Group also sells patches associated with the system. Revenue from patches is recognised when control is passed to the customer, which takes place at a point in time when the products are delivered to the customer.

Costs
Research and development costs
Research and development costs include salaries, external development costs and amortization of patents related to Acarix A/S's research and development activities before the criteria for capitalization of development costs are met (refer to accounting policies for development projects). Research costs are expensed as incurred.

Sales, General and administrative costs
Sales, general and administrative costs include salaries and other expenses relating to the management, corporate and business development, and administration of the entities.

Financial income and costs
Financial income and costs comprise interest income and expenses, as well as foreign currency translation.

Amortization of intangible assets
Acquired rights and development projects are amortized using the straight-line method over a period of 10 years, respectively. Amortization of acquired rights and development projects is charged to Research and development costs. If any impairment loss is recognized related to acquired rights or development projects, this will also be recognized in Research and development costs.

Tax
Tax for the period, which includes current tax on taxable income and deferred tax adjustments for the year, is recognized in the statement of comprehensive income as regards the portion that relates to the net profit/loss for the year and is recognized directly in equity as regards the portion that relates to entries directly in equity or other comprehensive income.

The current tax payable or receivable is recognized in the statement of financial position, stated as tax calculated on the year's taxable income. The Group recognizes, up to year 2017, tax credits relating to R&D work in Denmark as per the Danish Tax rules. In assessing current tax for the year, the applicable tax rates and rules on the statement of financial position date are used. Tax for the period is recognized based upon the company's estimated full-year effective tax rate.

Deferred tax is measured according to the statement of financial position liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The deferred tax is stated based on the planned utilization of the individual asset and the settlement of the individual liability, respectively. Deferred tax assets, including the tax value of loss carry-forwards, are recognized in the statement of financial position at the amount expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Operating segments
An operating segment is a component of a company whose operating results are regularly reviewed by the company's Chief Operating Decision Maker (CODM) in order to assess the performance of the segment and make decisions about resources to be allocated to the segment. The Group's CODM is the Group CEO, who manage and operate the Group as one business unit or segment, which is reflected in the internal reporting. No lower segment information is currently disclosed in the internal reporting.

STATEMENT OF FINANCIAL POSITION

Development projects
For accounting purposes, research expenses are defined as costs incurred for current or planned investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to plans or designs for the production, provision or development of new or substantially improved products, services or processes, respectively, prior to the commencement of commercial production or use.

Development costs were incurred in the Group during last year and are capitalized in the balance sheet when the entities demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention of the entities to complete the project and their ability to use and sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to reliably measure the expenditures during development.

Amortization of development was initiated during second half of 2017.

Research and development costs mainly comprise the costs of clinical studies, research and development activities in the areas of application technology and engineering, field trials, regulatory approvals and approval extensions.

Research costs as incurred are expensed.

Impairment test
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired by considering if there have been any events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount

is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to is recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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.

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.

Accounts receivable from 2018
The Group's accounts receivable are classified according to the business model of collecting contractual cash flows. Receivables are measured at fair value, and subsequently at amortised cost using the effective interest method less impairment. The Group has decided to apply the simplified approach for calculating credit losses, which entails that the loss allowance is measured at an amount corresponding to the expected credit losses for the remaining lifetime. The expected credit loss levels are based on individual assessments of each customer and are adjusted to take current and forward-looking information into consideration, including macroeconomic factors that could impact customers' ability to pay the receivable. The loss allowance is recognised in profit or loss under selling costs.

Other receivables
Other receivables are measured at fair value, and subsequently at amortized cost using the effective interest method less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash at abnk and on hand.

Financial liabilities
The Group's financial liabilities are measured at amortised cost by applying the effective interest method. Financial liabilities are derecognised from the balance sheet when the contractual obligation has been fulfilled, cancelled or extinguished in another manner.

Equity
The translation reserve in the consolidated financial statements comprises foreign-exchange differences arising on translation of financial statements of Group entities from their local functional currencies to the presentation currency used by the Group (SEK). On the disposal, entirely or partially, of a Group entity, the exchange-rate adjustment is recognized in profit or loss as a portion of the gain/loss on the sale.

Accounts payable
Accounts payable are measured at fair value, and subsequently at amortized cost using the effective interest method less impairment. The carrying amount for accounts payable is presumed to correspond to the fair value since it is short-term by nature. The present value method is not used because the duration is short.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all associated conditions have been complied with. When the grant relates to an expense item, it is recognized systematically as income over the periods that the related costs, for which it is intended to compensate, are expensed. When grants relate to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the entities receive grants of non-monetary assets, the asset and the grant are recognized at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by applying equal annual installments.

CASH-FLOW STATEMENT
The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the cash and cash equivalents

at the beginning and end of the fiscal period. Cash flows from operating activities are stated as the Group's profit or loss before tax, adjusted for financial income and expenses, non-cash operating items, changes in working capital, paid financial expenses and received income taxes. Cash flows from investing activities comprise payments related to acquisitions and divestment of companies and activities as well as purchases and sales of property, plant and equipment and financial fixed assets. Cash flows from financing activities comprise changes in the Parent Company's share capital and related costs, as well as the raising and repayment of loans and installments on interest-bearing debt. Cash and cash equivalents comprise cash, bank balances and short-term securities subject to an insignificant risk of changes of value.

EARNINGS PER SHARE

Earnings per share are calculated as net profit (or loss) for a given period, divided by the average weighted number of outstanding shares for period.

New and amended standards applied by the Group

IFRS 9 Financial Instruments

IFRS 9 applies for annual periods beginning on 1 January 2018 and replaces the parts of IAS 39 that address the recognition and derecognition of a financial instrument in the balance sheet, the classification and measurement of financial assets and liabilities, and impairment of financial assets and hedge accounting. The Group applies the new standard retrospectively from 1 January 2018 and, in accordance with the standard, has not restated the comparative year. The Group carried out analyses in 2017 and no material effects regarding classification, measurement or impairment were identified. The Group does not apply hedge accounting.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is the new standard for revenue recognition. Revenue is recognised when control of the goods or services sold is passed to the customer. The fundamental principle of IFRS 15 is to recognise income in the manner that best reflects the transfer to the customer. IFRS 15 establishes a five-step model to recognise for revenue from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard supersedes all current revenue recognition requirements under IFRS. The Group has decided to apply IFRS 15 retrospectively from 1 January 2018. The Group carried out analyses in 2017 and no material effects were identified.

IFRS 16 Leases

IFRS 16 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, the lessee is to recognise 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 are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. 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 1 January 2019.

Acarix will be primarily be impacted by the right-of-use contracts for leasing premises and vehicles. Acarix has decided to apply the modified retrospective approach and, in accordance with the standard, will not restate the comparative year. At the transition, the liabilities have been valued at present value of future minimum lease payments. Rights of use have been valued at the value of the leasing debt, with adjustment of prepaid or accrued lease payments attributable to the agreement as of 31 December 2018. Acarix has decided to apply several of the available exemption rules, the most important to use the same discount rate for leasing portfolios with similar properties. The liability for the lease obligation on 1 January 2019 will amount to about SEK 2.1 million and the right-of-use asset to about SEK 2.2 million. Equity will not be impacted by the transition to IFRS 16. For further information about current leases, refer to Note 7. The most significant difference regarding the cost of IAS 17 in Note 7, SEK 1.8 million compared with the leasing debt according to IFRS 16 as of January 1, 2019, consists of additional leasing agreements for cars since these are not included in the disclosure in Note 7.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company prepares its Annual Report in compliance with Sweden's Annual Accounts Act (1995:1554) and Recommendation RFR 2, "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board. In the Parent Company's annual accounts, all EU-approved IFRSs and statements are applied as long as they do not contradict the Annual Accounts Act and the relationship between accounting and taxation. The recommendation specifies the exceptions from and additions to IFRSs that may be applied. This means that the Parent Company applies the same accounting policies as the Group, apart from the exceptions specified below:

Classification and presentation

The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act while the statement of comprehensive income and the cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively. Shareholders' contributions are added to the value of shares and participations in the balance sheet, after which an impairment test is made.

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ASSUMPTIONS

In preparing the consolidated financial statements, management makes various accounting judgments and estimates and defines assumptions, which form the basis of recognition, measurement and presentation of the Group's assets and liabilities. The estimates and assumptions applied are based on historical experience, the most recent information available at the reporting date and other factors that management considers reasonable under the circumstances. The basis for judgments and information can by nature be inaccurate or incomplete, and the company is subject to uncertainties, which could result in the actual outcome deviating from estimates and defined assumptions. It may be necessary in the future to change previous estimates and judgments due to supplementary information, additional knowledge and experience or subsequent events. In applying the Group's accounting policies described in Note 3, management has exercised the following critical accounting judgments and estimates, which materially influence the amounts recognized in the consolidated financial statements.

Deferred tax assets
The Group recognizes deferred tax assets relating to tax losses carried forward when management assess that these tax assets can be offset against positive taxable income in the foreseeable future. The assessment is made at the reporting date and is based on relevant information, taking into account any impact on their utilization from restrictions in tax legislation in the various countries. Deferred tax assets arising from tax loss carryforwards are recognized to the extent it is considered probable that there will be sufficient future taxable profit against which future tax loss carryforwards can be utilized.

Development costs
The entities capitalized development costs up to year 2017 for projects in progress in accordance with the disclosed accounting policies. Initial capitalization is based on Management's judgment that technical and financial feasibility is archieved. Management regularly estimates whether the development project is likely to generate future economic benefits for the Group in order to qualify for recognition. The entities capitalize development costs as intangible assets insofar as the criteria in IAS 38 Intangible Assets are met and approval from the appropriate regulatory body is received.

At the end of 2018, the carrying amount of capitalized development costs was kSEK 18,921 (20,351).

Impairment of development projects
For development projects in progress, impairment testing is performed at least annually. Impairment tests are based on a DCF model, where cash flows are derived from the budget, taking into account the cost of completing the projects. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, growth rate, interest rate and risks. For additional information see note 12.

NOTE 5 FINANCIAL RISKS

The Group is exposed to a limited amount of market risk and credit risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The main type of market risk that the Group is exposed to is foreign currency risk, which is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in EUR and DKK in relation to SEK. The company does not hedge foreign currency. The Group is minimally exposed to interest rate risks. As these market risks are minimal, management deems that a sensitivity analysis is not necessary.

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Group is exposed to credit risk primarily from trade receivables. As the Company is in early commercialization stage, trade receivables are not significant. Outstanding receivables are regularly monitored.

Management of capital and liquidity risk

The Group'd capital is the sum of equity attributable to the Group's shareholders. At year-end, the Group's capital amounted to kSEK 87,877 (128,939).

The Group's capital structure objective is to safeguard the Group's ability to continue as a going concern in order to generate shareholder returns in the future, and to maintain an optimal capital structure to minimize the cost of capital. Until the balance-sheet date, the Group was financed through shareholders' contributions in the form of new share issues. During the year, there were no changes to the Group's capital management.

The Board of Directors reviews the company's day-to-day cash flow and cash flow forecasts on a regular basis to ensure that the company has the funds and resources required to conduct its operations, and to pursue the strategic direction adopted by the Board. The company's long-term cash requirements are determined by the company's ability to successfully commercialize its product. Commercialization, in turn, is dependent on a variety of factors, whereby costs related to marketing expenses and achieving regulatory compliance will affect the need.

The Board believes that current cash and cash equivalents amounting to 65 million at December 31, 2018 is deemed to be sufficient to finance the business forward, for at least 12 months on the basis of the forecast for 2019, developed by the company's management.

The Group's cash and cash equivalents consist of current accounts, and Acarix AB is responsible for the liquidity of the subsidiaries and for securing the Group's financing. At the balance-sheet date, the Group had no outstanding loans to credit institutions and, in all material respects, is exclusively financed through shareholder loans.

NOTE 6 AUDITOR'S FEES

Group, kSEK	2018	2017
Auditing assignments PwC	286	411
Tax advise PwC	139	64
Other services PwC	71	134
Total	**496**	**609**

Parent Company, kSEK	2018	2017
Auditing assignments PwC	175	220
Tax advise PwC	139	64
Other services PwC	25	114
Total	**339**	**398**

NOTE 7 OPERATIONAL LEASING

Group, kSEK	2018	2017
Lease cost for renting offices	748	605
Future lease payments pertaining to non-cancelable leases were as follows:		
Within one year	1,170	169
Later than one year but within five years	585	–

Parent Company, kSEK	2018	2017
Lease cost for renting offices	126	63
Future lease payments pertaining to non-cancelable leases were as follows:		
Within one year	31	42
Later than one year but within five years	–	–

NOTE 8 PERSONNEL COSTS FOR EMPLOYEES

Group, kSEK	2018	2017
Wages and salaries	10,839	7,974
Bonus	617	397
Pension	594	588
Social security	2,119	1,276
	14,169	**10,235**
Less capitalization of development costs	–	–1,004
Total costs after capitalization of development costs	**14,169**	**9,230**
Total remuneration and benefit for Group Management		
Salaries	4,388	3,588
Bonus	617	397
Pension	500	471
Social security	1,202	921
	6,707	**5,377**
Employees		
Average number of employees (FTE)	10	8
Men	8	7
Women	2	1
Number of year-end employees (FTE) [1)]	11	12

[1)] The number of employees in Denmark amounted to 5, Sweden 3 and Germany had 3 employees at the end of the year.

Pensions

Employees are only covered by defined-contribution pension plans.

For defined-contribution plans, the company pays fixed contributions into another company and has no legal or constructive obligation to pay further contributions, even if the other company is unable to meet its commitments. The costs are charged against Group earnings as the employees' pensionable services are performed.

Parent Company, kSEK	2018	2017
Wages and salaries	3,800	2,870
Bonus	417	397
Pension expense	362	375
Social security	1,692	1,111
	6,271	**4,753**
Total remuneration and benefit for Group Management		
Salaries	2,930	2,272
Bonus	617	397
Pension	362	341
Social security	1,202	921
	5,111	**3,931**
Employees		
Average number of employees (FTE)	2	2
Men	2	2
Women	–	–
Number of year-end employees (FTE)	3	3

Remuneration of board of directors and management, 2018, kSEK	Director's fee/ Base salary	Director's additional services	Bonus	Pension costs	Other social security costs	Total
Werner Braun, Chairman of the Board of Directors	369	264	–	–	68	701
Denis Gestin, Board member	246	50	–	–	45	341
Claus Andersson, Board member	90	–	–	–	28	118
Hong Yun Fie, Board member	90	–	–	–	28	118
Oliver Johansen, Board member	90	–	–	–	28	118
Johanne Braendgaard, Board member	90	–	–	–	28	118
Ulf Rosén, Board member	90	–	–	–	28	118
Total Board of Directors	**1,064**	**314**	**–**	**–**	**254**	**1,632**
Sören Rysholt Christiansen, CEO [1]	359	–	–	54	126	539
Christian Lindholm, Interim CEO [2]	1,520	–	–	228	533	2,282
Per Persson, CEO [3]	175	–	617	–	249	1,040
Other Executive Management	2,333	–	–	218	294	2,846
Total Executive Management	**4,388**	**–**	**617**	**500**	**1,202**	**6,707**
Total	**5,452**	**314**	**617**	**500**	**1,456**	**8,339**

[1] Employment ceased March 31, 2018.
[2] Period March to November 2018.
[3] December 2018.

Remuneration of board of directors and management, 2017, kSEK	Director's fee/ Base salary	Director's additional services	Bonus	Pension costs	Other social security costs	Total
Werner Braun, Chairman of the Board of Directors	352	645	–	–	–	997
Denis Gestin, Board member	294	–	–	–	–	294
Claus Andersson, Board member	–	–	–	–	–	–
Hong Yun Fie, Board member	–	–	–	–	–	–
Oliver Johansen, Board member	–	–	–	–	–	–
Ulf Rosén, Board member	–	–	–	–	–	–
Total Board of Directors	**646**	**645**	**–**	**–**	**–**	**1,291**
Sören Rysholt Christiansen, CEO	1,572	–	157	236	568	2,533
Other Executive Management	2,016	–	240	235	352	2,843
Total Executive Management	**3,588**	**–**	**397**	**471**	**921**	**5,377**
Total	**4,234**	**645**	**397**	**471**	**921**	**6,668**

Remuneration paid from December 2016.

NOTE 9 FINANCIAL ITEMS

Group, kSEK	2018	2017
Interest income	138	64
Exchange rate income	214	66
Interest expenses	–21	–95
Exchange rate losses	–58	–28
	273	**7**

NOTE 10 TAX ON RESULT FOR THE YEAR

Group, kSEK	2018	2017
Current income tax	–	960
Deferred tax		
Tax on result for the year	**–**	**960**

Parent Company, kSEK	2018	2017
Current income tax	–	–
Deferred tax		
Tax on result for the year	**–**	**–**

Reconciliation of tax

Group, kSEK	2018	2017
Accounting profit before income tax	–42,250	–30,736
At statutory income tax rate of 22% (2015: 23.5%)	9,295	6,762
Tax effect of non-tax-deductible costs	–14	–20
Temporary differences, not capitalized	–555	–
Effect of foreign tax rates	–389	–
Non-capitalized losses	9,295	–6,032
Other	–	250
Reported effective tax	**–**	**960**
Effective tax rate	**0.0%**	**–3.1%**

Parent Company, kSEK	2018	2017
Accounting profit before income tax	–69,118	–6,017
At statutory income tax rate of 22% (2015: 23.5%)	15,206	1,324
Tax effect of non-tax-deductible costs	–12,980	–14
Non-capitalized losses	–2,226	–1,310
Reported effective tax	**–**	**–**
Effective tax rate	**0.0%**	**0.0%**

Deferred tax relates to the following:

Group, kSEK	2018	2017
Tax losses carriyforwards	–31,891	–24,381
Intangible fixed assets	5,213	5,542
Patents	–	–
Other	–	–204
Deferred tax	**–26,678**	**–19,043**
Value allowance, deferred tax assets	26,678	19,043
Net deferred tax assets	**–**	**–**

Parent Company, kSEK	2018	2017
Tax losses carriyforwards	–3,545	–2,367
Deferred tax	**–3,545**	**–2,367**
Value allowance, deferred tax assets	3,545	2,367
Net deferred tax assets	**–**	**–**

The group has in previous years generated tax losses. As it is still uncertain whether deferred tax assets can be utilized, such assets has not been recognized in the annual report.

According to current tax legislation, tax loss carry-forward can be carried forward indefinitely.

NOTE 11 EARNINGS PER SHARE

Group, kSEK	2018	2017
Earnings per share before dilution		
Net loss for the year	–42,250	–29,776
Weighted average number of ordinary shares for measuring fundamental EPS	23,027	23,027
Earnings per share before dilution	**–1.83**	**–1.29**
Earnings per share after dilution		
Net loss for the year	–42,250	–29,776
Weighted average number of ordinary shares for measuring fundamental EPS	23,027	23,027
Earnings per share after dilution	**–1.83**	**–1.29**

NOTE 12 INTANGIBLE FIXED ASSETS

Group, 2018, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2018	**5,773**	**21,612**	**27,385**
Foreign currency translation adjustment	202	868	1,071
Cost at December 31, 2018	**5,975**	**22,480**	**28,456**
Amortization and impairment at January 1, 2018	**–933**	**–1,261**	**–2,194**
Amortization	–259	–2,248	–2,507
Foreign currency translation adjustment	–8	–50	–58
Amortization and impairment losses at December 31, 2018	**–1,200**	**–3,559**	**–4,759**
Carrying amount at December 31, 2018	**4,775**	**18,921**	**23,696**

Group, 2017, kSEK	Acquired rights	Development costs	Total
Cost at 1 January 2017	**5,606**	**18,179**	**23,785**
Addition for the period	35	2,949	2,984
Foreign currency translation adjustment	132	484	615
Cost at 31 December	**5,773**	**21,612**	**27,384**
Amortization and impairment at 1 January 2017	**–679**	**–**	**–679**
Amortization	–271	–1,261	–1,531
Foreign currency translation adjustment	17	–	17
Amortization and impairment losses at 31 December 2017	**–933**	**–1,261**	**–2,193**
Carrying amount at 31 December 2017	**4,840**	**20,351**	**25,191**

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. The impairment test is based on management budgets and estimates of expected sales and costs in accordance with established forecasts for the next five years. These forecasts are based on expected future development and the management's assessment of market development. The impairment test includes a WACC (Weighted Average Cost of Capital) discount factor of 20 percent (20) and a perpetuity growth rate of 3 percent (3). An increase in WACC by 2 percentage points would not generate any impairment requirement.

NOTE 13 SEGMENT REPORTING

Acarix's business consists of one business segment. Below are the net sales and intangible assets for segments per geographical area. Net sales are based on the customer's domicile and the assets are based on the Acarix company's domicile.

	Net sales		Intangible assest	
kSEK	2018	2017	2018	2017
Germany	544	216	–	–
Sweden	156	99	–	–
Denmark	174	259	23,696	25,191
Austria	133	64		–
Other	17	–	–	–
Total	**1,024**	**638**	**23,696**	**25,191**

NOTE 14 OTHER RECEIVABLES

Group, kSEK	2018	2017
VAT	1,132	1,071
Deposit	168	122
Prepaid expenses	1,954	441
Total	**3,254**	**1,634**

Parent Company, kSEK	2018	2017
VAT	347	169
Receivables group companies	–	4,545
Prepaid expenses	276	59
Total	**623**	**4,773**

NOTE 15 CASH AND CASH EQUIVALENTS

Group, kSEK	2018	2017
Bank balances	64,958	103,394
General pledging of bank deposits	50	50
Cash	11	13
On December 31	**65,019**	**103,457**

Parent Company, kSEK	2018	2017
Bank balances	61,299	98,691
General pledging of bank deposits	50	50
On December 31	**61,349**	**98,741**

NOTE 16 SHARE CAPITAL

Group, kSEK		Shares	Share capital
Total December 31, 2015		**19,403,820**	**23,989**
Conversion of loans, Class A1 shares	July 2016	3,362,847	4,342
Acquisition of Parent Company Acarix AB	September 2016	500,000	500
Non-cash issue, Class Y shares	September 2016	162,162	209
New issue, Class A1 shares	October 2016	2,000,000	2,656
Conversion of loans, Class A1 shares	November 2016	902,586	1,184
New issue, Class Y1 shares	November 2016	4,000	5
Non-cash issue to former owners of Acarix A/S	December 2016	–25,835,415	–32,386
Non-cash issue	December 2016	15,067,376	15,067
Reduction of share capital in Acarix AB	December 2016	–500,000	–500
New issue in conjunction with IPO	December 2016	7,960,000	7,960
Total December 31, 2018		**23,027,376**	**23,027**

The share capital and number of shares in the Group are presented based on the legal subsidiary until the date of the reverse acquisition in November 2016, after which the share capital and number of shares will be presented based on the legal parent company. The Extraordinary General Meeting of the Company on November 23, 2016 resolved to approve a non-cash issue of not more than 15,067,376 shares in the Company. Payment for subscribed shares was effected in accordance with the resolution in the form of a contribution in kind comprising a maximum of 25,835,415 shares in Acarix A/S (11,090,868 A1 shares, 10,440,454 A shares, 166,162 Y1 shares, 4,137,931 Y shares), corresponding to all shares outstanding in Acarix A/S. All 15,067,376 shares in the issue were subscribed for after which the Company had acquired all shares in Acarix A/S. Based on the above, a share swap was carried out in which existing shareholders in Acarix A/S received a number of shares of only one share class in the Company corresponding to their previous holding in Acarix A/S. This swap was based on the value of each of the share classes in Acarix A/S and the corresponding number of shares that the respective shareholders in Acarix A/S were entitled to subscribe for in the issue, which was determined pursuant to Article 4.1 of the Articles of Association of Acarix A/S.

NOTE 17 ACCOUNT PAYABLE AND OTHER CURRENT LIABILITIES

Group, kSEK	2018	2017
Accounts payable	2,502	1,464
Other current payable	–	–
	2,502	**1,464**

Parent Company, kSEK	2018	2017
Accounts payable	1,113	109
	1,113	**109**

NOTE 18 OTHER LIABILITIES

Group, kSEK	2018	2017
Accrued personnel-related expenses	1,809	902
Other accrued costs	3,009	2,751
On December 31	**4,818**	**3,653**

Parent Company, kSEK	2018	2017
Accrues personnel related expenses	1,888	656
Other accrued expenses	1,149	1,890
Accrued group expenses	–	617
On December 31	**3,037**	**3,163**

NOTE 19 SHARES IN SUBSIDIARIES

Parent Company, kSEK	2018	2017
Acquisition value	68,876	49,616
Newly formed subsidiary	295	–
Shareholder contribution	31,943	19,260
Closing acquisition value at December 31	**101,114**	**68,876**
Impairment loss for the year	–58,936	–
Carrying amount at December 31	**42,178**	**68,876**

Accounting policy

Investments in subsidiaries are recognized at cost less accumulated impairment losses.

The acquisition value is tested for impairment annually.

The company's holdings of participations in Group companies

			Booked value (kSEK)	
Name of the company	Equity share	No of shares	2018-12-31	2017-12-31
Acarix A/S	100%	23,027,376	38,469	66,622
Acarix GmbH	100%	25,000	3,364	2,204
Acarix Incentive AB	100%	50,000	50	50
Acarix China ApS	100%	50,000	69	0
Acarix GmbH	100%	1	226	0
			42,178	**68,876**

Name of the company	Reg. Nr.	Domicile	Result (kSEK)	Equity (kSEK)
Acarix A/S	32648223	Lyngby, Denmark	–26,514	27,220
Acarix GmbH	HRB88101	Cologne, Germany	–5,553	2,489
Acarix Incentive AB	559102-0044	Malmö, Sweden	0	50
Acarix China ApS	40065059	Lyngby, Denmark	0	69
Acarix GmbH	ATU73943307	Vienna, Austria	0	226

NOTE 20 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 2018

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	41	112	42	68	264
Denis Gestin	–	50	–	–	50
Total	**41**	**162**	**42**	**68**	**313**

Consultancy fee to member of Board of Directors 2017

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	–	–	69	546	615
Denis Gestin	23	–	23	23	69
Total	**23**	**0**	**92**	**569**	**684**

Except as set out above, no transactions were made during the period with members of the Board of Directors, Executive Management, senior officers, significant shareholders or any other related parties

For additional information see note 8.

NOTE 21 SIGNIFICANT EVENTS AFTER YEAR-END

- In February Acarix announced it will file for German reimbursement directly with the Federal Joint Committee (G-BA) for its CADScor®System. Previously, Acarix was aiming for full reimbursement in Germany by the end of 2019. A new legislation is underway which will impact the local reimbursement process and result in delays. Private reimbursement is not affected by the above changes.

NOTE 22 ASSETS PLEDGED AND GUARANTEES

Group and Parent Company

A deposit of kSEK 50 was pledged with SEB as a guarantee to Euroclear Sweden AB in connection with the listing of Acarix AB (publ), in accordance with the rules of Euroclear. The Parent Company has issued a guarantee of capital cover to secure the operation of its subsidiaries Acarix A/S and Acarix GmbH.

NOTE 23 PROPOSED APPROPRIATION OF PROFITS

Unrestricted shareholder´s equity in the parent company	SEK
Share premium reserve	156,912,111
Result brought forward	–10,821,187
Result for the year	–69,117,764
Total	**76,973,160**

The Board of Directors proposes that the profits available for distribution and unrestricted reserves be allovcated as follows:

	SEK
Carry forward	**76,973,160**

Statements

The Board of Directors and the Executive Management declare that the consolidated financial statements have been prepared in accordance with IFRS, as issued by the IASB and adopted by the EU, and give a fair view of the Group's financial position, results of operations and cash flow. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a fair view of the Parent Company's financial position, results of operations and cash flow.

The Board of Directors' Report for the Acarix Group and the Parent Company provides a fair view of the development of the Group's and the Parent Company's operations, financial position, results of operations and cash flow and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, April 23, 2019

EXECUTIVE MANAGEMENT

Per Persson
CEO

BOARD OF DIRECTORS

Dr. Werner Braun
Chairman of the Board

Denis Gestin
Board Member

Johanne Braendgaard
Board Member

Claus Andersson
Board Member

Hong Yun Fei
Board Member

Ulf Rosén
Board Member

Our audit opinion was issued on April 23, 2019

Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in Charge

Auditor's Report

To the general meeting of the shareholders of Acarix AB (publ), corporate identity number 559009-0667

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Acarix AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 18-43 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the statement of income and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-17 and 48-50. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing

standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Acarix AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Malmö 23 April 2019
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in charge

Board of Directors

DR. WERNER BRAUN

CHAIRMAN OF THE BOARD AND BOARD MEMBER SINCE 2016

Born: 1946. Dr. Werner Braun has international experience from leading positions in companies from Germany, Austria and Switzerland. Dr. Werner Braun is a doctor in physics from the Technical University of Munich, Germany.
Shareholdings in Acarix: 3,600
Warrants in Acarix: 20,000

HONG YUN FEI

BOARD MEMBER SINCE 2016

Born: 1980. Hong Yun Fei holds a MSc degree in Pharmaceutical Science. Hong Yun Fei is presently CSO in the Chinese listed company ZheJiangJingxin Pharmaceutical Co. LTD. and has 12 years of experience from the company from R&D, to strategy and investment. Hong Yun Fei has also been a director of three companies, and a consultant in two Chinese venture capital companies. Hong Yun Fei has good relationships with the Chinese Universities Fudan University and ZheJiang University.
Shareholdings in Acarix: 0
Warrants in Acarix: 0

CLAUS ANDERSSON, MSC, PHD

BOARD MEMBER SINCE 2010

Born: 1968. Dr. Claus Andersson is a partner of the venture fund Sunstone Capital. Dr. Claus Andersson has been a board member of 17 companies, in six of these chairman of the board. Present assignments include ones for Cantargia AB and FBC Device ApS. Dr. Claus Andersson has 12 years of experience within venture capital, an industrial background within blood diagnostics and has founded four companies in Europe since year 2000. Dr. Claus Andersson is educated as a Master of Science in chemistry and has a PhD in mathematical statistics from the University of Copenhagen and Humbold University in Berlin.
Shareholdings in Acarix: 0
Warrants in Acarix: 0

JOHANNE BRAENDGAARD, MASTER'S DEGREE IN INTERNATIONAL BUSINESS ECONOMICS

BOARD MEMBER SINCE 2015

Born: 1974. Johanne Louise Brændgaard has 13 years of global sales, marketing and product mangement experience from the Medtech industry through positions in Cook Medical and Getinge. Previous to this, she has experience from the venture capital and IT industries. Johanne has a Master's degree in International Business Economics from Aalborg University in Denmark.
Shareholdings in Acarix: 0
Warrants in Acarix: 0

DENIS GESTIN

BOARD MEMBER SINCE 2016

Born: 1964. Denis Gestin has a degree in economics from EDC Paris Business School, France. Denis Gestin has been the President of International Division at St. Jude Medical Inc. since January 2008 and brings in-depth knowledge of cardiac device development and marketing.
Shareholdings in Acarix: 0
Warrants in Acarix: 0

ULF ROSÉN, PARTNER

BOARD MEMBER SINCE 2014

Born: 1960. Ulf Rosén is General Partner at the investment company SEED Capital responsible for investments in medical technology and Digital Health Solutions. Since the end of the 1990s, he has been chairman of the board, member of the board and CEO of a number of Scandinavian companies active in the medical technology, pharma and service sectors. Ulf Rosén's earlier assignments include being CEO of NeoPharma AB (trade sale), CEO of Attana AB (asset transfer), chairman of the board of Trial Form Support International (partial exit to PE), member of the board of Observe Medical AB (trade sale), General Manager of Fresenius-Kabi AB, vice-CEO of Global Nutrion Division in Fresenius-Kabi, CEO of Pharmacia & Upjohn AS and CEO of Globen Ögonklinik AB.
Shareholdings in Acarix: 0
Warrants in Acarix: 0

Management

PER PERSSON

CHIEF EXECUTIVE OFFICER SINCE 2018.

Per Persson has been working in the Medical Device industry for more than 28 years. His experiences includes a variety of commercial and leadership roles, starting in sales through global product and marketing management, developing into leading General and Country Management for large corporations as well as smaller operations.
Shareholdings in Acarix: 19,400
Warrants in Acarix: 0
Contact: seppe@acarix.com
+46 736 005 990

CHRISTIAN LINDHOLM

CHIEF FINANCIAL OFFICER SINCE 2016.

Over the past 17 years, Christian Lindholm has held positions as CFO in both private and listed companies. Prior to joining Acarix, Christian was CFO at Doro AB and TFS International AB. Christian Lindholm has studied economics at the University of Växjö and Kristianstad.
Shareholdings in Acarix: 2,000
Warrants in Acarix: 25,500
Contact: secli@acarix.com
+46 705 118 333

CLAUS BO VÖGE CHRISTENSEN

CHIEF OPERATING OFFICER SINCE 2009

Claus Bo Vöge Christensen has experience from own research, including management experience from research departments and research projects from start-up companies engaged in product and business innovation through market and user studies. At Acarix, Claus Bo Vöge Christensen has partly been executing clinical studies and processes leading to CE registration, and is fully engaged in product development and production. Claus Bo Vöge Christensen has previous experience from Novozymes A/S, MIC-DTU and most recently from Coloplast A/S, with responsibility for Medical Monitoring & Diagnostics, from which Acarix A/S was initiated. Claus Bo Vöge Christensen has an MBA from the Technical University of Denmark and a PhD in Molecular Biology from the University of Copenhagen, Denmark.
Shareholdings in Acarix: 154,982
Warrants in Acarix: 112,500
Contact: dkcbc@acarix.com
+45 2972 4411

Glossary

Arteries
Blood vessels that convey oxygenated blood from the heart to cells in the body.

Auscultation
Medical examination for listening for sounds produced within the body. If the examination is performed with a stethoscope, it is called indirect auscultation, which differs from direct auscultation, which entails that the physician places his/her ear directly on the patient's body.

Pharmacological provocation
Pharmacological provocation is when the body is under the influence of pharmaceuticals.

Free radicals
Free radicals are atoms or molecules that have unpaired electrons in the atomic orbital. Accordingly, radicals are extremely reactive and frequently form new chemical compounds.

Smooth muscle tissue
Muscle tissue that covers the walls of, for example, airways, blood vessels and internal organs.

Invasive
Entry into the living body. Invasive medical examinations are those that include some form of incision into a bodily cavity or insertion of an instrument.

Isotope
Isotopes are atoms of the same element but with a differing number of neutrons.

Cardiology
May be described as the science of the functions and illnesses of the heart.

Catheter
A hollow tube-like medical instrument that is inserted into the body in order to collect fluids, apply pharmaceuticals or insert other medical instruments.

Collagen
A fiber protein that primarily exists in connective tissues such as in limbs, skin, sinews and walls of blood vessels.

Coronary arteries
Coronary arteries are connected to the heart muscle and supply the heart muscle with blood rich in nutrients and oxygens and remove blood that is deficient in nutrients and oxygen.

Lipids
A group of substances comprising fatty, greasy, oily and waxy compounds.

Macrophages
Macrophages, or phagocytes, are cells belonging to the non-specific immune defense system and function by engulfing and digesting foreign substances, such as bacteria, in a process called phagocytosis.

Myocardium
A layer of muscle cells that comprises the thick wall of the heart, which is covered on the outside of the heart by a thin epicardium and interiorly by chambers and atriums surrounded by an equally thin endocardium.

Oxidation
Oxidation is a chemical reaction whereby one or more electrons are emitted.

Transducer
Transducers are used to convert one form of energy into another.

Production: Wildeco

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acarix
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