Acarix
Annual Report 2019

acarix
acoustic cardiac diagnostics

Acarix in brief

Acarix is a Swedish medtech company offering the CADScor®System, an innovative, non-invasive, ultra-sensitive analytical medical 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 as much as nine out of ten patients referred to non-invasive diagnostic procedures might not suffer from significant CAD.

These studies reveal in reality how many redundant, cumbersome, sometimes unnecessary and costly procedures are performed within the healthcare system. Not to mention putting patients under unnecessary stress during the often lengthy waiting times.

With more than 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, Austria, Sweden, UK 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

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Summary of the clinical, commercial and financial milestones achieved in 2019

- On December 16 the company announced the submission of a De Novo application to the American Food and Drug Administration (FDA) for the CADScor®System in preparation of a US market entry.
- On October 30, the company announced the final outcome of Acarix's rights issue. Through the rights issue, Acarix share capital increased by SEK 28,666,667 to SEK 51,694,043. The total number of shares and votes increased by 28,666,667, from 23,027,376 to 51,694,043 shares and votes. The rights issue contributed SEK 34,548,000 to the company after issue costs.
- On August 5 Acarix announced the publication of a meta-analysis including 2245 patients showing Acarix's leading CADScor®System is more than three times as effective as current practice, implying clinical and economic advantages. The meta-analysis was published in *The International Journal of Cardiovascular Imaging* and explores reclassification of patients with suspected stable chest pain.
- On June 27 Acarix announced that the CADScor®System has been included as a first line investigation for ruling out suspected stable Coronary Artery Disease by the British National Institute for Health and Care Excellence (NICE). From a market perspective the inclusion in the NICE guidelines will allow Acarix to accelerate its strategy of introducing CADScor® in the UK. Acarix will now initiate negotiations with National Health Services, England, and clinical commissioning groups (CCG) to support the use of CADScor® as first line evaluation aid.
- On June 10, Acarix CEO Per Persson presented the latest developments within the company on Redeye Growth Day. The presentation was broadcast live and is available at www.redeye.se.
- In February, Acarix announced that an application for compensation for CADScor®System will be submitted directly to the German Federal Joint Committee (G BA). Previously, Acarix was aiming for full compensation in Germany before the end of 2019, but new legislation is being prepared that will affect the local compensation process and result in delays. The private compensation is not affected by the above changes.

- As a part of our commercial focus we have developed a number of new partnerships supporting the continuation of both market development as well as commercial opportunities. We have new distributors in Austria, Switzerland and Finland and even if at an early stage we are encouraged by the opportunity to get more exposure and field presence. We also sold our first two commercial systems in the UK and will continue develop the patient data in our dialogue with the UK authorities with regards to the reimbursement process.

Key figures	2019	2018
Operating loss, kSEK	–46,444	–42,523
Loss after tax, kSEK	–46,459	–42,250
Loss per share, after taxes before and after dilution, SEK	–1.83	–1.83
Cash and cash equivalents, kSEK	53,747	65,019

Financial calendar	Date
Annual General Meeting 2019	May 14, 2020
Interim Report, first quarter	May 14, 2020
Interim Report, second quarter	August 20, 2020
Interim Report, third quarter	November 12, 2020
Interim Report, forth quarter and Year end Report	February 20, 2021

CEO Message

The overall market dynamics developed in favorable direction for technologies such as the CADScor®System during 2019. We saw trends supporting a patient centric focus, healthcare efficiency and less invasive procedures. In addition, we see that evidence-based medicine will become even more important in terms of supporting guidelines and reimbursement. All the above combined, this positive direction places Acarix in a good position moving forward.

In 2019, we set our focus on the commercial activities, and the year was truly eventful. Through a variety of activities, Acarix and the CADScor®System were more visible than ever before.

During the year, we held a number of presentations at congresses and scientific events. In May, we successfully arranged a symposium with more than 200 attendees at the German Society for Internal Medicine, DGIM, in Wiesbaden. Leading KOL's presented the scientific evidence and the unique technology offered by the CADScor®System. It was evident that the interest in new, alternative methods offering efficient, non-invasive diagnostics of stable CAD is very strong.

We also promoted our technology at the Digital Health forum at the European Society of Cardiology, ESC, in Paris, France, in September. At the same meeting, Dr Simon Winther from Aarhus University Hospital presented compelling prognostic data based on more than 1,600 patients. The study confirms the strong ability for our technology to accurately and safely support rule out of suspected stable CAD patients.

Among the more important news in 2019 were the new guidelines from the European Society of Cardiology (ESC), where a change of current methodology towards methods with better and more supporting evidence was suggested. In the new guidelines, some of the current methods were downgraded, indirectly creating opportunities for new technologies such as CADScor®System.

During the second quarter, we successfully passed two significant milestones. We received the important recognition to be included in the Medtech Innovation Briefing, MIB, through the British National Institute for Health and Care Excellence, NICE, in the UK. We were also granted an initial face-to-face meeting with the Federal Joint Committee, GB-A, for our preparations for reimbursement in Germany. At the beginning of 2020, we received encouraging feedback from GB-A and expect to share additional information by mid-year 2020.

In August 2019, a meta-analysis of reclassification was published in the International Journal of Cardiovascular Imaging. The analysis showed that our system is more than three times as effective as existing, initial, diagnostic methods and could significantly alter the current practice of early rule-out of stable CAD, implying both great clinical and economic advantages.

At the end of the year, we made our first commercial footprints in the UK and in Finland. Although sales are modest and at an early stage, we see very encouraging signs, as interest is strong. We are very excited to add also these two potential markets to our commercial map.

With regards to our US market entry, we submitted a De Novo application for market approval to the Food and Drug Administration (FDA) in December 2019. We applied for this application, as there is no predicate device with a comparable indication in the US market today. The duration of the process is as always difficult to predict as the review process is dependent on comments from the FDA on the application and if they will request additional information.

2020 has already started in a very active way, fully aligned with the objectives presented at the time of the rights issue: intensified commercial and strategic activities in Europe, the FDA submission and market analysis ongoing for the US market, and several strong activities within clinical evidence.

Finally, a word on the potential impact from the global situation on COVID-19. Like all other organizations and individuals, we experience both direct and indirect implications. Authorities such as the FDA and GB-A will see changes in internal priorities indirectly having a potential impact on our ongoing processes. Most of our direct customer facing activities in terms of congresses, studies and sales have been postponed, restricted or cancelled. As a consequence of the situation we are looking at our overall spending identifying all opportunities of cost saving at the same time keeping the balance on pursuing the right opportunities. However, our product offering provides support and solutions that actually reduce the need of invasive, staff intense and comprehensive methods, and should serve as a strong alternative especially during those circumstances.

I'd like to take this opportunity to thank previous and new investors for their support. It is with great pride that I lead this company and I'm looking forward to getting back to you again about our continued journey.

Sincerely,

Per Persson
Chief Executive Officer

Business concept, goals and strategy

Acarix is a Swedish medical technology company that develops and commercializes diagnostic tests enabling an accurate rule out of patients with suspected Coronary Artery Disease (CAD). Acarix's primary objective is to establish the company's first test – the CADScor®System – for early rule-out of CAD 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 CAD. It is developed to enable early rule out in the patient's first contact with the physician. An effective rule-out will primarily give fast and accurate information for both the patient and the caregiver, and at the same time, it ensures that patients with high likelihood of CAD will have better access to qualified care as the overall patient population will be reduced.

Business concept

By providing a diagnostic aid for physicians and the health care providers, Acarix intends to establish a new market segment, where CAD 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 and the diagnosis cannot be performed without the dedicated patches.

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 in order to enable physicians to rule out CAD in their initial contact with a symptomatic patient.

Commercialization strategy

Acarix's overall objective is to develop and provide tests enabling swift, reliable and non-invasive rule-out of CAD in patients whose symptoms at the time give cause for further and more invasive examination.

As an important part of the strategy, Acarix focuses on a few selected areas:

Market Expansion Europe

- Reimbursement process via the GB-A in Germany from which Acarix received encouraging news in March 2020.
- Continued development of reference centres in key markets, supporting the overall market development and the "peer to peer" establishment.
- Establish commercial usage in the UK and establish CADScor® fully in the national Guidelines process.
- Develop a Health Economic Model that will enable stronger support in the dialogue with authorities and hospital administrations.
- Secure and develop distributor partnership in the company's key markets, the DACH region, the Nordics and the UK.

FDA approval process and preparation for US market entry

- FDA submission following the De Novo Pathway. The dossier was submitted in the fourth quarter 2019, and Acarix has an ongoing dialogue based on FDA's early feedback.
- In parallel, Acarix has started preparing commercial activities. Efforts have to be balanced with the timelines of the FDA process, but Acarix has already started the work on selected areas, including potential partnerships and the reimbursement process.

Clinical Studies

In addition to the publications Acarix obtained in 2019, continued investment in clinical evidence has been prioritized. The Dan-NICAD II study is enrolling patients since 2018, and the FILTER-SCAD study started enrollment at the first sites in February 2020. The exploratory SEISMO study (on heart failure) is expected to include the last patient out of a total of 200 in 2020, a milestone in itself. In addition, Acarix is also supporting smaller studies that will support local market development.

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 has 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 offers 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.

Reimbursement and national guidelines

Acarix aims to have CADScor®System included in national and medical organizational guidelines for CAD 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.

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.

Technology

The center piece of the CADScor®System is a very high-grade audio recording system, developed to detect heart sounds using extremely low noise electronic components and specially made ultra-sensitive microphones. Behind this is a long tradition of world recognized Danish acoustic expertise and craftmanship.

A new technology

The CADScor®System adds to the medical diagnostic field to do recording and deciphering of the heart sounds, as an advanced medical device undertaking what is known as ultrasensitive phonocardiography. Sounds and murmurs emitted from the human heart are thus recorded and analyzed immediately, to present a CAD-score indicating the risk of suffering from coronary artery stenosis, helping especially to rule-out presence of Coronary Artery Disease.

To obtain to these high-quality recordings is also a specially designed patch, that in combination with the recording CADScor®sensor, eliminates external (handheld) micro-vibrations and also maintains a constant pressure towards the chest of the patient to avoids differences in transfer of the heart sounds.

Utilizing the high computing power of the CADScor®Sensor, extensive quality checks are performed to ensure that optimal patient and recording conditions are met throughout the recording, and that the resulting CAD-score is of course reliable.

The CADScor®System is new technology which finds its place in early rule-out of coronary artery disease, before progressing to more costly or invasive evaluation method, 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 heart sounds are up to 1,000 times lower than can be heard by the human ear.

Background

In the medical field, listening to internal body sounds are termed auscultation (to listen). Initially, auscultation was undertaken using hollow wooden sticks. Today more recognizable binaural stethoscopes are used. 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 initial work behind the CADScor®System was done at University of Aalborg, Denmark, researching to develop a computer-based algorithm to rule-out patients from coronary artery disease, based on hearts sounds. Acarix and the University of Aalborg have since been collaborating to further improve the acoustic-based computer algorithm, resulting in what is now the first equipment to undertake the safe rule-out of coronary artery disease, by fully acoustic means.

The patient pathway – from initial patient contact to the healthcare system and diagnosis – was in most cases and geographies found both long and, in many cases, also costly and carrying patient risk. 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 initial analysis, the CADScor®System was developed to:

- At the patient's first contact with cardiologists or physicians, make it possible 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 the patient assessment in standard clinical settings, by use of sophisticated adaptive noise-filtering system, and
- Swiftly generate a result, the CAD-score, by using an autonomous acoustic algorithm without the need for complicated accessories, such as electrodes or separate computers.

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 seismocardiography.

History

2015

- Receives CE Marking for commercialization in Europe.

2016

- Completes CADScor®System's transition from prototype to production of final product.
- Completes enrolment 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, an exploratory study for heart failure application.
- More than 5,000 patients in clinical and commercial usage.

2019

- Acarix got recognised and included in the Medtech Innovation Briefing (MIB) through NICE in the UK.
- The Reclassification study was published in the International Journal of Cardiovascular Imaging.
- Closed Rights Issue securing Acarix's ability to execute plans and activities over 2020 – Acarix was exposed to thousands of investors and institutions.
- By November, the first patients were included in the FILTER-SCAD study.
- Submission of FDA dossier, filing for US approval.
- First commercial footprints from the UK and Finland, adding two new markets.

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

Clinical

The European Society of Cardiology (ESC) published new guidelines on Chronic Coronary Syndromes (CCS) in September 2019 which are now undergoing implementation in the ESC member states. The changes to the guidelines have also been implemented in the CADScor®System software. The new ESC-guidelines encourage early rule-out of patients based on clinical risk. In a publication by Schmidt et al. (The International Journal of Cardiovascular Imaging https://doi.org/10.1007/s10554-019-01746-y), the use of the CADScor®System was four times better to reclassify and rule-out patients to a low risk group, than the new ESC-guideline risk stratification.

The new ESC-guidelines and the diagnostic pathway for Coronary Artery Disease/Chronic Coronary Syndromes (CAD/CCS) in general thus 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 long-term complications for the individual. The need for an early rule-out of patients who do not have CAD/CCS, when first presenting to a cardiologist or physician, thus still clearly exists, to be fulfilled by the CADScor®System.

Ongoing clinical studies

One larger clinical study (FILTER-SCAD) began enrollment in February 2020. The study objective is to evaluate the CADScor®System in a randomized study directly comparing CADScor evaluation to standard evaluation. The number of patients is approximately 2,000 patients, recruited from four different clinical study sites, including one Swedish center. There will be a 12-month inclusion and 12-month follow-up period per center. The study results are to be concluded by 2021/2022.

The five-center study Dan-NICAD II was initiated in January 2018, enrolling 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, with first reporting in 2021.

In June 2018, Acarix initiated the first larger exploratory clinical trial – SEISMO – to evaluate the possibility of developing an early heart failure detection algorithm. This first study is planned to include 200 patients suspected of heart failure and is including patients at two clinical sites in Denmark. The patient inclusion for the heart failure study is expected to be concluded in early 2020. The recording devices used in the SEISMO study are modified CADScor®Systems obtaining additional seismocardiographic data information.

The validate study data has been processed and entering finalization for submission and publication. Submission of manuscript is expected early-mid 2020.

The acoustic data collection from the BACC study is an exploratory clinical sub-study from patients suspected of acute myocardial infarction, when coming to the Emergency Room. The data will be analyzed for new acoustic features and relation to other clinical biomarkers. Study data will however be evaluated in 2020, to conclude on further continuation of the data collection.

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 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

Acarix has over the last 12 months introduced the CADScor®System into three new markets, UK, Finland and Schweiz and together with the already existing markets; Germany, Austria and the Nordics, Acarix is now commercially active in six European markets. In parallel to the market penetration activities in Europe the company has also initiated some pre- market activities in the Middle East, to establish weather this region could be a potential CADScor® market with a defined need and strategic fit for our diagnostic system.

Acarix has by signing contracts with distributors in Austria, Germany as well as in Schweiz, along with employing two new recourses within sales, both based in Germany, intensified its presence in the DACH region (Germany, Schweiz, Austria) to enable a more structured market penetration and stronger sales focus.

In the UK market, Acarix has initiated a cooperation with Dr Takhar and his team at the Wansford GP practice in Peterborough, a praxis nationally awarded for their excellence in research. The plan for 2020 is to support and work together with Dr Takhar to build on the successful product implementation and use of CADScor® at the Wansford clinic, as a foundation when rolling out the CADScor® technology to more GP practices throughout the UK.

To reactivate and to open up new accounts as well as strengthen our presence and level of activity in the Nordic region, Acarix has hired a new sales director to drive the business in this region.

The new sales director will also continue developing the newly established cooperation with CARDIRAD, a Nordic/Baltic distributor with a focus within cardiology and with them continue to evaluate a possible implementation of the CADScor® as a diagnostic aid for ruling out stable CAD at the Helsinki heart hospital. Helsinki Heart Hospital is one of five heart hospitals in Finland (Tampere, Valkeakoski, Hämeenlinna, Riihimäki and Helsinki) working out of the philosophy of combining the best of the public- and private-sector operating models to produce outstanding healthcare services for the patient.

During 2019 Acarix also took the first steps towards establishing a go to market strategy for the US market, by investing in a thorough market analysis of the American market. Acarix has, parallel to the essential, regulatory FDA process, started to build up an initial structure and base for the final market penetration strategy for the American 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, 2019 was SEK 1.27. In 2019, the highest price paid was SEK 3.58 on April 29, 2019, and the lowest price paid was SEK 1.26 on December 16, 2019.

On September 25 the board of directors resolved, pursuant to the authorization granted by the extra general meeting on 16 August 2019, to carry out a new share issue of a maximum of 34,541,064 shares with preferential rights for the Company's existing shareholders. Acarix share capital increased by SEK 28,666,667 to SEK 51,694,043. The total number of shares and votes increased by 28,666,667, from 23,027,376 to 51,694,043 shares and votes.

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 4.2% and 32.3% respectively during 2018 and 2019.

The number of shares in the company at year-end totaled 51,694,043 (23,027,376) and comprised a total market cap of SEK 65.7 (104.1) million as of December 31, 2019. The share is regularly monitored by Redeye analysts.

Shareholder register	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	9.2%
SEED Capital DK II K/S	4,749,081	9.2%
Formue Nord Markedsneutral A/S	2,956,315	5.7%
Försäkringsktiebolaget Avanza Pension	2,836,049	5.5%
Puhua Jingxin	2,654,259	5.1%
Danske Bank International S.A	2,425,940	4.7%
Nordnet Pensionsförsäkring AB	2,069,347	4.0%
SHB, Copenhagen Branch	2,023,290	3.9%
Coloplast A/S	1,683,072	3.3%
Mikael Lönn	1,366,930	2.6%
Other shareholders	24,180,679	46.8%
Total	**51,694,043**	**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 14, 2020 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.

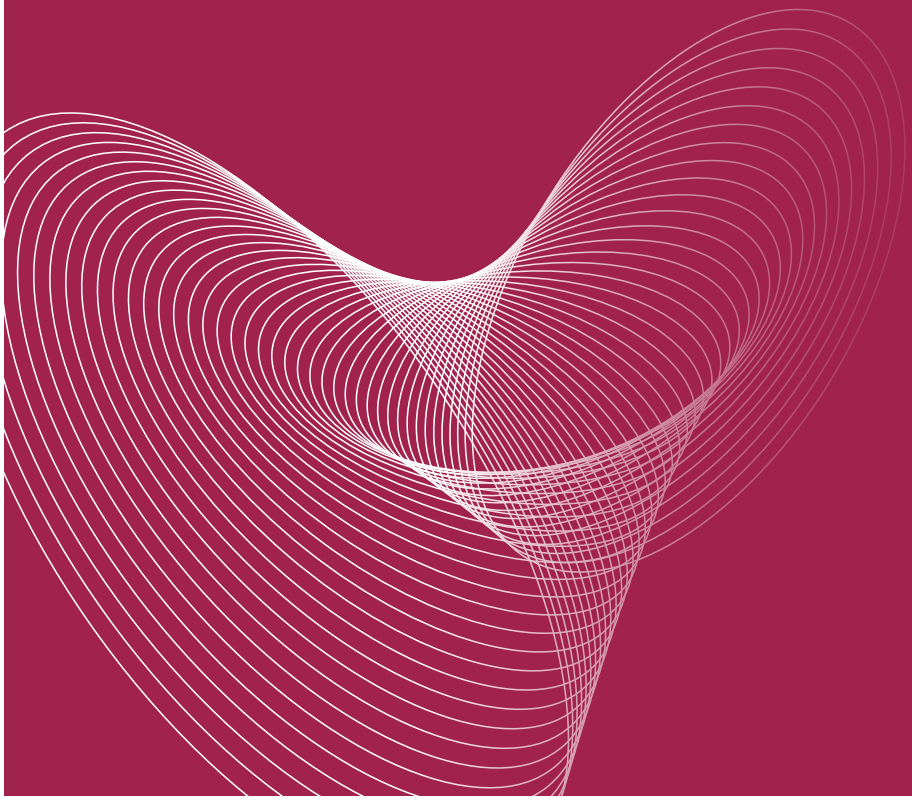
Resolutions in respect of distribution of profit in the limited company are taken by a general meeting of shareholders

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.

“With CADScor System, we are able to more accurately assess our patients early on in the diagnosis of stable chest pain and limit the number that we send on for further investigation, thereby leading to a shorter waiting time. After evaluating approximately 20 cases, we can also see an added benefit as the patient understands that they might have to adapt their lifestyle in order to minimize the risk of developing CAD going forward.”

Dr Takhar



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 in a timely and adequate way, 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

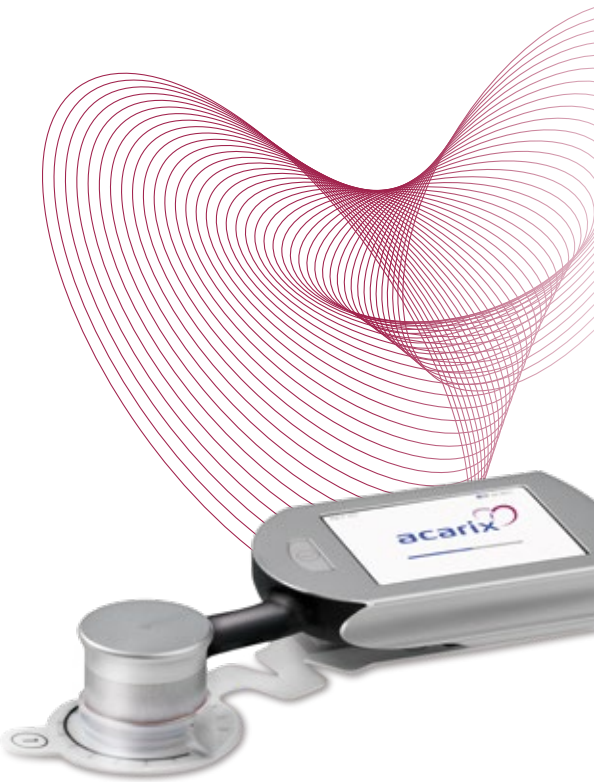
Acarix is domiciled in Malmö, Sweden, but conducts the predominant part of its operational activities in Denmark and its sales activities in Germany, Austria and Sweden. Acarix conducts, and has conducted, its operations in accordance with the company's interpretation of the tax legislation applicable 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.

Pandemics

The effects of pandemics like Covid-19 can have major consequences for the general economy and affect Acarix clinical and commercial activities negatively both in the short and the long term. This may also affect access to capital, which could affect Acarix ability to obtain the necessary funding for its operations. The effects of the ongoing outbreak of Covid-19 are currently difficult to overlook, but there is a risk that it will affect Acarix sales development in 2020 and the possibility to raise necessary capital in the beginning of 2021. See also Note 5, Financial Risks.



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 2019 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 14, 2020.

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, United Kingdom, Finland 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.

* Dan-NICAD study.

Financial Report

Revenues and gross margin

During the year, 23 CADScor®Systems and 4,326 disposable patches were sold, of which five CADScor®Systems and 2,040 disposable patches were delivered to clinical trials in Denmark. The systems were sold in Germany (11), Sweden (3), UK (2), Finland (1), Switzerland (1) and Denmark (5). In 2018, 22 CADScor®Systems and 2,120 disposable patches were sold. Consolidated revenues totaled 1,857 (1,024) kSEK, of which 478 kSEK related to the CADScor®System and 1,379 kSEK to disposable patches. Revenues cleared from deliveries to clinical trials amounted to SEK 1,049 kSEK. Gross profit amounted to 1,430 kSEK, corresponding to a gross margin of 78 percent, compared to 69 percent last year.

Expenses

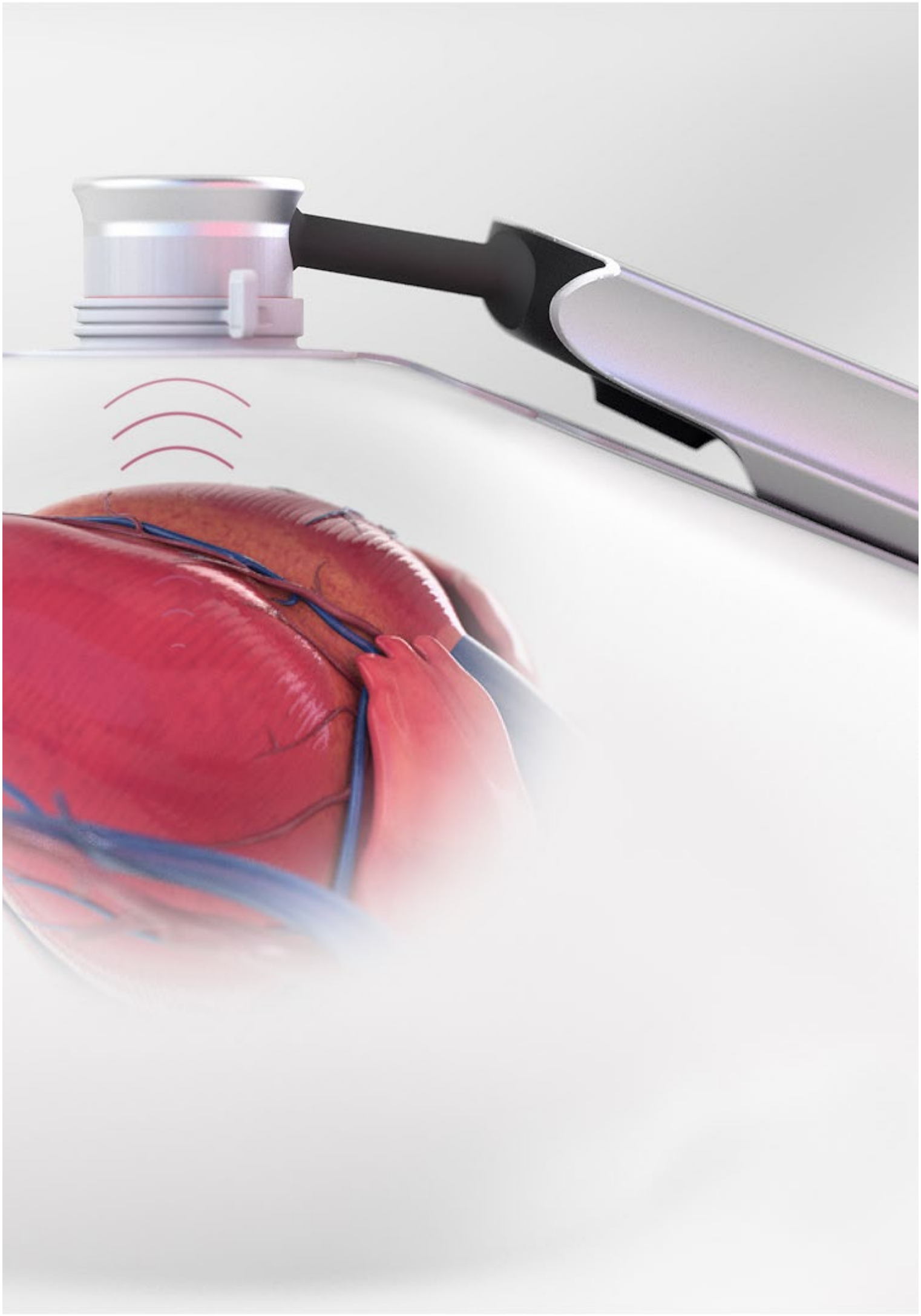
Total operating expenses (R&D and sales/administration expenses) for the financial year amounted to 47,873 kSEK compared with 43,232 kSEK during the previous year. Sales and administrative expenses amounted to 27,591 (30,887) kSEK, of which 15,553 (17,502) kSEK related to sales and marketing costs. Research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

Financial performance

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

Non-current assets

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



Cashflow and financial position
Total outflow for the full year amounted to –11,500 kSEK, compared with an outflow of –38,609 kSEK for the same period last year. Cash flow was affected by a rights issue that provided the company with a net of 34 548 kSEK. The effect from working capital was –2,213 kSEK, compared with 133 kSEK for the same period last year. At the end of the period, Acarix had 53,747 kSEK in cash and cash equivalents, compared with 65,019 kSEK at December 31, 2018.

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

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

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 16 of the Annual Report.

Events after the balance-sheet date
- On January 14, 2020, the company announced the first commercial usage of the CADScor®System in the UK. Dr Amrit Takhar and his team at Wansford and Kingscliffe Practice, near Peterborough, UK, is the first clinic in the UK to use the unique CADScor technology to assess patients suffering from stable chest pain.
- On February 18, 2020, the company announced the initiation of the randomized, multi-center clinical study FILTER-SCAD to examine the cost effectiveness and safety of adding the CADScor®System as a rule-out test in patients referred with symptoms suggestive of stable coronary artery disease.In the FILTER-SCAD study, 2,000 patients referred on suspected stable coronary disease are to be consecutively enrolled at four hospitals in Denmark and Lund's University Hospital in Sweden.
- On March 12, 2020, the company received encouraging feedback from the German authorities, the Federal Joint Committee, G-BA, on its submission for reimbursement of the CADScor®System in Germany.

  "They conclude that the CADScor®System represents a promising technology and they see a potential fit with the German health care system which is positive," said Per Persson, CEO Acarix. "Now, our submission process will proceed to the next step whereby G-BA will review Acarix's latest updates in clinical evidence and ongoing studies, or as an alternative, suggest a local German confirmatory study. We are expecting additional comments by mid-year."
- During the first quarter of 2020, the Covid-19 pandemic broke out and the consequences of the outbreak have had a negative impact on Acarix since March, and there is a risk that this could lead to a negative financial impact on the Group. At Acarix, we are working to ensure that the business continues to operate to the best of our ability, but also with a focus of our employees' health. We do this primarily through a call to the company's staff to work from home and a travel ban. In our assessment of the immediate effects, we can conclude that the patient recruitment in our ongoing clinical studies The Filter Scad Study and the Dan-NICAD II study have stopped which may delay the completion of the studies. In addition, the company has submitted a DeNovo application to the FDA (American Food and Drug Administration) for product approval prior to the launch of the CADScor System in the US market. There is a risk that the approval process will be delayed.

  With regard to the reimbursement process in Germany, it is ongoing with the GB_A (Federal Joint Committee). At the beginning of 2020, we received positive feedback from GB-A, which expected to return with further information in mid-2020. There is a risk that GB-A's feedback may be delayed.

  Since most hospitals, health centers and even private clinics have restricted access to commercial operations, sales and markets are also affected to a great extent as long as the Covid-19 situation remains. Both international and national congresses and educational meetings have been suspended or postponed until the latter part of the year. All in all, this means that a large part of our commercial activities are affected by the corresponding shift as long as the Covid-19 crisis lasts. However, given the uncertain situation at present, it is not possible to estimate the full potential impact for Acarix.

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.

On September 25 the board of directors resolved, pursuant to the authorization granted by the extra general meeting on 16 August 2019, to carry out a new share issue of a maximum of 34,541,064 shares with preferential rights for the Company's existing shareholders.

Acarix share capital increased by SEK 28,666,667 to SEK 51,694,043. The total number of shares and votes increased by 28,666,667, from 23,027,376 to 51,694,043 shares and votes.

The number of shares in the company at year-end totaled 51,694,043 (23,027,376).

Shareholder register December 31, 2019	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	9.2%
SEED Capital DK II K/S	4,749,081	9.2%
Formue Nord Markedsneutral A/S	2,956,315	5.7%
Försäkringsktiebolaget Avanza Pension	2,836,049	5.5%
Puhua Jingxin	2,654,259	5.1%
Danska Bank International S.A	2,425,940	4.7%
Nordnet Pensionsförsäkring AB	2,069,347	4.0%
SHB, Copenhagen Branch	2,023,290	3.9%
Coloplast A/S	1,683,072	3.3%
Mikael Lönn	1,366,930	2.6%
Övriga aktieägare	24,180,679	46.8%
Total	**51,694,043**	**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	162,793,111
Result brought forward	–79,939,248
Result for the year	–45,854,912
Total	**36,998,951**

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

	SEK
Carry forward	36,998,951

Group – Consolidated statement of income

kSEK	Note	Year 2019	Year 2018
Revenue	13	1,857	1,024
Cost of goods sold		–427	–316
Gross profit		**1,430**	**708**
Research and development costs		–20,282	–12,344
Sales, general and administrative costs		–27,591	–30,887
Operating result	6, 7, 8	**–46,444**	**–42,523**
Financial income		103	352
Financial costs	9	–94	–79
Profit before tax		**–46,434**	**–42,250**
Tax	10	–25	–
Net loss for the period		**–46,459**	**–42,250**
Net income attributable to Parent Company's shareholders		**–46,459**	**–42,250**
Basic earnings per share (SEK) [1), 2)]	11	–1.83	–1.83
Diluted earnings per share (SEK)		–1.83	–1.83
Average number of shares, thousands		27,805	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 2019	Year 2018
Net loss for the period after tax	–46,459	–42,250
Items that may be reclassified to profit or loss		
Foreign currency translation adjustment	637	1,188
Other comprehensive income for the period, net of tax	**637**	1,188
Total comprehensive income for the period, net of tax	**–45,822**	**–41,062**
Total comprehensive income attributable to:		
Owners of Acarix	–45,822	**–41,062**

Group – Consolidated balance sheet

kSEK	Note	Year 2019	Year 2018
Assets			
Tangible assets			
Lease rights	7	881	–
Total tangible assets		**881**	**–**
Intangible assets			
Acquired rights		4,584	4,775
Development projects, capitalized		16,924	18,921
Total intangible assets	12	**21,508**	**23,696**
Total fixed assets		**22,389**	**23,696**
Current assets			
Inventory		3,052	2,625
Accounts receivables		1,108	603
Other receivables	14	2,688	3,254
Cash and cash equivalents	15	53,747	65,019
Total current assets		**60,594**	**71,501**
Total assets		**82,983**	**95,197**
Shareholders' equity and liabilities			
Equity			
Share capital and share premium	16	430,592	396,044
Other reserves		2,514	1,877
Retained earnings		–356,502	–310,044
Total equity		**76,602**	**87,877**
Long term liabilities			
Lease debt	7, 20	72	–
Total long term liabilities		**72**	**–**
Current liabilities			
Lease debt	7, 20	694	–
Accounts payable	17	1,781	2,502
Other liabilities	18	3,834	4,818
Total current liabilities		**6,309**	**7,320**
Total equity and liabilities		**82,983**	**95,197**

Group – Consolidated statement of changes in shareholders' equity

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

Group – Consolidated statement of cash flows

kSEK	Note	Year 2019	Year 2018
Operating activities			
Operating result		–46,444	–42,523
Adjustment for depreciation		4,115	2,507
Taxes received		–	997
Financial items		9	277
Cash-flow before change of working capital		**–42,320**	**–38,742**
Working capital adjustments:			
Change in inventory		–426	–680
Change in receivables and prepayments		–428	–1,388
Change in trade and other payables		–1,359	2,201
Total change in working capital		**–2,213**	**133**
Cash-flow from operations		**–44,533**	**–38,609**
Cash-flow from operating activities		**–44,533**	**–38,609**
Financing activities			
Amortization of lease debt	20	–1,515	–
Rights issue		34,548	–
Cash flow from financing activities		**33,033**	**–**
Cash flow for the period		**–11,500**	**–38,609**
Currency translation differences		238	171
Cash and cash equivalents, beginning of period		65,019	103,457
Cash and cash equivalents, end of period		**53,747**	**65,019**

Parent Company income statement

kSEK	Note	Year 2019	Year 2018
Other revenue		**7,967**	**5,127**
Sales, general and administrative costs	6, 7, 8	–20,259	–15,448
Operating result		**–12,292**	**–10,321**
Profit/Loss from shares in group companies		–33,654	–58,936
Financial income		92	141
Financial expense		–1	–2
Result before tax		**–45,855**	**–69,118**
Tax		–	–
Net loss for the period		**–45,855**	**–69,118**
Net income attributable to Parent Company's shareholder		**–45,855**	**–69,118**

Parent Company statement of comprehensive income

kSEK	Note	Year 2019	Year 2018
Net loss for the period after tax		–45,855	–69,118
Total comprehensive income for the period, net of tax		**–45,855**	**–69,118**
Total comprehensive income attributable to:			
Owners of Acarix		–45,855	–69,118

Parent Company balance sheet

kSEK	Note	Year 2019	Year 2018
Assets			
Financial assets			
Participation in subsidiaries	21	42,178	42,178
Total financial assets		**42,178**	**42,178**
Current assets			
Other receivables	14	1,163	623
Cash and cash equivalents	15	48,243	61,349
Total current assets		**49,406**	**61,972**
Total assets		**91,584**	**104,150**
Shareholders' equity and liabilities			
Equity			
Share capital	16	51,694	23,027
Other capital contribution		162,793	156,912
Retained earnings		–125,794	–79,939
Total equity		**88,693**	**100,000**
Current liabilities			
Accounts payable	17	666	1,113
Other liabilities	18	2,224	3,037
Total current liabilities		**2,890**	**4,150**
Total equity and liabilities		**91,584**	**104,150**

Parent Company statement of changes in equity

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2019	**23,027**	**156,912**	**–79,939**	**100,000**
Net loss for the period	–	–	–45,855	–45,855
Total comprehensive income	**23,027**	**156,912**	**–125,794**	**54,145**
Transactions with shareholders				
Rights issue	28,667	14,333	–	43,000
Costs related to rights issue	–	–8,452	–	–8,452
At December 31, 2019	**51,694**	**162,793**	**–125,794**	**88,693**
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**

Parent Company statement of cash flows

kSEK	Note	Full-year 2019	Full-year 2018
Cash flow from operating activities			
Operating result		–12,292	–10,321
Financial items		90	139
Working capital adjustments:			
Changes in other receivables and prepayments		–543	4,150
Changes in trade and other payables		–1,256	878
Total working capital		**–1,799**	**5,028**
Net cash flows from operating activities		**–14,000**	**–5,154**
Cash flow from investing activities			
Shareholder contribution		–33,654	–32,238
Net cash flow from investing activities		**–33,654**	**–32,238**
Cash flow from financing activities			
Rights issue		34,548	–
Net cash generated from/(used in) financing activities		**34,548**	**–**
Net increase in cash and cash equivalents		**–13,106**	**–37,392**
Cash and cash equivalents, opening balance		61,349	98,741
Cash and cash equivalents at year-end		**48,243**	**61,349**

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 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019
Germany	203	225	120	183	731
Sweden	96	29	–	-	125
Denmark	–	410	–	398	808
Austria	–	–	–		–
Other	–	–	–	193	193
Total	**299**	**664**	**120**	**774**	**1,857**

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**

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.

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. As of the balance sheet date, there are no deferred tax assets linked to loss carryforwards.

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

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

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

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. IFRS 16 is applied by the Group as of January 1, 2019. Acarix is primarily affected by the rights of use that relate to the leasing of premises and the leasing of vehicles. Acarix has chosen the forward-looking transition method and has, in accordance with the standard, not recalculated the comparative year. Acarix has also chosen to apply most of the relief rules that exist, the most important of which are to exclude leases which at the transition date have a remaining maturity of max. 12 months. At the transition date, January 1, 2019, Acarix has reported a right of use of 2,250 kSEK and a leasing debt of 2,125 kSEK (divided into Long-term lease debt of 1,454 kSEK and short-term lease debt of 671 kSEK). The difference between rights of use and leasing debt consists of prepaid rents which have been reclassified from the line Other receivables to the line of utilization rights. Equity has not been affected by the transition to IFRS 16. As of December 31, 2019, the use rights to 880 kSEK and the total leasing debt amounted to 766 kSEK.

Leases (from 2019)
Acarix leases various properties and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, especially for leases of properties where, among other things, the lease term differs between different agreements. Rental contracts for cars are typically made for fixed periods of 3 years. Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset and the lease liability are reported on the line item Right of use and Long-/Short term lease debt in the balance sheet. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable in connection with the inception date of the lease

- variable lease payment that are based on an index or a rate, measured based on the index or rate at initial recognition
- amounts expected to be payable by the lessee under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Acarix uses the Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

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

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

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. As of the balance sheet date, there are no deferred tax assets linked to loss carryforwards.

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 2019, the carrying amount of capitalized development costs was kSEK 16,924 (18,921).

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 76,602 (87,877).

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.

See note 19, Maturity analysis for derivate financial liabilities.

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 54 million at December 31, 2019 is deemed to be sufficient to finance the business forward, for at least 12 months on the basis of the forecast for 2020, developed by the company's management. Based on the prevailing Covid-19 situation, Acarix has updated the company's liquidity forecast. Given a stabilization of the market during the second half of 2020, Acaix cautiously look favorably at the opportunity to raise capital for the company's continued operations in spring 2021.

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	2019	2018
Auditing assignments PwC	273	286
Tax advise PwC	60	139
Other services PwC	167	71
Total	**500**	**496**

Parent Company, kSEK	2019	2018
Auditing assignments PwC	175	175
Tax advise PwC	30	139
Other services PwC	94	25
Total	**299**	**339**

NOTE 7 LEASING

Operational leasing

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

Parent Company, kSEK	2019	2018
Lease cost for renting offices	264	126
Leasing costs for cars	200	–
Future lease payments pertaining to non-cancelable leases were as follows:		
Within months	175	31
Between 6-12 months	70	–
Later than 1 year and within 2 years	117	–

Leasing agreement

Group, kSEK	2019
Assets and rights of use	
Office rental	579
Leasing of cars	301
	881
Leasing debt	
Short term	694
Long term	72
	766
Depreciation of rights of use	
Office rental	1,184
Leasing of cars	346
	1,530
Interest expense related to leasing agreements	54
Costs related to short Short term lease	264

NOTE 8 PERSONNEL COSTS FOR EMPLOYEES

Group, kSEK	2019	2018
Wages and salaries	11,759	10,839
Bonus	99	617
Pension	1,423	594
Social security	2,200	2,119
	15,481	**14,169**
Total remuneration and benefit for Group Management		
Salaries	6,371	4,388
Bonus	–	617
Pension	1,250	500
Social security	1,797	1,202
	9,418	**6,707**
Employees		
Average number of employees (FTE)	10	10
Men	7	8
Women	3	2
Number of year-end employees (FTE) [1]	9	11

[1] The number of employees in Denmark amounted to 5, Sweden 3 and Germany had 1 employee 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	2019	2018
Wages and salaries	5,314	3,800
Bonus	–	417
Pension expense	1,184	362
Social security	1,957	1,692
	8,456	**6,271**
Total remuneration and benefit for Group Management		
Salaries	4,867	2,930
Bonus	-	617
Pension	1,101	362
Social security	1,796	1,202
	7,765	**5,111**
Employees		
Average number of employees (FTE)	3	2
Men	2	2
Women	1	–
Number of year-end employees (FTE)	3	3

Remuneration of board of directors and management, 2019, 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	526	–	–	–	165	691
Denis Gestin, Board member	105	–	–	–	33	138
Paolo Raffaelli, Board member	123	–	–	–	39	161
Claus Andersson, Board member	188	–	–	–	59	248
Hong Yun Fie, Board member	188	–	–	–	59	248
Johanne Braendgaard, Board member	188	–	–	–	59	248
Ulf Rosén, Board member	188	–	–	–	59	248
Total Board of Directors	**1,508**	**–**	**–**	**–**	**474**	**1,981**
Per Persson, CEO	2,100	–	–	636	814	3,550
Other Executive Management	4,271	–	–	614	983	5,868
Total Executive Management	**6,371**	**–**	**–**	**1,250**	**1,797**	**9,418**
Total	**7,878**	**–**	**–**	**1,250**	**2,271**	**11,399**

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 ended March 31, 2018.
[2] Refers to the period March-November, 2018.
[3] Refers to the month of December, 2018.

NOTE 9 FINANCIAL ITEMS

Group, kSEK	2019	2018
Interest income	92	138
Exchange rate income	11	214
Interest expenses	–56	–21
Exchange rate losses	–38	–58
	9	**273**

NOTE 10 TAX ON RESULT FOR THE YEAR

Group, kSEK	2019	2018
Current income tax	–	–
Deferred tax on rights of use and leasing liabilities (IFRS 16)	–25	
Total reported tax expense in the Group	**–25**	**–**

Reconciliation of tax

Group, kSEK	2019	2018
Accounting profit before income tax	–46,434	–42,250
At statutory income tax rate of 21.4% (22%)	9,937	9,295
Tax effect of non-tax-deductible costs	–30	–27
Temporary differences, not capitalized	–573	–555
Effect of foreign tax rates	208	–389
Non-capitalized losses	–9,542	–8,324
Other	–25	0
Reported effective tax	**–25**	**0**
Effective tax rate	**0.1%**	**0.0%**

Parent Company, kSEK	2019	2018
Current income tax	–	–
Deferred tax	–	–
Tax on result for the year	**–**	**–**

Parent Company, kSEK	2019	2018
Accounting profit before income tax	–45,855	–69,118
At statutory income tax rate of 21.4% (22%)	9,813	15,206
Tax effect of non-tax-deductible costs	–7,231	–12,993
Non-capitalized losses	–2,582	–2 213
Reported effective tax	**0**	**0**
Effective tax rate	**0.0%**	**0.0%**

Deferred tax relates to the following:

Group, kSEK	2019	2018
Tax losses carriyforwards	43,001	–33,123
Intangible fixed assets	4,732	5,213
Deferred tax on rights of use and leasing debt (IFRS 16)	25	0
Deferred tax	**–38,244**	**–27,910**
Value allowance, deferred tax assets	38,269	27,910
Net deferred taxes	**25**	**0**

Parent Company, kSEK	2019	2018
Tax losses carriyforwards	–7,046	–4,465
Intangible fixed assets	0	0
Other	0	0
Deferred tax	**–7,046**	**–4,465**
Value allowance, deferred tax assets	7,046	4,465
Net deferred tax assets	**0**	**0**

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	2019	2018
Earnings per share before dilution		
Net loss for the year	–46,459	–42,250
Weighted average number of ordinary shares for measuring fundamental EPS	25,416	23,027
Earnings per share before dilution	**–1.83**	**–1.83**
Earnings per share after dilution		
Net loss for the year	–46,459	–42,250
Weighted average number of ordinary shares for measuring fundamental EPS	25,416	23,027
Earnings per share after dilution	**–1.83**	**–1.83**

NOTE 12 INTANGIBLE FIXED ASSETS

Group, 2019, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2019	**5,975**	**22,480**	**28,456**
Foreign currency translation adjustment	79	339	418
Cost at December 31, 2019	**6,054**	**22,819**	**28,873**
Amortization and impairment at January 1, 2019	**–1,200**	**–3,559**	**–4,759**
Amortization	–267	–2,317	–2,584
Foreign currency translation adjustment	–3	–19	–22
Amortization and impairment losses at December 31, 2019	**–1,470**	**–5,895**	**–7,365**
Carrying amount at December 31, 2019	**4,584**	**16,924**	**21,508**

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**

Development projects are related to the development of the CADScor®System (acoustic cardiovascular diagnostics), which records heart sounds and murmurs for calculating a patient's specific score in order to determine the patient's risk of coronary artery disease. During the second quarter 2017, the CADScor®System was introduced on the market and the first sales orders were recognized. Capitalization of development costs ceased when the product was ready to launch on the market and amortization of capitalized development costs commenced. Management estimates the useful life of development projects to be 10 years. These assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount. Development projects have been tested for impairment in December 2019. 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	2019	2018	2019	2018
Germany	731	544	–	
Sweden	125	156	–	–
Denmark	808	174	21,508	23,696
Austria	–	133	–	
Other	193	17	–	–
Total	**1,857**	**1,024**	**21,508**	**23,696**

NOTE 14 OTHER RECEIVABLES

Group, kSEK	2019	2018
VAT	1,264	1,132
Deposit	177	168
Prepaid expenses	1,247	1,954
Total	**2,688**	**3,254**

Parent Company, kSEK	2019	2018
VAT	750	347
Receivables group companies	39	–
Prepaid expenses	374	276
Total	**1,163**	**623**

NOTE 15 CASH AND CASH EQUIVALENTS

Group, kSEK	2019	2018
Bank balances	53,690	64,958
General pledging of bank deposits	50	50
Cash	7	11
On December 31	**53,747**	**65,019**

Parent Company, kSEK	2019	2018
Bank balances	48,193	61,299
General pledging of bank deposits	50	50
On December 31	**48,243**	**61,349**

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
New issue	November 2019	28,666,667	28,667
Total December 31, 2019		**51,694,043**	**51,694**

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.

On September 25 the board of directors resolved, pursuant to the authorization granted by the extra general meeting on 16 August 2019, to carry out a new share issue of a maximum of 34,541,064 shares with preferential rights for the Company's existing shareholders.

Acarix share capital increased by SEK 28,666,667 to SEK 51,694,043. The total number of shares and votes increased by 28,666,667, from 23,027,376 to 51,694,043 shares and votes.

NOTE 17 ACCOUNT PAYABLE

Group, kSEK	2019	2018
Accounts payable	1,781	2,502
	1,781	**2,502**

Parent Company, kSEK	2019	2018
Accounts payable	666	1,113
	666	**1,113**

NOTE 18 OTHER LIABILITIES

Group, kSEK	2019	2018
Accrued personnel-related expenses	3,084	1,809
Other accrued costs	750	3,009
On December 31	**3,834**	**4,818**

Parent Company, kSEK	2019	2018
Accrues personnel related expenses	2,006	1,888
Other accrued expenses	218	1,149
Accrued group expenses	–	–
On December 31	**2,224**	**3,037**

NOTE 19 MATURITY ANALYSIS FOR DERIVATE FINANCIAL LIABILITIES

Maturity analysis for derivate financial liabilities, 2019

Time interval; months	0-3	3-6	6-9	9-12	> 12	Total
Accounts payable	1,781	0	0	0	0	**1,781**
Leasing debt	466	273	28	23	73	**863**
	2,247	**273**	**28**	**23**	**73**	**2,644**

NOTE 20 LEASING DEBT

Leasing debt	December 31, 2018	Adjustment due to new accounting principles	Amortization (financing activities)	Paid interests (operating activities)	Currency translation	Discounting	Other	December 31, 2019
Leasing debt	–	2 125	–1,515	–54	156	54	–	**766**

NOTE 21 SHARES IN SUBSIDIARIES

Parent Company, kSEK	2019	2018
Acquisition value	101,114	68,876
Newly formed subsidiary	–	295
Shareholder contribution	33,654	31,943
Closing acquisition value at December 31	**134,768**	**101,114**
Impairment loss for the year	–58,936	–58,936
Årets nedskrivningar	–33,654	–
Carrying amount at December 31	**42,178**	**42,178**

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	2019-12-31	2018-12-31
Acarix A/S	100%	23,027,376	38,469	38,469
Acarix GmbH	100%	25,000	3,364	3,364
Acarix Incentive AB	100%	50,000	50	50
Acarix China ApS	100%	50,000	69	69
Acarix GmbH	100%	1	226	226
			42,178	**42,178**

Name of the company	Reg. Nr.	Domicile	Result (kSEK)	Equity (kSEK)
Acarix A/S	32648223	Lyngby, Denmark	–34,257	23,210
Acarix GmbH	HRB88101	Cologne, Germany	40	6,569
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 22 RELATED PARTIES

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

Consultancy fee to member of Board of Directors 2019

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	64	–	–	–	64
Denis Gestin	–	–	–	–	–
Total	**64**	**–**	**–**	**–**	**64**

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**

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 23 SIGNIFICANT EVENTS AFTER YEAR-END

- On January 14, 2020, the company announced the first commercial usage of the CADScor®System in the UK. Dr Amrit Takhar and his team at Wansford and Kingscliffe Practice, near Peterborough, UK, is the first clinic in the UK to use the unique CADScor technology to assess patients suffering from stable chest pain.
- On February 18, 2020, the company announced the initiation of the randomized, multi-center clinical study FILTER-SCAD to examine the cost effectiveness and safety of adding the CADScor®System as a rule-out test in patients referred with symptoms suggestive of stable coronary artery disease.In the FILTER-SCAD study, 2,000 patients referred on suspected stable coronary disease are to be consecutively enrolled at four hospitals in Denmark and Lund's University Hospital in Sweden.
- On March 12, 2020, the company received encouraging feedback from the German authorities, the Federal Joint Committee, G-BA, on its submission for reimbursement of the CADScor®System in Germany.

  "They conclude that the CADScor®System represents a promising technology and they see a potential fit with the German health care system which is positive," said Per Persson, CEO Acarix. "Now, our submission process will proceed to the next step whereby G-BA will review Acarix's latest updates in clinical evidence and ongoing studies, or as an alternative, suggest a local German confirmatory study. We are expecting additional comments by mid-year.".
- Also see page 20; Events after the balance day.

NOTE 24 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 25 PROPOSED APPROPRIATION OF PROFITS

Unrestricted shareholder´s equity in the parent company	SEK
Share premium reserve	162,793,111
Result brought forward	-79,939,248
Result for the year	-45,854,912
Total	**36,998,951**

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

	SEK
Carry forward	**36,998,951**

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 20, 2020

EXECUTIVE MANAGEMENT

Per Persson
CEO

BOARD OF DIRECTORS

Dr. Werner Braun
Chairman of the Board

Paolo Raffaelli
Board Member

Johanne Braendgaard
Board Member

Claus Andersson
Board Member

Hong Yun Fei
Board Member

Ulf Rosén
Board Member

Our audit opinion was issued on April 21, 2020

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 no 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 2019. The annual accounts and consolidated accounts of the company are included on pages 18-44 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 2019 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 2019 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 income statement 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 2019 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, April 21, 2020
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: 9,000
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

PAOLO RAFFAELLI

BOARD MEMBER SINCE 2019

Born: 1965. Paolo's latest assignment was Marketing and Education Director EMEA at Abbott for the Cardiac Rhythm Management business. Previously Paolo worked as Global Marketing VP for Maquet Critical Care, and before that he was over 12 years with Medtronic, covering several business and marketing management roles in the CRM and Interventional Cardiology business areas, including the general manager role for Medtronic Sweden. Paolo holds an MBA from IMD Business School in Lausanne, Switzerland and lives with his family in Stockholm, Sweden.
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
acoustic cardiac diagnostics