
acarix
Annual Report
21

Acarix in brief

Our mission is to listen to millions of hearts with the CADScor®System, our groundbreaking AI-based technology for the acoustic assessment of coronary artery disease (CAD), and assist in ruling out those at low risk.

Our vision is that everyone who needs a CADScor®System assessment should have access. By doing so, we can reduce the diagnostic burden for individuals and provide peace of mind as well as helping to drive efficiency across the cardiac healthcare systems. There are one million people with chest pain seeking medical attention each day. The difficulty is to determine whether the pain is related to the heart or not, and many go through multiple diagnostic tests, some also invasive. The problem is that nine out of ten people who are examined do not have CAD.[1,2,3] In just ten minutes, the CADScor®System can instead rule out CAD in those presenting with stable chest pain and suspected CAD with at least 96% certainty.[4]

Acarix is a Swedish medical technology company that innovates solutions for rapid AI-based rule-out of heart disease. The CE-approved CADScor®System, which has also received De Novo clearance from the FDA, is intended for patients experiencing chest pain with suspected CAD. The system is designed to help reduce millions of unnecessary, invasive and costly diagnostic procedures. The CADScor®System calculates a patient-specific CAD score non-invasively in less than ten minutes and can help rule out more than one third of patients with at least 96% certainty of not being sick. Acarix is listed on the Nasdaq First North Premier Growth Market (ticker: ACARIX).

For more information, please visit acarix.com.

4 BUISNESS REGIONS:
US, THE DACH REGION, ENGLAND AND THE NORDICS

9/10 NOT SUFFERING FROM CAD

96% CERTAINTY TO RULE OUT CAD

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OUR TECHNOLOGY

We have the product, the people and the potential – now it's time to take Acarix to the next level

Despite the limitations posed by the pandemic, the past year was full of activity and growth for Acarix. A sharp rise in sales in Germany, the launch in the US market and the growth capital that we secured give us good prospects of reaching our new strategic growth objectives for 2024.

I am both proud and grateful to have the chance to be involved, together with our fantastic team, in driving our growth and realizing our strategic goals. In 2021, we accomplished most of what was needed to seriously start our expansion in the US. Success requires a unique product, the right people and potential in the market, criteria that Acarix now fulfills in abundance.

CADScor® is a unique AI-based non-invasive system that helps physicians rule out CAD in patients experiencing chest pain in just a few minutes. It quickly provides patients with reassuring information, reduces the need for unnecessary and time-consuming examinations, and allows healthcare providers to focus on the patients who truly need help. Our solution has been clinically validated in studies on thousands of patients in order to verify an accuracy rate of more than 96%.

In autumn 2021, we announced our growth objectives as part of our 2024 business plan. Our objective is to have at least 3,000 CADScor®Systems in the market, sales of SEK 200 million and a gross margin of at least 80%. The foundation has now been laid with the right team and the potential to succeed!

A new team is in place

We now have an experienced and qualified team in place, and the US team was also lined up at the beginning of 2022. In the US, we have recruited a management team comprising a Head of Medical Affairs, a Head of Sales and a Head of Operations and Customer Excellence. The Head of Sales is focused on building up our sales organization in the US market. Our sales strategy is that we will use both our own sales force for strategically important customer sectors as well as external partners with specialized expertise for cardiology and other customer categories. Our Head of Medical Affairs works with large institutions such as Integrated Delivery Networks (IDNs) and the Department of Veterans Affairs. The Customer Excellence team is dedicated to signing service agreements, providing a good customer experience and building long-term partnerships. We're not just selling a system; we are working with the customer on the entire journey, ensuring that the system is used and generating add-on sales of patches. The Operations team focuses on expanding our infrastructure and ensuring that we have the resources needed to reach our target of 3,000 units in 2024.

"Our vision it is that everyone experiencing chest pain should have the opportunity to have a CADScor® assessment."

We have formed a global management team, and we are taking a structured and methodical approach as a team where everyone knows their roles and our objectives. We use clear sales forecasts, and we use advanced planning for production and inventory management. We continually measure our development and performance according to several different metrics.

Sizeable market potential in the US

In addition to a unique product and a skilled team, we also have significant growth potential. Chest pain is the most common reason that people seek medical care, and today physicians do not have a simple way to rule out CAD. The interest we were met with when we demonstrated the CADScor®System in clinics during the autumn shows that there is a high need for this. When physicians see how relieved patients are, how simple the examination is to perform and how well documented the system is in clinical terms, in most case they react very positively. We've seen a high conversion rate when we are able to perform a demonstration, so our goal is to perform as many as possible.

In the autumn, we focused on a few selected states where salespeople from our partner addressed that market. We validated our go-to-market strategy based on the results, and we concluded that it was successful. As a result, we are confident about rolling it out, proceeding methodically and continually validating it. We also have a well-thought-out strategy for where and when we will use our own sales force, and when we will use a specialized partner.

In the US, our De Novo application was already approved by the FDA, and in 2021 our application for a CPT-III reimbursement code was approved by the American Medical Association (AMA). Having this code means that the treatment can be reimbursed through the US health insurance program. Another positive factor is that the American Heart Association (AHA) and the American College of Cardiology (ACC) presented new clinical guidelines for patients with chest pain at the end of the year. The guidelines state that if the patient has a pre-test probability below 15%, they should not be referred to the investigation track, but sent home in practice. The previous recommendation was 5%. The CADScor®System has an important role to play here for patients below 15% who still want a rapid answer as to whether CAD can be ruled out.

Strong growth in Germany

Even though our greatest growth potential is in the US, it's worth noting that development is moving forward in our existing markets, primarily in Germany where sales of both equipment and patches rose sharply during the year. Today, we have 150 systems installed, which is a 61% increase compared with 2020. Meanwhile, the use of patches has nearly doubled at the same time. Things moved relatively slowly in the German market initially, but we saw accelerated growth in 2021. In order to speed this up even further, we set goals for monthly patch sales, which sharpens our focus on ensuring that the systems we have installed are actually used. We are continuing the dialogue on including the CADScor®System in the German reimbursement system, but just as in the case of drugs, this is a process that will take time. An additional salesperson was hired during the year, and we have a clear strategy for how to proceed until the discounts are approved, focusing on larger private clinics and distributors.

A first step in England

England has an infrastructure with about 200 rapid access chest pain clinics (RACPCs), where patients with chest pain can receive an initial opinion from a cardiologist. We began a collaboration with two of these clinics during the year. The purpose is to see where the CADScor®System fits into their operation and to develop a business case for how clinics can benefit from the system's advantages. We received proof of the economic benefits of the CADScor®System in the UK market during the year. An independent health economic study published in PharmacoEconomics demonstrated that the UK healthcare system could save GBP 93 million per year by using Acarix's CADScor®System to rule out CAD.

FDA application for Acarix Seismo

The foundation of Acarix's platform is our patented technology that makes it possible to listen to internal organs. In the CADScor®System, sounds from the coronary arteries are analyzed with the help of AI to rule out CAD. Our new product Acarix Seismo analyzes the heart in the same way to perform a risk assessment on patients with suspected heart failure, which affects more than six million people per year in the US alone. We submitted an application for a breakthrough therapy designation to the US Food and Drug Administration (FDA) in February this year, based on the clinical data generated in the Seismo study conducted in Denmark. Our strong R&D team is continually working to develop our existing applications and to develop new ones.

Additional capital raised through successful rights issue

During the fourth quarter, we completed our planned new issue, which is primarily intended to finance the build-up of our US operations in 2022. We will focus on direct sales in selected states combined with sales through partners. The issue proceeds, which contributed about SEK 70 million net, are also being used to finance our continued sales development in Germany, England and the Nordics. In addition to a commercial focus in our main markets, we are also strengthening our heart failure product portfolio.

A solid platform for further expansion

In addition to the product, the people and the potential, we also have another criterion for success in place: the passion. I am truly impressed by the dedication and drive shown by everyone who works at Acarix. Now we have all of the success factors in place, we're working as a close-knit team and we have a strong focus on the US where we see a clear opportunity. I feel confident as I look forward to 2022 and our journey of growth together, with a vision that everyone experiencing chest pain should have the opportunity to have a CADScor® assessment.

Helen Ljungdahl Round
CEO of Acarix

History

2015

Acarix receives CE marking for commercialization in Europe.

2016

Completes the CADScor®System's transition from prototype to production of the final product.

The CADScor®System receives regulatory approval in Canada.

Completed IPO of new shares and listing on Nasdaq First North Premier Stockholm.

Completes enrollment of the major Dan-NICAD study comprising 1,675 patients.

Strategic investor Puhua Jingxin signs an agreement for a significant investment in Acarix and discusses the possibility of collaboration in the Chinese market.

2017

Direct sales force in place in Germany, Sweden and Denmark.

First sales in Germany, Sweden, Denmark and Austria.

2018

Enrollment started for Dan-NICAD II.

More than 5,000 patients in clinical and commercial usage.

Enrollment started for Seismo, an exploratory study for heart failure application.

2019

Acarix recognized and included in the Medtech Innovation Briefing (MIB) through the National Institute of Clinical Excellence (NICE) in the UK.

Rights issue closed securing Acarix's ability to execute plans and activities throughout 2020 – Acarix presented to thousands of investors and institutions.

Submission of FDA dossier, filing for US approval.

Reclassification study published in the International Journal of Cardiovascular Imaging.

By November, first patients enrolled in the FILTER-SCAD study.

First commercial footprints from the UK and Finland, adding two new markets.

2020

FDA market approval for CADScor® in the US through a De Novo application.

Enrollment of patients for the DAN-NICAD II study finalized (1,726 patients in total). The study will generate a significant volume of data to improve algorithms and make the product available for individuals from the age of 30.

Continued commercial success in Germany during the third quarter, with 19 systems delivered – three times more than in the same period in 2019. In all, Acarix now has more than 70 customers in Germany, Switzerland and Austria.

The FDA also established a new device classification based on CADScor®'s unique properties.

Patient enrollment for the SEISMO exploratory clinical study was completed as scheduled. This enrollment laid the foundation for an initial evaluation of the possibility of developing an early heart failure detection algorithm. The study encompasses a total of 199 patients from two centers in Denmark.

2021

Positive long-term prognostic data from the Dan-NICAD I study published in the European Heart Journal – Digital Health.

New head of the company's newly established US subsidiary Acarix USA Inc. hired.

Partnership with RACPCs initiated.

Positive preliminary data presented for a potential heart failure application.

Significantly higher use of patches in existing customer base.

Establishment of US subsidiary, Acarix USA Inc., with its head office in New York.

The AMA approved the Category III CPT® (CPT III) code application for the CADScor® System.

Our strategy and business model

The timing of commercialization in the US is optimal.

Strategy

Our strategy is to develop and provide a non-invasive, quick, reliable diagnostic aid for healthcare professionals investigating patients with chest pain or breathing difficulties. Our CADScor®System is intended to be used early in the diagnostic pathway to easily rule out those patients at low risk, giving patients peace of mind, and recommending those patients at elevated risk to undergo further evaluation. By providing the CADScor®System to internal medicine and cardiologists, we intend to establish a new market segment where CAD can be ruled out early, in first line contact. The CADScor®System is sold to clinics, hospitals, and integrated health network systems, in combination with individual, single-use RFID patches, to which the actual ultra-sensitive microphone is attached, enabling a patient risk assessment to be performed.

Vision

Our vision is to create a paradigm shift in the early diagnosis and assessment of cardiac and vascular diseases. Overall, we are working on making sure that everyone, be it a healthcare professional or a patient, who wants or needs a CADScor®System assessment is able to get one in a timely manner. We recognize that this is far from where we are today, but given the technology in the CADScor®System, this is the right vision for us to be operating under and to deliver the expected growth.

Mission

We have the prerequisites and funding in place to realize the mission of being the world leader in AI-based rapid diagnostics of CAD. We will continue to develop the CADScor®System to listen to millions of hearts to reduce human and health-economic burden in the diagnosis of CAD. It is also our mission to develop additional acoustic medical technologies, primarily in the field of cardiology.

Goals

During 2021, we communicated our goals for 2024. These goals are achievable and will also set us up for long-term success and growth. Our goals for 2024 are to:

- 3,000 installed CADScor®Systems.
- Generate SEK 200 million in revenue.
- Secure a gross margin of at least 80%.

We have a strong foundation in our technology, including a large clinical development program, CE marking approval and FDA De Novo clearance supported by 45 patents. To date, 10,000 patients have been assessed with the CADScor®-System. The timing for Acarix to move to the next inflection point is right. The commercial launch in the US is well timed with the increased demand for value-based healthcare and cost-reducing solutions. In addition, the 2019 European Society of Cardiology (ESC) guidelines and the new ACC/AHA chest pain guidelines are opening the new door for a non-invasive technology such as the CADScor®System.

To deliver on these goals, we will focus on a few key critical areas. These include first and foremost driving adoption and sales in the US market, directly and with commercial partners. We will also continue to focus on strengthening sales in EU and explore further expansion in select markets. With regards to reimbursement approval in Germany and the UK, we will continue to work through the process to obtain approval as quickly as possible. We will expand our product portfolio with an acoustic technology for heart failure, another area where we believe our technology can make a significant difference. Entering this kind of expansion phase also requires us to ensure product quality and a sufficient supply of Acarix's products to meet future demand. We will strengthen our team in this area and drive the necessary operational transformation. Finally, we will strengthen our team by adding the right experience and skill set to successfully take the company to the next level.
A new management team is now in place and each functional area is being strengthened.

Business and revenue model

We are currently selling the CADScor®System in the Nordics, the UK, Germany, Switzerland, Austria and the US.

Our business model is based on the use of the CADScor®System by healthcare professionals. We will build our own sales organization, following cost-efficient models with a balanced use of in-person contact and digital approaches. To expand coverage, especially in the US, we will work with commercial partners that have proven competencies in medical cardiology technology, integrated delivery networks, veterans affairs and other channels. We aim to grow with focus on revenue, but also by managing OPEX to achieve our desired gross margin and deliver profitable growth. During 2021, we entered commercial partnerships with existing field forces, and initial customer feedback has been very positive. An example is our collaboration with BioRhythm Inc, an organization with strong experience and presence in the field of cardiology.

"I'm extremely pleased to be working with the Acarix on introducing the CADScor®System in Louisiana and Mississippi. The CADScor®System, with its new AI-based technology, brings significant value to healthcare professionals examining patients with chest pain. I've been selling cardiology products for 40 years, and it's been a long time since I've seen such innovative technology. The initial response and interest from the physicians we've met has been extremely strong,"
says Robin Karas, CEO of BioRhythm Inc.

Our revenue model is based on two revenue streams. The first is the purchase of the CADScor®System device, which is sold to independent medical clinics, hospitals, and private clinics. We achieve the greatest success when the placement of the CADScor®System is clearly defined in the diagnostic pathway, meaning in the very early stages to effectively rule out those at low risk of CAD. The second revenue stream is for the specifically designed single-use patch with an RFID chip that is attached to the device for each individual patient assessment.

The greatest pull through of patches is seen when the CADScor®System is used in clinics with a high volume of chest pain patients. In the short term, revenue is driven by the number of CADScor®Systems sold, while the bulk of

future revenue is expected to be generated from the sale of disposable patches. The ideal customers for the CADScor®System are clinics where the placement of the CADScor®System in the diagnostic workflow is clearly defined and there is a high volume of chest pain patients with suspected CAD. That is where we can drive the greatest impact for patients, healthcare professionals and healthcare systems.

We must not forget the impact that a CADScor®System assessment can have on patients. Many patients with chest pain undergo multiple diagnostic tests, often to find out that the chest pain is not related to the heart. A CADScor®System assessment can give peace of mind in ten minutes.

Market access

We have focused our efforts on securing access for patients and reimbursement for clinics to use the CADScor®System. Payer recognition of the value of the CADScor®System is the foundation for reimbursement and during 2021, we continued the dialogue with reimbursement authorities in Europe, especially the Gemeisamer Bundesausschuss (G-BA) in Germany and NICE in the UK.

We have furthermore conducted extensive market research among US physicians and payers to validate our CADScor®System's clinical and health economic value story. Our research clearly showed an interest in and willingness to pay for our technology.

During 2021, we tested and established the successful flow of reimbursement administrative processes. Systems and forms are in place and clinicians' claims for procedures using the CADScor®System are reimbursed.

From here, we will focus on expanding access in Europe and the US, and a key effort here will be generating local real-world evidence at clinics and integrated health systems to demonstrate the benefits of the CADScor®System in clinical practice.

In October 2021, the AMA granted the CADScor®System a CPT III reimbursement code. The application was actively endorsed by the ACC and accepted by the AMA without remarks. The new code for the CADScor®System was published by the Centers for Medicare and Medicaid Services (CMS) in January 2022 and will be accessible to US payers and providers in July 2022.

The recent updates to both European and US chest pain clinical guidelines with a focus on early rule-out of non-CAD patients is a strong foundation for our technology. Both clinicians and patients have a need for technologies that can help to quickly and non-invasively rule out CAD with a high degree of certainty. The publication and timing of these new guidelines opens the door for increased use of the CADScor®System in Europe as well as the US. The focus on not proceeding with further assessments for patients with low pre-test probability of less than 15% is clinically very challenging. For patients experiencing chest pain and their physicians the challenge is to do nothing. When patients present with chestpain, they are concerned if this could be caused by CAD. Hence many patients and their physicians are looking for diagnostic technologies that can help rule out CAD in a fast, non-invasive and efficient way.

IN A CARDIOLOGIST'S WORDS:

Prof. Dr. Andreas Götte, Chief Physician

We have totally about 8,000 medicine patients every year, and CAD patients are one of the cornerstones of our medicine treatment.

Ordinarily, we have a very short time to perform all of the diagnostic tests, and according to the most recent guidelines treadmill tests are no longer suitable for ischemic assessments. As a result, we need to use imaging technologies such as CT, echocardiography or MRI, technologies which unfortunately are not available to such a large number of patients.

Therefore, I think it's wonderful that there is now a new technology that can help us screen patients. The CADScor®System, which is a non-invasive technology, is extremely helpful for ruling out the presence of stenosis in the coronary arteries of patients who come in with unstable angina or chest pain.

I believe that the CADScor®System is extremely useful, particularly for patients at low risk of CAD. The system is especially helpful for young patients, and we use it regularly for this patient group since we are able to establish with a high degree of certainty that there is no pathology of the coronary arteries. The system is very easy to use and patients only need to hold their breath for eight seconds four separate times for the flow in the coronary arteries to be assessed.

We are grateful to have a system with such a high negative predictive value. Being able to rule out pulmonary embolisms and CAD early on enables us to tell the patient that they are not likely to experience these illnesses in the future.

It is extremely helpful to be able to rule out a disease so clearly, since we don't need to perform invasive procedures on healthy patients. We reduce the number of invasive procedures as well as the number of costly non-invasive procedures by quickly screening healthy patients.

In summary, I can say that this simple technology is extremely helpful for both confirming the existence of a disease and for ruling it out!

The first AI-driven acoustic technology for early assessment of CAD risk

Since Acarix was founded, it was clear that the requirements of the acoustic sound recording system had to be very specific to identify the sounds arising from narrowed coronary arteries. Building on the broad foundation of Danish expertise within acoustics, including Aalborg University, world-class components and electronics are an integral part of a the high-performing CADScor®System. The system has been evaluated and was given CE marking approval in 2016 and FDA De Novo clearance in late 2020.

More than ten years of proven clinical experience resulting in EU and US regulatory approvals

When the CADScor®System was introduced to the market as a new technology, users had to be able to trust the performance, the ability to identify sounds that cannot be readily heard by the human ear and the AI-calculated CAD score for safe rule-out for CAD. A large clinical program was developed to evaluate performance, and today more than 8,000 patients have been evaluated and 2,000 patient assessments formed the basis for FDA approval. Today, more than 10,000 assessments have been conducted using the CADScor®System. In short, the CADScor®System calculates a patient-specific CAD score non-invasively in less than ten minutes and can help rule out more than one third of patients with at least 96% certainty (in a population with approximately 10% prevalence).

The CE marking was approved in 2016, and in 2020 the FDA evaluated the CADScor®System technology and clinical performance. The FDA approved the CADScor®System for sales in the US with a De Novo clearance, in less than 12 months from application to clearance.

Reimbursement is being worked on in Germany and the UK, and is time consuming but progressing according to plan. In the US, the AMA granted the CADScor®System a CPT III code in October 2021, with full support from the ACC. The CPT III code has been published and will be available for use by healthcare professionals as of July 2022.

Securing appropriate placement of the CADScor®System in the diagnosis of CAD

When the CADScor®System is used as an aid early on in the process of diagnosing a person as a suspect CAD, both the patient and healthcare avoid more complex and risky evaluation processes. When a patient presents with chronic chest pain and suspected CAD, our recommendation is that the CADScor®System assessment is done prior to a stress test and other CAD diagnostic procedures. With the high rule-out capacity, it is possible to give patients at low risk peace of mind and not proceed with further testing, whereas for other patients where rule-out is not possible we recommend that they proceed according to standard practice. This placement and positioning of the CADScor®System has been confirmed in both the EU and the US.

Experiencing the CADScor®System assessment

A CAD-scoring assessment takes less ten minutes from the patient entering for the examination to leaving with a CADScor® result. The actual acoustic assessment takes about three minutes. No specific room is needed, but the room needs to be quiet to allow for appropriate listening to the blood flow in the four coronary arteries. A specifically designed single-use patch is attached to the CADScor®System device, which is placed on the patient's chest above the heart. This eliminates any external (hand-held) micro-vibrations and also maintains a constant pressure towards the chest.

The CADScor®System is based on what is known as ultrasensitive phonocardiography, which refers to doing sound recordings and analyzing sounds and murmurs emitted from the blood flow in the four coronary arteries around the human heart. The sound analysis is conducted immediately after recording using the high onboard computing power of the CADScor®System and the result is displayed on the integrated easy-to-use touch screen.

For convenient patient filing, journaling, and documentation, the CADScor®System result can be visualized and integrated into patient records via transfer by email or printed by the healthcare professional via scanning of a GDPR-compliant QR-Code. The process involves using the associated CADScor® app and simply scanning the QR-code result and choosing whether to print or email to recipient. All recordings are saved in the device and can be accessed at any time.

The CADScor® app is offered free of charge to users with iOS-enabled camera-fitted devices running at least iOS v.13. Currently, mobile devices running Apple iOS (from iOS13) or Android OS (from OS9) with a camera can be used. The CADScor® app can be downloaded from the Apple App Store/Google Play Store and should be installed/configured prior to use.

Medical use of acoustic technology

In the medical field, listening to internal body sounds is known as auscultation (to listen). Use of the technology is increasing, and it is widely used today. The first stethoscopes were based on sound-conducting wooden sticks. This later evolved into the binaural stethoscope, which is the standard tool used by healthcare professionals today. It is used to listen to the sounds of the lungs and hearts and frequently intestinal or stomach sounds.

The technology in the CADScor®System has the ability to listen to sounds in the coronary arteries that are not audible to the human ear. When there is no blockage in the arteries, there is a smooth sound. When there is blockage, stenosis or plaque buildup, the flow in interrupted and a murmur or turbulence is detected. These heart sounds are then evaluated by an integrated scoring algorithm originally developed at Aalborg University in Denmark as a computer-based algorithm to rule out suspected CAD in patients. Acarix and Aalborg University have since been in close collaboration to further improve the scoring algorithm and its noise-cancelling properties, resulting in a powerful tool to undertake the safe rule-out of CAD by fully acoustic means.

From a patient perspective, looking at the patient pathway from suspicion of CAD to rule-out or diagnosis is long and, in many cases, also costly and entails extra patient risk. Many different analyses and tests are often done before a diagnosis or rule-out of CAD can be made, both extending total diagnosis time and adding substantial costs. Many patients are examined, but as many as 9 out of 10 do not suffer from CAD and could thus potentially have been

redirected for other evaluations or immediately ruled out for their suspicion of CAD.

In conclusion, the CADScor®System was developed to:

1. Be used for early rule-out during initial contact with health-care professionals for chest pain and suspected CAD.
2. Easily assess patients in standard clinical settings with normal clinical noise levels via use of sophisticated adaptive noise-filtering algorithms.
3. Provide a rapid evaluation time returning a CADScor® result within ten minutes after sound recording using only the CADScor®System and specifically designed single-use patch.

Technology strongly backed by patents

Acarix holds 45 patents in 12 patent families in relation to the CADScor®System. In all patent applications, Acarix focuses on the most important markets such as the US and the EU. Of the 12 patent families, five relate to the classification by phonocardiography of cardiovascular signals for the identification of CAD. Two of these patent families relate to methods and procedures exclusively for US applications. Two patent families relate to product design and construction. One patent family relates to adaptive filtering of the recorded signal. One patent family relates to classification of heart failure by seismocardiography.

The CADScor®System clinical program

The clinical program behind the CADScor®System is comprehensive, with the Adopt CAD, BIO-CAD and Dan-NICAD clinical studies with 2,000 patients forming the basis for CE marking and FDA De Novo clearance. Overall, 8,000 patients

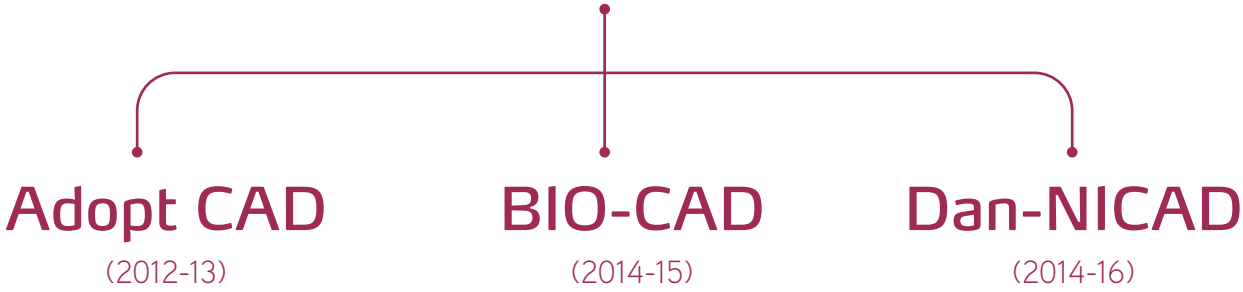
have been included in the clinical program, making the clinical development highly comprehensive and impressive. Additional studies are under way to further strengthen the performance metrics and the algorithm as well as expanding the product portfolio.

Dan-NICAD I

The long-term prognostic data from the Dan-NICAD I trials was first presented at the ESC Congress in September 2019 by Simon Winther, MD, PhD from Aarhus University Hospital, Denmark and later published in European Heart Journal – Digital Health. The Dan-NICAD I trial was initiated in September 2014 to assess non-invasive methods in patients referred for coronary computed tomography angiography (cCTA) due to symptoms suggestive of obstructive CAD. Clinically relevant prognostic data were assessed with a median follow-up time of three years to evaluate the correlation between CAD- score and prognosis in patients treated by current standard of care.

"This large prospective study demonstrates that heart sound analysis carries prognostic information on long-term events in patients with suspected CAD under the current

Clinical trial overview



standard clinical care. Hence, heart sound analysis seems to be a new prognostic marker in stable CAD and may improve initial risk stratification of these patients," says MD, PhD. Simon Winther from Gødstrup Hospital, Herning, Denmark.

FILTER-SCAD

The FILTER-SCAD study continued enrolling patients in 2021, but at a lower rate than anticipated due to the COVID-19 pandemic. 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, recruited from six different clinical study sites, including one Swedish center. The enrollment period is expected to be completed during 2022, followed by a 12-month follow-up period per center. The design of the study was presented in a publication in 2021. The study results are expected to be concluded by 2024.

Dan-NICAD II

The Dan-NICAD II study, with 1,726 patients referred for cCTA with symptoms suggestive of stable CAD, will further establish the diagnostic accuracy of the CADScor®System compared to other stratification alternatives commonly used today and add more validated clinical data for further development of the CADScor® algorithm. The study also includes patients below the age of 40 which may provide the opportunity of an expansion of the currently identified patient group, thus enabling the CADScor®System to be used on patients as young as 30 years of age. The first data were presented at ESC 2021, confirming a high negative predictive value and thus the potential of the CADScor®System for early rule-out of CAD. The results of the final analysis of the study data are expected to be submitted for publication in 2022.

AKUSTIK

The German AKUSTIK study is a clinical utility study of the CADScor®System as an early rule-out system in patients with suspected stable CAD. The study is a blinded comparison to standard care evaluation, including the stress ECG. The results of the final analysis of the study data are expected to be submitted for publication in 2022.

SEISMO for heart failure

The Acarix product portfolio will be expanded through research into the use of acoustic technology in the detection

of heart failure. The SEISMO trial was initiated in June 2018 to evaluate the possibility of developing an algorithm that can screen patients referred with suspicion of heart failure. The last patient in the study, with a total of 199 patients at two sites in Denmark, was enrolled in March 2020. In 2021, the study was extended to include 20 additional severe heart failure patients to further strengthen the data for development of an early heart failure detection algorithm.

"Completing the enrollment of the exploratory heart failure study was a great milestone for all involved. The new data looks promising for early heart failure rule-out and will be important for all affected patients today waiting far too long for a final diagnosis. The data could warrant a follow-up study to consolidate the findings and bring more data for algorithm development," says Professor Peter Søgaard, MD and primary investigator.

The SEISMO study showed a low prevalence of heart failure in patients referred for heart failure evaluation at an outpatient clinic, making a reliable and fast rule-out method highly relevant. "Heart failure affects more than 60 million people worldwide and is often complicated to diagnose. Our technology has the potential to simplify the diagnosis and increase the rate of early detection," says Helen Ljungdahl Round, CEO of Acarix.

The recording devices used in the SEISMO study are modified CADScor®System that obtain additional seismocardiographic data information. Patient enrollment is expected to be completed during 2022. The results from the final analysis of the study data are expected to be submitted for publication in 2023.

In February 2022, Acarix applied to the FDA for breakthrough designation for the heart failure program. The FDA has returned with a request for supplementary information in reviewing the application.

Health economic study proves the value of the CADScor®System in UK coronary disease diagnostics

A peer-reviewed publication in the September 2021 edition of PharmacoEconomics shows an estimated GBP 12.3 million (SEK 152 million) savings for the English healthcare system per 100,000 eligible patients when using the CADScor®System to rule out CAD, the most common cardiovascular disease and is the leading cause of death worldwide. In the UK, the current diagnostic pathway for CAD is costly, time consuming and for up to 90% of patients the tests are unnecessary. The authors assessed the cost utility of the CADScor®System to rule out CAD at an early stage in the diagnostic testing pathway in England. The results indicate cost savings of GBP 131 per patient over a one-year time horizon. The conclusion is that when initiated before using current standard tests such as cCTA, the CADScor® test reduced costs for the healthcare service over various time horizons.

"These independent health economic results show great potential to reduce costs and workload while increasing the focus of resources on the patients who need them. With the CADScor®System, the rule-out can be done accurately, quickly, and cost-effectively," says Helen Ljungdahl Round, CEO of Acarix.

The CADScor®System addresses a significant medical need in cardiology

CAD is one of the most common cardiovascular diseases. The primary symptom of CAD is chest pain, often associated with breathing difficulties, dizziness, or nausea.

It is difficult to determine whether the chest pain is related to the heart or not. Symptoms are often ambiguous and confused with signs of other discomfort and diseases, such as muscle pain, diffuse stomach complaints or psychosocial stress. Because of the difficulty in determining the cause of the chest pain, healthcare professionals will refer patients to cardiology specialists for further investigation, and in many cases it can take months before a diagnosis can or cannot be made.

In nine out of ten cases, the chest pain is not due to CAD. This results in a very high volume of tests and high healthcare costs, and nine out of ten patients could be saved from cumbersome and costly test procedures.

The primary examination consists of multiple steps, all evaluated to determine the need for further examinations. The diagnostic pathway depends on both the individual and the national guidelines and reimbursement structures.

The most common steps in the diagnosis of CAD are a general medical examination, exercise ECG, nuclear stress test, echocardiography, cCTA and coronary angiogram.

Today's tests are often inconsistent, costly and pose patient risks

The non-invasive alternatives, exercise ECG and echocardiography, often produce inconsistent results that depend on the cardiologist's assessment. Patients are frequently referred for an invasive coronary angiogram, resulting in high costs for the healthcare system and discomfort and unnecessary risks for the patient.

The need to reduce the number of non-invasive and invasive diagnostic procedures, while maintaining diagnostic reliability, seems imperative. Early identification and rule-out of patients who do not have significant CAD would reduce healthcare costs and patient anxiety. The CADScor®System offers a completely new approach to early assessment and rule-out. Physicians now have an easy-to-use, rapid diagnostic aid for patients presenting with chest pain and suspected CAD.

With CADScor®, we provide efficient rule-out of CAD

Every year, millions of people experiencing stable chest pain go through one and often several diagnostic procedures to check for the risk of CAD. These procedures vary in technological sophistication: some are invasive, some involve radiation to the suspected CAD patients and often the more advanced diagnostic procedures mean patients must wait for months before a conclusive diagnosis is established. With our CADScor®System, patients have the possibility to learn within ten minutes that their chest pain is not linked to their heart and have that peace of mind. Our overall vision is that everyone who needs or wants a CADScor®System assessment should be able to have one.

Market overview 2021

Entering the US market with FDA De Novo clearance and reimbursement approval.

Someone in the US dies from cardiovascular disease every 36 seconds. 18 million Americans live with coronary artery disease (CAD) and 1.15 million patients are diagnosed with CAD annually. Because chest pain can be a symptom of CAD, up to 9 times as many people suspected of the disease undergo one or more diagnostic procedures. Only 6-10% of those suspected of having CAD are diagnosed with the disease.

Diagnosing CAD imposes a significant burden on the US healthcare system. The annual cost is estimated at USD 9 billion, which includes the cost of staff involved in the process and the health economic cost. This represents an area of major potential savings.

Guidelines and use of diagnostic procedures in Europe are similar to the US, and we estimate similar opportunities to help make diagnostic pathways much more effective with the CADScor®System.

Because of our innovative technology, we are establishing a new market segment in early diagnosis of CAD. Our ideal positioning is at the early stages of the pathway, and our value lies in identifying and ruling out patients at low risk in order to focus on patients that require treatment for CAD, thereby reducing overall costs to healthcare systems.

Continued growth in Europe

During the year, we was a strong continued business in Europe, expanding the installed base of the CADScor®-System in Germany and in the Nordic markets, in particular in Sweden.

Sales of patches doubled compared with sales in the previous year. The increase is attributable to an increase in the installed base of the CADScor®System, combined with a higher rate of reorders from the existing customer base.

Growth is driven by sustaining and increasing the number of clinical evaluations and maintaining our high conversion rates from evaluation to purchase.

In Germany, we are in dialogue with the German G-BA on reimbursement for the CADScor®System. This is a long-term process, and it is progressing as planned. In the interim, we have a clearly defined strategy focusing on the private market. The private health insurance market represents approximately 10% of the total market, and our immediate focus is thus on serving this segment of the market while our strategic priority is to work on securing access to our innovative diagnostic technology for all suspected CAD patients. In Germany, we are also working on a partner strategy to engage local distributors in the early dialogue with potential CADScor®System customers.

REFERENCE:
1. CDC, National Ambulatory Medical Care Survey: 2018 National Summary Tables, tables 1 pdf icon[PDF – 793 KB]

In the Nordics, our focus is on Sweden. Our focus is on generating successful clinical experience with our CADScor®System in public as well as private clinics. We have seen solid interest in clinical evaluations of our innovative technology, and our focus is on accelerating the acceptance into regional health systems, such as Skåne.

In the UK, we have continued our constructive dialogue with representatives from NICE since their Medtech Innovation Briefing (MIB) report issued in 2019, which included a very positive assessment of the CADScor®System's potential. In the second half of 2021, we had several interactions with NICE officials and initiated dialogues and collaborations in selected RACPCs across the country. The aim of these collaborations is to generate local data demonstrating the feasibility of the CADScor®System in the healthcare system and to support a wider implementation of the technology across the UK.

Entering the US market

With the FDA De Novo clearance in late 2020, the focus during 2021 was on establishing a US commercial operation. Helen Ljungdahl Round was appointed President of Acarix USA Inc in September and by year-end a fully functioning US office was in operation ready to recruit key functions and taking orders. Both devices and patches have been successfully imported and are now in stock, ready for shipment. The Acarix USA Inc office is located in New York City.

In October 2021, following the FDA clearance, the AMA granted the CADScor®System a CPT III reimbursement code. The application was actively endorsed by the ACC and accepted by the AMA without remarks. CPT III reimbursement codes are assigned to emerging technologies, services, and procedures. In line with the CPT III process, the new code for the CADScor®System was published by the CMS in January 2022 and will be accessible to US payers and providers in July 2022. As per the process, there is no specific payment amount attached to the code. We are working with selected payers to grant the appropriate level of coverage and payment. Once a code is effective, healthcare providers will be able to submit reimbursement claims via their standard billing processes. This represents another important milestone for us in the US market and is a key building block of our US commercialization strategy. The CPT III code now enables us to initiate discussions with payers to support our US expansion.

The commercial introduction in the US can be divided into three phases:

1. The first phase, Limited Market Release, is focused on validating our marketing strategy, the interest among health care providers, our positioning of CADScor®-System in the diagnostic pathway and finally the reimbursement and billing process.

2. During the second phase, the Go-to-Market, we onboard all the learnings and scale up our commercialization. We hire our own sales organization in the key regions and increase our commercial partners to increase our momentum. We continue to collect new insights and adjust our strategy. We focus on driving the efficiency and invest appropriately to maximize our results.
3. During the transition from the second phase to the third phase, Scale up, we continue to drive the commercialization while also increasing focus on new channels and interesting opportunities. This stage also includes new technologies and indications to strengthen our product portfolio.

A Limited Market Release agreement was signed in November with Proximo Medical, providing Acarix with access to six representatives covering key states, IDNs and VA hospitals. Our targeting is based on identifying physicians and clinics with a high volume of chest pain patients and high volume of reimbursement claims. In these clinics, the CADScor®System can deliver most value, as also shown in an independent UK study, where potential savings reached GBP 12.3 million per 100,000 patients.

The initial interest in the CADScor®System has been strong and many physicians have confirmed that the ideal use is in the early rule-out of patients before stress tests and other diagnostic procedures. Many have confirmed that the ideal placement for the CADScor®System is among cardiology primary care referral networks, urgent care, and potentially also emergency departments. We are now ready to move to the next phase, go-to-market, and expand our commercial footprint with our own sales force, combined with commercial partnerships.

Our pricing is based on payer and provider research, where we have assessed the optimal pricing of both the device and patches with 25 payers and 150 providers. The data confirms a strong acceptance of our value proposition, confirmation of our pricing strategy and the expected reimbursement levels.

To deepen our understanding of this novel AI-based technology in the US healthcare system, we are working on establishing a few referral centers where we will work closely with a few clinics on deepening our understanding of the clinical value and use, billing, and reimbursements as well as patient experience.

Patients have expressed an appreciation for the opportunity to have a calm non-invasive assessment and rapid response. For those with a score of 20 or below, we have seen an immediate sense of relief and for those above 20 they will continue with additional testing.

> "...it was such an easy and simple procedure. It took no more than maybe 10 to 15 minutes. I got my CAD score, and it was a 13. It just gave me this sense of peace and relief that it wasn't my heart. I wasn't having a heart attack; I didn't have blocked arteries or anything like that."

Kelly, patient in the US.

A PATIENT'S STORY:

Kelly Kolodney

For several weeks, I had been experiencing some pain around my heart, like my chest was being squeezed. It could get really bad at night sometimes.

My husband, who is not one to get worked up, said,

"This isn't getting any better. We'd better go to the emergency room and see what's going on."

Quite soon I was tested using the CADScor®System. It was a very simple process, and it didn't take more than 10 to 15 minutes. Afterwards I got my test results, which showed a CAD score of 13.

After the test I felt calm and relieved that there wasn't a problem with my heart. I wasn't having a heart attack; I didn't have blocked arteries or anything like that. The pain was probably caused by stress or some other harmless reason.

I was so grateful that I could get this assessment without having to go through all kinds of expensive tests. What a relief!

The share

Acarix AB (publ) is the Parent Company of the Group, which comprises five wholly owned subsidiaries. The Acarix share has been traded on the First North Growth Market in the Premier segment since December 19, 2016. The share was introduced at a price of SEK 17.60 per share and the final closing price at December 30, 2021 was SEK 0.87. In 2021, the highest price paid was SEK 2.19 on April 30, 2021, and the lowest price paid was SEK 0.74 on December 27, 2021.

The final result of the rights issue was announced in December, after which a share issue offsetting debt was initiated. Due to the rights issue, the number of shares increased by 105,784,077, from 141,045,437 to 246,829,514 and approximately SEK 79 million was contributed to the company before expenses related to the rights issue. The dilution effect of the rights issue was 42.86%.

The guarantors of the rights issue, in accordance with the guarantee agreements that had been entered into, had the possibility of choosing to receive guarantee compensation in the form of cash remuneration or newly issued shares in the company. A number of guarantors elected to receive the guarantee compensation in the form of newly issued shares. In view of this and pursuant to an authorization from the Annual General Meeting (AGM) on May 11, 2021, a share issue offsetting debt totaling 5,142,680 shares was implemented. Through the share issue offsetting debt, the number of Acarix shares increased to a total of 251,972,194. The dilution effect of the share issue offsetting debt was 2.04%.

The rights issue and share issue offsetting debt were registered with the Swedish Companies Registration Office at the beginning of January 2022.

The share is traded under the ACARIX ticker and the ISIN code SE0009268717 and is included in the Nasdaq First North Healthcare GI, which rose by 43.6% in 2020 and declined by 2.2% in 2021.

The number of shares in the company at year-end totaled 141,045,437 (141,045,437), comprising a total market cap of SEK 122.7 million (169.2) at December 30, 2021. The Acarix share is monitored regularly by Redeye analysts.

Shareholder register December 31, 2021	Number of shares	Votes and capital
Försäkringsktiebolaget Avanza Pension	12,107,205	8.6%
Bank of New York Mellon Sa/Nv Frkn (formerly Bny)	5,835,521	4.1%
Sydbank A/S	4,199,673	3.0%
Xinchang Puhua-Jingxin-Guzhou Heal	2,654,259	1.9%
Northern Trust Global Services, Se	2,354,418	1.7%
Saxo Bank A/S Client Assets	2,015,139	1.4%
Carnegie Investment Bank Filial Af	1,920,000	1.4%
Öbrink, Anders	1,777,021	1.3%
Bank of New York Mellon Sa/Nv Frkn Jyske Bank	1,752,186	1.2%
Bergvall, Leif Harald	1,500,000	1.1%
10 largest shareholders, total	**36,115,422**	**25.6%**
Other shareholders	104,930,015	74.4%
Total	**141,045,437**	**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 2020/2023

At the general meeting held on May 14, 2020, a resolution was passed on a warrant program carrying entitlement to subscribe for shares.

Incentive Program 2020/2023 for senior executives, employees and key persons comprises an issue of a maximum of 3,000,000 warrants, with each warrant entitling the holder to purchase one share during the exercise period of August 1, 2023 through October 1, 2023. The subscription price for the shares pursuant to the warrant program is SEK 1.17 before recalculation after completion of the rights issue and share issue offsetting debt.

Market-based pricing was applied in conjunction with the warrant offering. The duration of the incentive program is three years.

Warrant Program 2021/2025

At the general meeting held on May 11, 2021, a resolution was passed on a warrant program carrying entitlement to subscribe for shares.

Incentive Program 2021/2025 for Board members comprises an issue of a maximum of 2,000,000 warrants, with each warrant entitling the holder to purchase one share during the exercise period of June 1, 2025 through August 31, 2025. The subscription price for the shares pursuant to the warrant program is SEK 2.25 before recalculation after completion of the rights issue and share issue offsetting debt.

Market-based pricing was applied in conjunction with the warrant offering. The duration of the incentive program is four years.

Employee warrant program

At an extraordinary general meeting held on August 5, 2021, a resolution was passed concerning an employee warrant program conferring entitlement to subscribe for shares.

Incentive Program 2021/2024 for senior executives, employees and certain key persons comprises an issue of a maximum of 2,000,000 employee warrants. Each warrant entitles the holder to acquire one new share in the company for an exercise price corresponding to 130% of the volume-weighted average price on Nasdaq First North Premier Growth Market from October 21, 2021 through November 22, 2021.

Allotted employee warrants are vested over a three-year period as follows:

a) 40% of allotted employee warrants are vested on November 1, 2022, and
b) 60% of allotted employee warrants are vested quarterly on a straight-line basis from November 1, 2022 through November 1, 2024.

The employee warrants will be allotted free of charge. The payroll expenses for the warrants in the financial statements are estimated at a total of about SEK 1,700,000 including social security costs from 2021–2024.

AGM

The AGM of Acarix AB (publ) will take place on May 11, 2022 at the offices of Baker & McKenzie Advokatbyrå, Vasagatan 7, SE-101 23 Stockholm, Sweden. The notice to attend the AGM will be published on Acarix's website www.acarix.com.

Resolutions concerning the distribution of profit in limited liability companies are passed 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, are registered as holders of shares in the shareholder 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 tax residents in Sweden are generally liable for Swedish with holding tax.

Risks and uncertainties

Acarix's operations and market are exposed to a number of risks that are fully or partly 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 and are not 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, particularly countries in which the company has no previous experience, carry risks that can be difficult to foresee. In addition, 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 rates 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 revenue stream.

Products and market acceptance

There is a risk that the company's products will not generate revenue that justify the company's presence in the market. If the company's products do not generate revenue, 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 impact 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 in individual markets will be delayed, become more expensive or will not materialize, 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 for the rule-out of CAD or that competitors' products will be included in insurance companies' reimbursement programs and/or be included in state directives for the treatment of CAD, 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 permissions from the authorities. Acarix operates in a market that in various 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 is 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 creates a risk that planned product development will be more time-consuming and/or more costly than planned.

Key person dependency

For the continued development of the company, Acarix is dependent on certain key persons who at the time of this

annual 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' expertise. 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.

Product liability

In view of the nature of Acarix's business, it is relevant to consider the product liability that arises when the company develops and commercializes products. The Board of Directors is of the opinion that the company's current insurance cover is satisfactory, in view of the nature and scope of the business. However, there are no guarantees that the company's insurance cover will fully be able to cover potential future legal requirements, which could adversely affect Acarix's operations and earnings.

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 may infringe, or be alleged to infringe, upon a third party's intellectual property rights or that a third party may infringe, or be alleged to infringe, upon the company's intellectual property rights. This could result in the company needing to defend itself against an alleged infringement or defend its intellectual property rights. If one or more of these 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 or 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 the company's access to financing. There is a risk that the company will not be able to obtain financing or that it will not be possible to obtain financing on terms that are favorable to Acarix or that the capital procured will not be 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 the DACH region, the US and the Nordics. Acarix conducts, and has conducted, its operations in accordance with the company's interpretation of the tax legislation applicable at each respective time, the 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 may be incorrect, or that such rules could be changed retroactively.

Legislation and regulations

Should Acarix's operations become subject to restrictions from authorities or should the company fail to obtain necessary future government approvals, this could adversely affect Acarix commercially and financially.

Disputes

The company may occasionally become involved in legal disputes or be the subject of claims, investigations or other administrative proceedings that could result in Acarix being liable to pay compensation or to discontinue a certain activity or in members of the Board or other employees of the company risking 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 have a negative impact on Acarix's clinical and commercial activities in both the short and the long term. This may also impact access to capital, which could affect Acarix's ability to obtain the necessary funding for its operations. The subsequent effects of COVID-19 are currently difficult to predict, but there is a risk that it will affect Acarix's clinical programs, access to critical components and sales development in 2022 and the possibility to raise necessary capital in the beginning of 2023. See also Note 5 Financial Risks.

Corporate Governance Report

Introduction

Acarix AB (publ) is a Swedish public limited liability company with its head office and registered office in Malmö and whose shares are traded on the Nasdaq First North Growth Market in the Premier segment. Acarix has about 3,500 shareholders. In addition to the Parent Company, the Group consists of the following wholly owned subsidiaries:

- Acarix A/S, Hellerup, Denmark
- Acarix GmbH, Cologne, Germany
- Acarix GmbH, Vienna, Austria
- Acarix USA Inc. New York, USA
- Acarix Incentive AB, Malmö, Sweden

The Board of Directors of Acarix AB (publ), Corp. Reg. No. 559009-0667 ("the company") hereby submits its Corporate Governance Report for 2021 based on Swedish law, such as the Swedish Companies Act and the Swedish Annual Accounts Act, and external control instruments, including First North's Rule Book for Issuers and the Swedish Corporate Governance Code ("the Code"). The Code is based on the "comply or explain" approach, which means that a company that applies the Code need not comply with every rule of the Code at every point in time; instead it is permitted to apply alternative solutions regarded as more suitable to the company's special circumstances. A prerequisite for this is that every deviation is reported, that the solution chosen instead is described and that an explanation for the deviation is reported.

Comments on deviations from the Code's regulations for the fiscal year are provided under the relevant section of the report. The comments on the deviations pertain to background and cause and to what extent the decided changes will be implemented in forthcoming fiscal years. No infringements of First North's Rule Book for Issuers or of generally accepted stock market practices according to decisions of Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council occurred during the fiscal year.

The internal governance documents that impact Acarix's corporate governance include the Articles of Association and the instructions and rules of procedure for the Board of Directors and the CEO. The Articles of Association are available on Acarix's website www.acarix.com under Corporate Governance.

General meeting

The company's highest decision-making body is the general meeting of shareholders and the shareholders can exercise their control over the company at such a general meeting. Shareholders wishing to participate in a general meeting, personally or by proxy, must be entered in the shareholder register maintained by Euroclear Sweden AB five days before the general meeting – the exact date is shown in the official notice of the AGM – and must notify the company of their intention to attend in the manner stated in the official notice. Official notice of a general meeting occurs through an advertisement and via the company's website (www.acarix.com). The AGM is to be held within six months of the end of the fiscal year. Shareholders wishing to have a matter addressed at an AGM must submit a written request to the company in ample time, normally about seven weeks prior to the AGM, to ensure that the matter can be included in the official notice of the AGM. At the AGM, the shareholders resolve on various matters, including the election of the Board of Directors and where appropriate of auditors, how the Nomination Committee is to be appointed and whether to discharge the Board of Directors and the CEO from liability for the past year. Resolutions are also made concerning the adoption of the annual report, appropriation of profit or the treatment of any loss, and fees to be paid to the Board of Directors and the auditors. According to the Articles of Association, the Board is to consist of at least three and at most ten AGM-elected members. The Articles of Association contain no specific clauses governing the appointment or dismissal of Board members or regarding amendments to the Articles of Association. Extraordinary general meetings are held when necessary.

2021 AGM

Acarix's 2021 AGM was held on May 11 in Stockholm.
The following resolutions were adopted at the AGM:

- to adopt the annual report for 2020.
- that no dividend be paid for 2020, in accordance with the Board of Directors' proposal in the official notice.

- to discharge the Board members and the CEO from liability for the 2020 fiscal year.
- that the Board of Directors is to consist of four Board members and no deputy members, in accordance with the Nomination Committee's proposal.
- that the number of auditors is to be one registered accounting firm.
- that remuneration to the Chairman of the Board is to be paid in an amount of SEK 400,000, and SEK 200,000 is to be paid to each of the other Board members, in accordance with the Nomination Committee's proposal. that no fees are to be paid to the Chairman of the Audit Committee and the Chairman of the Remuneration Committee.
- to re-elect Marlou Janssen and Ulf Rosén in accordance with the Nomination Committee's proposal. A resolution to elect Fredrik Buch and Philip Siberg as new Board members was also adopted, and Philip Siberg was also elected as the new Chairman of the Board. It was noted that Johanne Braendgaard, Werner Braun, Anders Jakobson and Paolo Raffaelli had notified the company that they would not stand for re-election.
- to approve the proposal in the official notice concerning re-election of the registered accounting firm Öhrlings PricewaterhouseCoopers AB as auditor, with Authorized Public Accountant Cecilia Andrén Dorselius as auditor-in-charge.
- to adopt principles for the Nomination Committee in accordance with the Nomination Committee's proposal, which were unchanged compared with the preceding year.
- to approve the Board's proposal in the official notice concerning guidelines for executive remuneration.
- to authorize the Board to make decisions on new issues of shares and/or convertible debentures and/or warrants in accordance with the Board of Directors' proposal.
- to amend the company's Articles of Association in accordance with the Board of Directors' proposal and to adopt new Articles of Association.
- to implement an incentive program for Board members in accordance with the shareholders' proposal.
- to issue warrants without preferential rights for shareholders, in accordance with the proposal.
- to approve a subsidiary's right to transfer all subscribed warrants in accordance with the proposal.

The minutes of the 2021 AGM, the instructions for the work of the Nomination Committee and other information are available at www.acarix.com.

2022 AGM

The AGM will take place on May 11 at the offices of Baker & McKenzie Advokatbyrå, Vasagatan 7, SE-101 23 Stockholm, Sweden. The official notice will be published through an advertisement in Post och Inrikes Tidningar and by making the official notice available on the company's website. For matters related to the Nomination Committee and the AGM, refer to Acarix's website or contact valberedningen@acarix.com or agm@acarix.com.

Extraordinary general meeting

Acarix held an extraordinary general meeting on November 23, 2021. The following resolutions were adopted at the extraordinary general meeting:

- to adopt the Board of Directors' proposal concerning a rights issue in accordance with the Board of Directors' proposal.
- to implement an employee warrant program for senior executives, employees and other key persons in accordance with the Board of Directors' proposal, and to issue and transfer warrants.

Nomination Committee

The Nomination Committee's work is regulated by instructions adopted by the AGM. The Nomination Committee, whose assignment is to prepare and formulate proposals for the election of Board members, the Chairman of the Board, the Chairman of the AGM and the auditors. The Nomination Committee is also responsible for proposing the fees to be paid to Board members and auditors. The members of the Nomination Committee are to be made public on the company's website no later than six months prior to the AGM.

The Nomination Committee, which is to be appointed for the period until a new Nomination Committee has been appointed, is to consist of four members, of whom three are to be appointed by the company's three largest shareholders in terms of voting rights and the fourth is to be the Chairman of the Board. As soon as reasonably possible after the end of the third quarter, the Chairman of the Board is to con-

tact, in an appropriate manner, the company's three largest shareholders in terms of voting rights whose holdings at that particular point in time are registered in the shareholder register maintained by Euroclear Sweden AB and ask them to name in writing, within a reasonable period considering the circumstances, which must not exceed 30 days, the person that the shareholder wishes to appoint as a member of the Nomination Committee and send this to the Nomination Committee. If one of the three largest shareholders does not want to exercise his/her right to appoint a member of the Nomination Committee, the next shareholder in line will be offered the right to appoint a member of the Nomination Committee. Should several shareholders abstain from their right to appoint members of the Nomination Committee, the Chairman of the Board is not required to contact more than eight shareholders, assuming that it is not necessary to compose a Nomination Committee comprising at least three members.

The Nomination Committee is to formulate the following proposals for the AGM:

- Chairman of the AGM
- Candidates for the position of Chairman and other members of the Board
- Fees to be paid to the Board members and Chairman
- Fees to be paid to members of committees within the Board of Directors
- Election of and fees to be paid to the company's auditor, and
- Principles for the Nomination Committee

In connection with the preparation of its proposal concerning the members of the Board of Directors, the Nomination Committee is to consider the Board of Directors' evaluation of its work and take into account the requirements regarding the composition of the Board of Directors pursuant to the Swedish Companies Act, the Swedish Corporate Governance Code and Nasdaq Stockholm's Rule Book for Issuers. When preparing its proposals, the Nomination Committee is to take into account the fact that the Board must have an appropriate composition in view of the company's operations, stage of development and conditions in general, characterized by diversity and breadth as regards the expertise, experience and background of the members. The aim is to have an even gender distribution. The Nomination Committee ahead of 2022 AGM was appointed in accordance with these principles and consists of Werner Braun, Ulf Rosén (Chairman) and Yunfei Hong.
The company complies with the Code's regulations with the exception of the composition of the Nomination Committee. The deviation consists of the fact that the Nomination Committee consists of two external shareholders and the Chairman. The reason for this deviation is that most of the contacted shareholders declined membership of the Nomination Committee.

Board of Directors

According to the Articles of Association, Acarix's Board of Directors is to consist of at least three and not more than ten members elected by the AGM for the period until the end of the next AGM. The Board members are to be elected annually at the AGM for the period until the end of the following year's AGM. The AGM on May 11, 2021 elected four Board members, two via re-election and two via new election to replace members who had stepped down. The company's legal counsel served as the Secretary of the Board. Other Acarix executives participate in Board meetings as reporters on specific matters. According to the Code, a majority of the Board members elected by the AGM are to be independent in relation to Acarix and Group management. Also according to the Code, at least two of the Board members who are independent in relation to Acarix and Group management must also be independent in relation to the company's major shareholders. The composition of Acarix's Board of Directors fulfills the independence requirements of the Code. The shareholdings of individual Board members, their independence in relation to the company, Group management and the company's major shareholders, and their assignments in other companies are presented in the table below and the Board members are presented on pages 42–43.

On behalf of the shareholders, the Board of Directors is to manage the company's affairs so that the shareholders' interests in obtaining a capital return are optimally satisfied. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. In its administration, however, the Board is obligated to abide by special regulations that may have been announced by the AGM, assuming that the particular regulation does not conflict with the law or the Articles of Association.

The Board is responsible for the company's organization. In so doing, the Board of Directors is to:

- establish the company's overriding objective, strategies, financial objectives and action plans.
- ensure that the company has a satisfactory organization for its operations and that the company is managed in a satisfactory manner and in compliance with the company's Articles of Association, the Swedish Companies Act and other laws and ordinances. The Board of Directors also has overall responsibility for the supervision of the company's subsidiaries, regardless of where they are located or the legislation that is applicable.
- ensure that the company has appropriate systems for the follow-up and control of the company's operations and the risks to which the company and its operations are exposed.
- ensure that the company has appropriate governance and reporting procedures.
- ensure that the company has adequate internal controls and continuously keeps itself informed of and evaluates how the company's system for internal control functions.
- establish and evaluate key policies and guidelines for the company, such as a policy governing inside information, including procedures for lists of insiders and an information policy.
- where appropriate, annually commission and establish a Corporate Governance Report.
- continuously discuss the risks to which the company is exposed.
- ensure that the company's information disclosure is characterized by transparency and is correct, relevant and reliable.
- ensure that the company complies with applicable legislation, the Articles of Association and regulations in respect of procedures for the official notice of the AGM.
- review and monitor plans, budgets and similar items, and make decisions on reports about the company's liquidity, incoming orders, significant appropriations, overall insurance conditions, financing conditions (i.e. making decisions on whether the company's access to funds is satisfactory at any given time in relation to the company's operations), cash flow and special risks.
- make decisions on reports from the company's auditor and ensure that the company's bookkeeping and asset management are checked in a manner that is satisfactory in relation to the company's circumstances.
- continuously during the fiscal year, examine the company's periodic reports and periodic accounts and, in connection therewith, check any deviations from the year's budget.
- appoint and dismiss the company's CEO.
- exercise supervision over the CEO and other members of management.
- annually evaluate the CEO's work.

The Chairman of the Board prepares for Board meetings together with the CEO. The Chairman of the Board is to approve the agenda prepared by the CEO, which is then to be sent to the Board members together with comprehensive decision-making documentation prior to every Board meeting. At every scheduled Board meeting, a review is conducted of the operations, including performance and progress in research and development, clinical studies, business development, the Group's earnings and financial position, financial reporting and forecasts.

Work and evaluation of the Board of Directors

Every year, the Board of Directors adopts rules of procedure for its work. This occurs in conjunction with the statutory Board meeting after the AGM and thereafter the rules of procedure are updated where necessary. The rules of procedure describe such matters as the Board of Directors' responsibilities and duties, the internal division of work and work methods as well as the division of work between the Board of Directors and the CEO. The current rules of procedure were adopted on May 11, 2021. Once annually, the Chairman evaluates work on the Board of Directors.

Chairman of the Board's responsibilities

The Chairman of the Board monitors Acarix's operations by maintaining continuous contact with the CEO. The Chairman organizes and leads the work of the Board of Directors and is responsible for ensuring that the other Board members receive satisfactory information and decision-making documentation. The Chairman is also responsible for ensuring that new Board members are continuously updated and add to their knowledge of Acarix and otherwise receive the training required for the Board's work to be conducted efficiently. In addition, the Chairman is responsible for contacts with shareholders concerning shareholder issues and for ensuring that the Board conducts an annual evaluation of its work.

Board members' attendance and independence, 2021	Elected	Attendance at Board meetings	Attendance at Remuneration Committee meetings	Attendance at Audit Committee meetings	Independent in relation to the company and Group management	Independent in relation to the company's major shareholders
Philip Siberg (Chairman)	2021	4(0)	–	2(0)	Yes	Yes
Ulf Rosén	2016	5(7)	2(1)	–	Yes	Yes
Marlou Janssen	2020	5(3)	2(1)	–	Yes	Yes
Fredrik Buch	2021	4(0)	–	2(0)	Yes	Yes
Werner Braun	2016	1(7)	1(1)	–	Yes	Yes
Paolo Raffaelli	2019	1(7)	–	1(1)	Yes	Yes
Johanne Braendgaard	2018	1(7)	–	1(1)	Yes	Yes
Anders Jacobson	2020	1(3)	–	1(1)	Yes	Yes

Werner Braun, Paolo Raffaelli, Johanne Braendgard and Anders Johansson declined re-election.
Philip Siberg and Fredrik Buch were elected to the Board of Directors.
In total, five Board meetings were held during the year, including one statutory Board meeting.
An additional five meetings were held by circular letter in conjunction with the rights issue/share issue offsetting debt.

Remuneration of Board members and Group management, 2021, kSEK	Director's fee/Base salary	Director's additional services	Bonus	Pension costs	Other social security costs	Total
Philip Siberg, Chairman of the Board	233	–	–	–	73	307
Fredrik Buch, Board member	117	–	–	–	12	129
Ulf Rosén, Board member	201	–	–	–	63	264
Marlou Janssen, Board member	201	–	–	–	63	264
Werner Braun, Board member	253	–	–	–	26	279
Paolo Raffaelli, Board member	84	–	–	–	27	111
Johanne Braendgaard, Board member	84	–	–	–	27	111
Anders Jacobson, Board member	84	–	–	–	27	111
Subtotal, Board members	**1,258**	**0**	**0**	**0**	**317**	**1,575**
Per Persson, CEO	2,286	–	300	434	829	3,848
Other members of Group management	3,067	–	367	247	1,105	4,786
Subtotal, Group management	**5,353**	**0**	**667**	**681**	**1,934**	**8,635**
Total	**6,611**	**0**	**667**	**681**	**2,251**	**10,210**

The Remuneration and Audit Committee received no remuneration after the general meeting held on May 11, 2021.
Helen Ljungdahl Round assumed the position of CEO in January 2022.

Work of the Board of Directors 2021

During the fiscal year, a total of ten minuted Board meetings were held, including five scheduled meetings, of which one was a statutory meeting. Three meetings were held by circular letter related to the rights issue/share issue offsetting debt. Board meetings have a recurring structure with predetermined main points. Information material and decision-making documentation prior to Board meetings are generally sent approximately one week before each meeting.

Evaluation of Board work

According to the Code, the Board of Directors, through a systematic and structured process, is to annually evaluate the work of the Board with the objective of developing the Board's work methods and efficiency. The Board of Directors' work in 2021 was evaluated together with FNCA Sweden AB during the first quarter of 2022. The evaluation was carried out by all Board members responding to a questionnaire with questions about the Board's activities. The results from the

evaluation are compiled in a report and presented to the Board of Directors and members of the Nomination Committee.

Board of Directors' committees

The Board of Directors has established two formal committees: the Audit Committee and the Remuneration Committee. The Audit Committee's duties include maintaining and enhancing the efficiency of contacts with the Group's auditor, and exercising supervision over procedures for accounting and financial reporting. The company's auditors participated in all of the Audit Committee's meetings. The Committee and the auditors jointly discussed and established the scope of the audit.

The duties of the Remuneration Committee are to prepare matters concerning remuneration and terms of employment for the Group management.

Group management

CEO and Group management

The Board of Directors appoints the CEO to manage the company. In his role, the CEO reports to the Board of Directors and his main duty is the everyday management of the company's operations. The Board of Directors' rules of procedure and the instructions for the CEO establish which matters the company's Board is to make decisions on and which decisions fall within the CEO's area of responsibility. The CEO is also responsible for formulating reports and the decision-making documentation required ahead of Board meetings and serves as a reporter of this material at the Board meetings. The CEO is to take the actions necessary to ensure that the company's accounting complies with the law and to ensure that the company's funds are managed in a satisfactory manner. It is therefore the CEO's responsibility to ensure that the company has efficient internal controls and procedures for ensuring that the established principles for financial reporting and internal control are applied.

The CEO is obligated to attend all general meetings in the company, whether they be the AGM or an extraordinary general meeting. In a serious crisis, it is also the CEO's duty to immediately inform the Board of Directors and, if necessary, to establish and instruct a crisis committee and formulate a contingency plan for the business. As soon as the CEO suspects that an event or a practice could have a significantly adverse impact on the business or the company's position, for example a liquidity crisis, he must report this to the Chairman of the Board.

The instructions for the CEO also apply to the Deputy CEO, when acting on behalf of the CEO.

The CEO also leads the work of Group management. In 2021, in addition to the CEO, Group management consisted of the CFO, the CMO and the President for the US market. As of December 31, 2021, Group management comprised four people. For more information about Acarix's senior executives, refer to page 38 of the Annual Report.

Incentive program 2021

At an extraordinary general meeting held on August 5, 2021, a resolution was passed concerning an employee warrant program conferring entitlement to subscribe for shares.

Incentive Program 2021/2024 for senior executives, employees and certain key persons comprises an issue of a maximum of 2,000,000 employee warrants. Each warrant entitles the holder to acquire one new share in the company for an exercise price of SEK 1.3364, corresponding to 130% of the volume-weighted average price on Nasdaq First North Premier Growth Market from October 21, 2021 through November 22, 2021.

Allotted employee warrants are vested over a three-year period as follows:

a) 40% of allotted employee warrants are vested on November 1, 2022, and
b) 60% of allotted employee warrants are vested quarterly on a straight-line basis from November 1, 2022 through November 1, 2024.

The employee warrants will be allotted free of charge. The payroll expenses for the warrants in the financial statements are estimated at a total of about SEK 1,700,000 including social security costs from 2021–2024.

Internal control and risk management of financial reporting

The Board of Directors is responsible for ensuring that there is an efficient system for internal control and risk management. The responsibility for creating favorable conditions for working on these matters has been delegated to the CEO. Both Group management and managers at various levels in the company have this responsibility within their respective areas. Authorities and responsibilities are defined in policies, guidelines, job descriptions and instructions for authorization rights. The Board has decided not to establish a special audit

function (internal audit). The Board of Directors' annual evaluation concerning the need for such a function shows that is not warranted in view of the business's scope and risk exposure.

Pursuant to both the Companies Act and the Code, the Board is responsible for ensuring that the company maintains adequate internal controls and keeps itself continuously informed of and evaluates how the company's system for internal control functions.

Control environment

The procedures for internal control, risk assessment, control activities and the follow-up of financial reporting have been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations as well as other requirements that are to be applied by companies listed on Nasdaq First North Premier. This work involves the Board, Acarix's Group management and other employees.

Since its market listing, Acarix has chosen to continuously outsource accounting and payroll services. Acarix provides a comprehensive solution comprising an accounting portal and services whereby the supplier, through an assignment description, is responsible for operation, maintenance and support. Analytical work and financial reporting are handled internally within the company's finance function.

The company's control environment is continually further developed and its control activities are in progress and gradually being aligned to the company's size and business complexity.

A distinct division of roles and responsibilities for efficient management of the operations' risks is ensured, for example, through compliance with the Board of Directors' rules of procedure, the CEO's instructions and the governance documents adopted by the Board, including authorization orders.

Risk assessment

Acarix's Board of Directors works continuously and systematically with risk assessments in order to identify risks and take actions to offset them. The company conducts risk assessment continuously, whereby risks are identified from a company perspective. The risk process is being further developed in 2022 as the company grows and becomes more complex.

Information and communication

To achieve correct information disclosure and clear external communications, the company has issued an information policy concerning the management of information involving external parties. The policy stipulates guidelines for how such communication should be conducted, and who is authorized to provide specific types of information. This is designed to ensure compliance with information obligations according to the law and listing agreements and to ensure that investors receive timely information.

Follow-up, evaluation and reporting

The CEO is responsible for ensuring that the Board continuously receives reports on the development of the company's operations, including the development of the company's earnings and financial position, as well as information about significant events, such as clinical results and important agreements. The Board of Directors meets the company's auditor annually, during which the company's internal controls and financial reporting are discussed.

Internal audit

Acarix has no specific audit function (internal audit). The company has an uncomplicated legal and operational structure whereby the Board of Directors continuously monitors the company's internal control in conjunction with external and internal financial reporting. In addition, the Audit Committee monitors the efficiency of the internal controls and risk management in respect of financial reporting. Against this background, the Board of Directors has chosen not to establish a specific internal audit function.

External audit

The company's auditor is normally elected by the AGM for the period until the end of the next AGM. The auditor examines the annual accounts and accounting records as well as the administration of the business by the Board of Directors and the CEO. Following each fiscal year, the auditor is to submit an audit report to the AGM. Each year, the company's auditor also reports his/her audit observations and assessment of the company's internal control to the Board.

The 2021 AGM re-elected the accounting firm Öhrlings PricewaterhouseCoopers AB (PwC), with Authorized Public Accountant Cecilia Andrén Dorselius as auditor-in-charge at Acarix up to the end of the 2022 AGM.

The team

We have been strengthening the team at Acarix both at the management level and the Board of Directors, with the objective to bring in the necessary experience to commercialize the CADScor®System in key markets.

Board of Directors

The addition of new Chairman Philip Siberg brings a new level of US experience and start-up success to the company. Philip has a strong proven track record of building successful companies, most recently with Coala Life in the US.

Global management team

We have strengthened our global management team with senior executives across key functions. This new team has the required experience to take Acarix through this next phase of growth and transformation.

As of March 1, 2022, the global management team consists of the senior executives:

Helen Ljungdahl Round
President and CEO

Helen has over 25 years of experience from global executive positions, having led transformation and driven growth at Merck & Co, Inc (MSD), a global biopharmaceutical company, and GN Hearing, a global medtech company. Helen's most recent position was CEO of Amnicell, a US biotech start-up company. Helen holds a degree in business administration from Uppsala University, Sweden, and an MBA from the American Graduate School of International Management in Arizona in the US.

Christian Lindholm
CFO

For the past 25 years, Christian has held positions as CFO at both private and listed companies. Prior to joining Acarix, Christian was CFO of Doro AB and TFS International AB. Christian studied business administration at the University of Växjö.

Marianne Norskov
CRO

Marianne joined Acarix as Clinical Program Manager in 2017, and her responsibilities have now expanded to leading R&D. Marianne has more than 15 years' experience in clinical study management and epidemiology research from Novo Nordisk and Academia. Marianne holds an MSc in Biochemistry and a PhD from Copenhagen University.

Thomas Stig Lundstrøm
COO

Thomas brings experience from operating and leading multiple large-scale supply chain transformations including outsourcing of manufacturing, offshoring, lean manufacturing, establishing procurement departments and ERP implementations. He has more than 15 years of experience from GN Hearing, a global medtech company. Thomas holds an MSc from the Danish Technical University and an Executive MBA from IMD, Switzerland.

Anders Krabbe
CCO

Anders joined Acarix in 2021 as Chief Strategy and Marketing Officer and will assume the role of Chief Commercial Officer. He brings a strong commercial life science background from global and regional leadership roles at Novo Nordisk, Ferring Pharmaceuticals and Zealand Pharma. He holds an MSc from Copenhagen Business School, a CEMS Master's degree and a mini-MBA from IMD, Switzerland.

"The appointment of this management team is a strong step in setting up the company for successful research development, commercial growth and operational scale capabilities, and I am very happy to announce these appointments. All leaders bring 20+ years of global life science industry experience and I look forward to working closely with this team on achieving our objective of SEK 200 million in revenue by 2024,"
says Helen Ljungdahl Round, President and CEO of Acarix.

Management

Helen Ljungdahl Round

CEO SINCE 2022

Born: 1964.

Education: Helen Ljungdahl Round holds a BSc in Economics from Uppsala University, Sweden, and an MBA from the American Graduate School of International Management in Arizona in the US.

Previous engagements/experience: Helen has more than 25 years of leadership experience in strategy, product innovation, corporate management, and marketing and sales in both the pharmaceutical and medical technology industries. Helen has held numerous international managerial and leadership roles at Merck & Co, Inc., working in North America, the EU, the Middle East/Africa, Latin America and Asia. Her career also includes positions as the CEO of AMNICELL, a biotechnology startup based in New York City, and as Senior Vice President for Global Marketing & Business Development for GN Hearing Denmark.

Other significant ongoing assignments: Deputy Chairman of the Board, Pearl S Buck International. Adviser to SonicCloud, a hearing impairment software company in California.

Acarix holdings: 1,000,000 shares and 300,000 stock options.

Contact: helen.round@acarix.com
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Christian Lindholm

CFO SINCE 2016

Born: 1964.

Education: Christian Lindholm studied business administration at the University of Växjö and Kristianstad University.

Previous engagements/experience: For the past 17 years, he has held positions as CFO in both private and listed companies. Prior to joining Acarix, Christian Lindholm was CFO of Doro AB and TFS International AB.

Other significant ongoing assignments: Board member of Lindholm Finance AB.

Acarix holdings: 13,333 shares and 800,000 warrants.

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Marianne Norskov

CHIEF RESEARCH OFFICER (CRO) SINCE 2022

Born: 1978.

Education: Marianne holds an MSc in Biochemistry and a PhD from Copenhagen University.

Previous engagements/experience: Marianne has more than 15 years' experience in clinical study management and epidemiology research from Novo Nordisk and Academia.

Other significant ongoing assignments: None.

Acarix holdings: No shares, 150,000 warrants and 200,000 stock options.

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Thomas Stig Lundstrøm

CHIEF OPERATING OFFICER (COO) SINCE 2022

Born: 1974.

Education: Thomas Lundstrøm holds an eMBA from IMD, Switzerland, and a MSc in Management of Planning and Technology from the Technical University of Denmark (DPU), Denmark.

Previous engagements/experience: Thomas has more than 20 years of experience in medtech. He was previously SVP for global operations at GN Hearing with responsibility for purchasing, manufacturing, distribution and service. Thomas also has a wealth of experience as a management consultant from Accenture and Valcon.

Other significant ongoing assignments: None.

Acarix holdings: 468,853 shares and 100,000 stock options.

Contact: thomas.lundstroem@acarix.com
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Anders Krabbe

CHIEF STRATEGY AND MARKETING OFFICER SINCE 2021

Born: 1967.

Education: Anders Krabbe holds a degree in business administration from Copenhagen Business School and a Master's degree from Community of European Management Schools (CEMS).

Previous engagements/experience: Anders has had various regional and global commercial areas of responsibility for both common and rare diseases at Novo Nordisk, Ferring Pharmaceuticals and Zealand Pharma. Anders worked as a management consultant before beginning in the life science industry.

Other significant ongoing assignments: None.

Acarix holdings: No shares and 300,000 stock options.

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Board of Directors

Philip Siberg

CHAIRMAN OF THE BOARD SINCE 2021

Born: 1973.

Education: Philip Siberg holds an MSc in mechanical engineering and industrial economy from KTH Royal Institute of Technology.

Previous engagements/experience: Philip Siberg has 20 years' experience as an international CEO and Board member of public and unlisted companies in medical technology and life science. Philip has previously served as an external Chief Executive Officer of Coala Life AB and as Chairman of the Board of Annexin Pharmaceuticals AB.

Other significant ongoing assignments: Chief Strategy Officer, Coala Life AB. Partner at Southbloom AB. Chairman of the Board of Senzime AB (publ) and RNB Retail Development AB. Chief Executive Officer of Longmeadow Farm AB.

Acarix holdings: No shares and 500,000 warrants under Incentive Program 2021/2025.

Fredrik Buch

BOARD MEMBER SINCE 2021

Born: 1954.

Education: Fredrik Buch is a physician specializing in orthopedics with a degree from the University of Gothenburg.

Previous engagements/experience: Fredrik Buch has worked on clinical trials and regulatory issues in the pharmaceutical industry, both in Europe and internationally, at Squibb/Bristol Meyers, Hoechst and Pharmacia/Upjohn. Since then, he has been a fund manager at SEB Läkemedelsfonder and invested worldwide in pharmaceuticals and medical technology. Forbes Magazine named the fund under Fredrik Buch as one of the 50 best funds in the world. Fredrik Buch later became a partner at HealthCap and worked on venture capital investments in life science. Over the last 15 years, Fredrik has worked as a corporate board member and consultant.

Other significant ongoing assignments: Partner at Buch Konsult AB. Chairman of the Board of Huvudsta Vårdcentral AB, Citadellet Bolagsservice AB, Pila Pharma AB and Tridentify AB. Board member of Lantmännen Medical AB, Intrance Medical System Inc, Pila AB, Nordiskt nätverk för personanpassad livsstilsmedicin AB, Lobsor Holding AB, Intrance Holding AB and Cytovac A/S.

Acarix holdings: 321,239 shares and 500,000 warrants under Incentive Program 2021/2025.

Marlou Janssen-Counotte

BOARD MEMBER SINCE 2020

Born: 1965.

Education: Marlou Janssen studied hotel management at TIO.

Previous engagements/experience: Marlou Janssen-Counotte has more than 25 years of experience from the medtech industry. She began her medtech career at Medtronic and, in the past 20 years, has held senior executive roles as Vice President at St. Jude Medical, Vice President International Marketing & Sales at Biotronik and President and Board member at Biotronik Inc.

Other significant ongoing assignments: Head of EDP Solutions at Philips Medical Systems.

Acarix holdings: No shares and 500,000 warrants under Incentive Program 2021/2025.

Ulf Rosén

BOARD MEMBER SINCE 2014

Born: 1960.

Education: Ulf Rosén is a registered nurse and has a degree in business administration from IHM Business School. He has also completed a number of traineeships, such as in financial management at INSEAD.

Previous engagements/experience: Since the late 1990s, Ulf Rosén has been Chairman of the Board, a Board member and CEO of a number of Scandinavian companies in the medical technology, pharma and service sectors. Previous positions include CEO of NeoPharma AB, CEO of Attana AB, Chairman of the Board of Trial Form Support International, Stille AB and Scibase AB, General Manager of Fresenius-Kabi AB, Executive Vice President of the Global Nutrition Division at Fresenius-Kabi, CEO of Pharmacia & Upjohn AS, CEO of Globen Ögonklinik AB and General Partner in Fond III at investment company SEED Capital. Ulf Rosén is co-founder of Lobsor Pharmaceuticals AB and Intrance Holding/Intrance Medical Systems Inc.

Other significant ongoing assignments: Chairman of the Board of Intrance Holding AB, Intrance Medical Systems Inc, LobSor Holding AB, Ponscasa Holding AB and Palaggan AB.

Acarix holdings: 1,708,202 shares and 500,000 warrants under Incentive Program 2021/2025.

We are well placed to have a successful year in 2022

2021 was another successful year for Acarix with several key milestones achieved. We have narrowed our commercial focus to secure the strongest possible launch in the US, while further expanding and accelerating our existing business in Europe.

The successful rights issue has secured our financial strength and resources to execute our US launch strategy as we move into the next phases of the launch.

We have seen a strengthening of our organization in key positions and further secured our strong pipeline, getting ready to supplement our SEISMO technology in heart failure to the FDA for a breakthrough designation.

Administration report

Acarix AB (publ), Corp. Reg. No. 559009-0667

The Board of Directors and the CEO hereby present the annual accounts for the Parent Company and the Group for the 2021 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 to the AGM on May 11, 2022.

Group

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

- Acarix A/S, Hellerup, Denmark
- Acarix USA Inc., New York, US
- Acarix GmbH, Cologne, Germany
- Acarix GmbH, Vienna, Austria
- Acarix Incentive AB, Malmö, Sweden

The Parent Company

Acarix AB is a Swedish public limited liability company that was formed in Sweden and whose current registered name 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 registration number is 559009-0667. Acarix is domiciled in Malmö.

Line of business

Acarix is a Swedish medical technology company that entered in the 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. During the fiscal year, Acarix was active in the DACH region, the Nordics and also in the US beginning in the fourth quarter. The primary area of application for the CADScor®System is the diagnosis of patients displaying symptoms of CAD. Today, only about 10% of all patients who seek medical care for CAD 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. The CADScor®System can rule out up to 50% of patients who today present symptoms of CAD to their physician with 96% certainty (negative predictive value*).

The diagnosis of patients with the help of the CADScor®-System is estimated 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. The CADScor®System is CE certified and is thereby approved for sales in Europe and other countries that accept CE certification. During the latter part of 2020, the company also obtained FDA approval for the US market and the product is thereby also approved for sales in the US.

Financial development

Revenue and gross margin

During the year, 57 CADScor®Systems and 6,880 disposable patches were sold, compared with 51 CADScor®Systems and 3,540 disposable patches during the preceding year. Of the systems sold, 53 were delivered to the DACH region and four to the Nordics.

Revenue during the year amounted to kSEK 3,760 (2,170), of which kSEK 1,604 related to the CADScor®System and kSEK 2,156 to disposable patches. Gross profit amounted to kSEK 2,823, corresponding to a gross margin of 75%, compared with kSEK 1,594 and 73% in 2020. The year-on-year increase in the gross margin was due to an increased proportion of sales of patches generating higher margins than the CADScor®System.

Expenses

Total operating expenses (R&D and sales and administrative expenses) for the year amounted to kSEK 54,519, compared with kSEK 43,025 during the preceding year. Sales and administrative expenses amounted to kSEK 33,026 (28,556), of which kSEK 20,903 (13,107) related to sales and marketing costs. Research and development costs amounted to kSEK 21,493 (14,469) during the period.

Financial performance

During the fiscal year, the Group reported an operating loss of kSEK –51,696, compared with a loss of kSEK –41,431 during the preceding year. Depreciation/amortization during the year amounted to kSEK 3,376 distributed between capitalized development costs of kSEK 2,235, patent costs of kSEK 258, lease assets of KSEK 788 and tangible assets of kSEK 95. The net loss for the year amounted to kSEK –51,731, compared with kSEK –41,496 during the corresponding period last year. Earnings per share before dilution amounted to SEK –0.37, compared to SEK –0.51 in the preceding year. The loss per share including the ongoing new issue and the share issue offsetting debt was SEK –0.34.

Intangible assets

As of December 31, 2021, capitalized development costs amounted to kSEK 12,170 (14,143). The carrying amount including capitalized development costs and acquired rights amounted to kSEK 16,165 (18,316). No investments were made during the period.

Cash flow and financial position

Total outflow for the period amounted to kSEK –48,214, compared with an inflow of kSEK 10,663 for the same period last year. The effect from working capital was kSEK 306, compared with kSEK 1,585 for the same period last year. The purchase of warrants had an effect of kSEK 580 on cash flow. On December 31, 2021, Acarix had kSEK 15,860 in cash and cash equivalents, compared with kSEK 64,113 on December 31, 2020.

At year-end, the ongoing rights issue and the subsequent share issue offsetting debt offered to guarantors who elected to receive the guarantee compensation in shares are estimated to contribute a total of kSEK 83,195 to the company. Costs related to both issues amount to kSEK 13,860. The company received a net amount of kSEK 69,335 after issue costs. The company received the issue proceeds in January 2022. The management of Acarix and its Board of Directors estimate that current liquidity can finance operations up to the first quarter 2023 and, at the same time, it is evaluating 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, 2021, consolidated equity amounted to kSEK 100,545, compared to kSEK 82,136 on December 31, 2020. During January 2022, the company registered its rights issue and share issue offsetting debt, which increased the share capital by kSEK 1,109. Share capital amounted to kSEK 2,520 including the ongoing new issue. The total number of shares and votes increased by 110,926,757, from 141,045,437 to 251,972,194 shares and votes.

Significant risks and uncertainties

All business activities in Acarix are subject to risk. Risk management is essential and an integral part of the company's operations and strategy. The risks may be due to events in the external environment and may affect certain industries more than others. The risks may also be specific to the individual company.

Acarix is exposed to some specific risk categories:

- Operational risks, such as risks due to the capital-intensive and risky nature of new medical device development, dependence on external partners, risks in clinical trials, dependence on qualified personnel and key individuals.
- 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.
- Risks related to future pandemics similar to COVID-19.

Further information about risks is presented on page 29 of the Annual Report.

Events after the balance-sheet date

On January 10, the company announced that it had appointed Helen Ljungdahl Round, who was based in the US, as new CEO with immediate effect. At the time of the announcement, Helen was head of Acarix's US subsidiary Acarix USA Inc., and she will continue to be based in the US in her capacity as the new CEO of 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 is traded on the Nasdaq First North Growth Market under the ACARIX ticker and the ISIN code SE0009268717 and is listed in the Premier segment.

The final result of the rights issue was announced in December, and a subsequent share issue offsetting debt was initiated. Due to the rights issue, the number of shares increased by 105,784,077, from 141,045,437 to 246,829,514 and approximately SEK 79 million was contributed to the company before expenses related to the rights issue. The guarantors of the rights issue, in accordance with the guarantee agreements that had been entered into, had the possibility of choosing to receive guarantee compensation in the form of cash remuneration or newly issued shares in the company. A number of guarantors elected to receive the guarantee compensation in the form of newly issued shares. In view of this and pursuant to an authorization from the AGM on May 11, 2021, a share issue offsetting debt totaling 5,142,680 shares was implemented. Through the compensation issue, the number of Acarix shares increased to a total of 251,972,194. The number of shares in the company at year-end was 141,045,437 (141,045,437). The rights issue and share issue offsetting debt were registered with the Swedish Companies Registration Office at the beginning of January 2022.

Certified adviser

Redeye AB, whose email address is certifiedadviser@redeye.se and phone number is +46 (0)8 121 576 90, is the company's Certified Adviser.

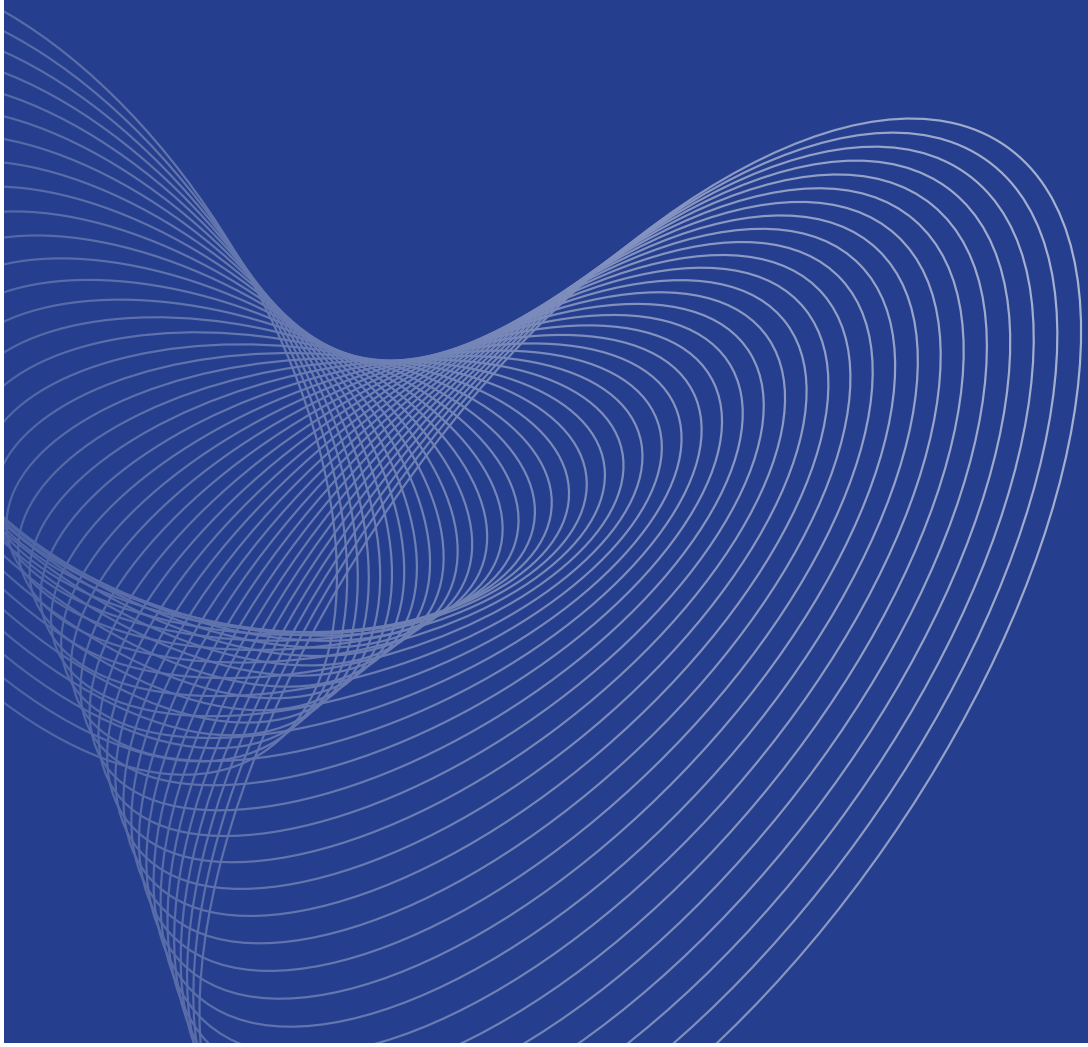
Proposed appropriation of the company's profits

Non-restricted equity in the Parent Company	SEK
Share premium reserve	278,857,719
Retained earnings	-112,551,931
Loss for the year	-47,472,890
Total	**118,832,898**

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

	SEK
To be carried forward	118,832,898

Financial Statements



Group
Consolidated statement of income

kSEK	Note	Year 2021	Year 2020
Revenue	13	3,760	2,170
Cost of goods sold		-937	-576
Gross profit		**2,823**	**1,594**
Research and development costs		-21,493	-14,469
Sales, general and administrative costs		-33,026	-28,556
Operating profit	6, 7, 8	**-51,696**	**-41,431**
Financial income	9	36	25
Financial costs	9	-71	-90
Profit before tax		**-51,731**	**-41,496**
Tax	10	–	–
Net loss for the period		**-51,731**	**-41,496**
Net income attributable to parent company´s shareholders		**-51,731**	**-41,496**
Basic earnings per share (SEK) [1), 2)]	11	-0.37	-0.51
Diluted earnings per share (SEK)		-0.34	-0.51
Average number of shares, before dilution (thousands)		141,045	81,478
Average number of shares, after dilution (thousands)		150,289	81,478

[1)] Ongoing new share issue and set-off issue will add a total of 110,926,757 new shares to the company.
[2)] EPS – Net profit for the period, attributable to shareholders of the Parent Company, divided by weighted average number of shares outstanding.

Group
Consolidated statement of comprehensive income

kSEK	Note	Year 2021	Year 2020
Net loss for the period after tax		-51,731	-41,496
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		224	-1,124
Other comprehensive income for the period, net of tax		224	-1,124
Total comprehensive income for the period, net of tax		**-51,506**	**-42,620**
Total comprehensive income attributable to:			
Owners of Acarix		-51,506	-42,620

Group
Consolidated balance sheet

kSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Tangible assets			
Leased assets	7	474	1,378
Tangible assets		237	130
Total tangible assets		**711**	1,508
Intangible assets			
Acquired rights		3,995	4,173
Development projects, capitalized		12,170	14,143
Total intangible assets	12	**16,165**	**18,316**
Total fixed assets		**16,876**	**19,824**
Current assets			
Inventory		3,601	3,437
Accounts receivables		786	387
Other receivables	14	81,478	2,187
Cash and cash equivalents	15	15,860	64,113
Total current assets		**101,725**	**70,124**
Total assets		**118,601**	**89,948**
SHAREHOLDERS´S EQUITY AND LIABILITIES			
Equity			
Share capital	16	2,520	1,411
Other contributed capital		494,962	426,156
Reserves		1,614	1,390
Retained earnings		-346,821	-305,325
Result of the year		-51,731	-41,496
Total equity		**100,544**	**82,136**
Long term liabilities			
Lease debt	7, 20	239	568
Total long term liabilities		**239**	**568**
Current liabilities			
Lease debt	7, 20	284	799
Accounts payable	17	7,210	1,648
Other liabilities	18	10,323	4,796
Total current liabilities		**17,817**	**7,243**
Total equity and liabilities		**118,601**	**89,948**

Group

Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders' equity
As at January 1, 2021	1,411	426,156	1,390	-346,821	82,136
Profit/loss for the period	–	–	–	-51,731	-51,731
Other comprehensive income:					
Foreign exchange rate adjustment	–	–	224	–	224
Total comprehensive income	–	–	224	-51,731	-51,507
Total	1,411	426,156	1,614	-398,551	30,630
Transactions with owners:					
Ongoing rights issue	1,109	82,086	–	–	83,195
Costs related to ongoing rights issue	–	-13,860	–	–	-13,860
Issue of warrants	–	580	–	–	580
At December 31, 2021	2,520	494,962	1,614	-398,551	100,545
As at January 1, 2020	51,694	378,898	2,514	-356,502	76,602
Profit/loss for the period	–	–	–	–41,496	–41,496
Other comprehensive income:					
Foreign exchange rate adjustment	–	–	-1,124	–	-1,124
Total comprehensive income	–	–	1,124	-41,496	-42,620
Total	51,694	378,898	1,390	315,006	33,982
Reduction of the share capital	-51,177	–	–	51,177	–
Transactions with owners:					
Rights issue	894	57,383	–	–	58,277
Costs related to rights issue	–	-10,741	–	–	-10,741
Issue of warrants	–	616	–	–	616
At December 31, 2020	1,411	426,156	1,390	-346,821	82,136

Group
Consolidated statement of cash flows

kSEK	Note	Year 2021	Year 2020
Operating activities			
Operating result		-51,696	-41,666
Adjustment for depreciation		3,378	3,453
Financial items		4	-60
Cash-flow before change of working capital		**-48,314**	**-38,273**
Working capital adjustments:			
Change in inventory		-259	-581
Change in receivables and prepayments		-1,525	1,838
Change in trade and other payables		2,090	328
Total change in working capital		**306**	**1,585**
Cash-flow from operating activities		**-48,007**	**-36,686**
Investing activities			
Investment in fixed assets		-43	–
Cash flow from investing activities		**-43**	**–**
Financing activities			
Amortization of lease debt	20	-744	-802
Issue of warrants		580	616
Rights issue after deduction of transaction costs		–	47,536
Cash flow from financing activities		**-164**	**47,350**
Cash flow for the period		**-48,214**	**10,663**
Currency translation differences		-39	-298
Cash and cash equivalents, beginning of period		64,113	53,747
Cash and cash equivalents, end of period		**15,860**	**64,113**

Parent Company
Income statement

kSEK	Note	Year 2021	Year 2020
Other revenues		**10,908**	**8,661**
Sales, general and administrative costs	6, 7, 8	-24,272	-19,969
Operating result		**-13,365**	**-11,308**
Profit/Loss from shares in group companies		-34,136	-26,672
Financial income	9	36	46
Financial expense	9	-8	-1
Profit before tax		**-47,473**	**-37,935**
Tax		–	–
Net loss for the period		**-47,473**	**-37,935**
Net income attributable to Parent Company´s Shareholder		**-47,473**	**-37,935**

Parent Company
Statement of comprehensive income

kSEK	Note	Year 2021	Year 2020
Net loss for the period after tax		-47,473	-37,935
Total comprehensive income for the period, net of tax		**-47,473**	**-37,935**
Total comprehensive income attributable to:			
Owners of Acarix		-47,473	-37,935

Parent Company
Balance sheet

kSEK	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Fixed assets		42	–
Total fixed assets		**42**	**–**
Financial assets			
Participations in subsidiaries	21	44,868	42,178
Total financial assets		**44,868**	**42,178**
Current assets			
Other receivables	14	80,054	1,041
Cash and cash equivalents	15	11,288	59,763
Total current assets		**91,342**	**60,803**
Total assets		**136,252**	**102,981**
SHAREHOLDERS´EQUITY AND LIABILITIES			
Equity			
Share capital	16	2,520	1,411
Other capital contribution		278,858	210,051
Retained earnings		-160,025	-112,552
Total equity		**121,353**	**98,910**
Current liabilities			
Accounts payable	17	6,103	1,144
Other liabilities	18	8,796	2,927
Total current liabilities		**14,899**	**4,071**
Total equity and liabilities		**136,252**	**102,981**

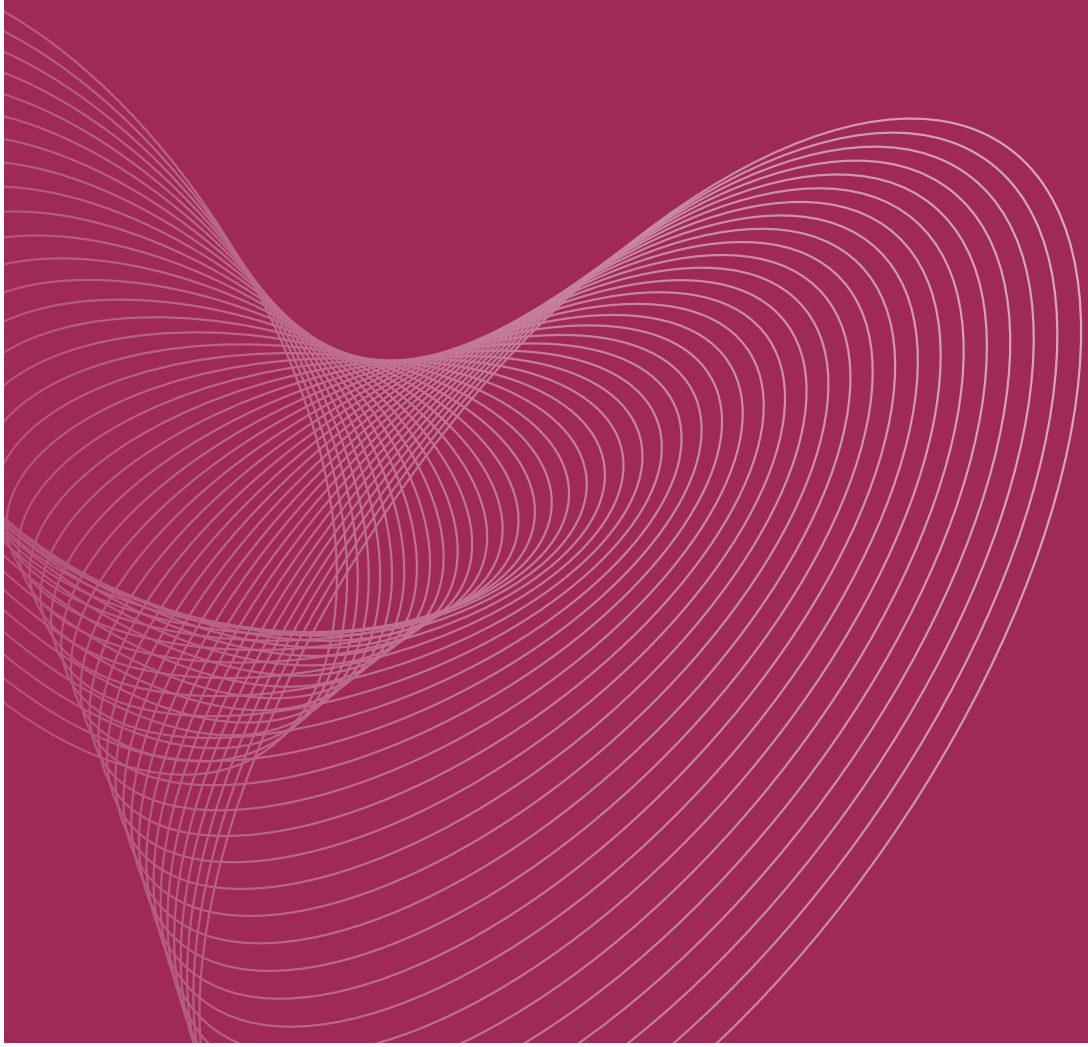
Parent Company
Statement of changes in equity

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2021	1,411	210,051	-112,552	98,910
Net loss for the period	–	–	-47,473	-47,473
Total comprehensive income	1,411	210,051	-160,025	51,437
Transactions with the owners				
Ongoing rights issue	1,109	82,086	–	83,195
Cost related to ongoing rights issue	–	-13,860	–	-13,860
Issue of warrants	–	580	–	580
Total transactions with owners	1,109	68,806	0	69,915
At December 31, 2021	2,520	278,858	-160,025	121,353
As at January 1, 2020	51,694	162,793	-125,794	88,693
Net loss for the period	–	–	-37,935	-37,935
Total comprehensive income	51,694	162,793	-163,729	50,758
Reduction of share capital	-51,177	–	51,177	–
Transactions with the owners				
Rights issue	894	57,383	–	58,276
Costs related to rights issue	–	-10,741	–	-10,741
Issue of warrants	–	616	–	616
At December 31, 2020	1,411	210,051	-112,552	98,910

Parent Company
Statement of cash flows

kSEK	Note	Year 2021	Year 2020
Cash flow from operating activities			
Operating result		-13,365	-11,308
Adjustments before depreciations		2	–
Financial items		27	45
Working capital adjustments:			
Changes in other receivables and prepayments		-108	624
Changes in trade and other payables		1,301	679
Total working capital		**1,193**	**1,303**
Net cash flows from operating activities		**-12,143**	**-9,960**
Cash flow from investing activities			
Shareholder contribution		-36,868	-26,672
Investment in fixed assets		-43	–
Net cash flow from investing activities		**-36,911**	**-26,672**
Cash flow from financing activities			
Rights issue		–	47,536
Issue of warrants		580	616
Net cash generated from/(used in) financing activities		**580**	**48,152**
Net increase in cash and cash equivalents		**-48,475**	**11,520**
Cash and cash equivalents, opening balance		59,763	48,243
Cash and cash equivalents at year-end		**11,288**	**59,763**

Notes



Notes

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, Jungmansgatan 12, 211 19 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 USA Inc.	Supporting sales on the American market	Incorporated and located in USA
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 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), US dollar (USD) 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 other operating 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.

Sale of goods

The Group sells CADScor®System to cardiologists and clinics within DACH region and the Nordics. 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 actual 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.

SHARES IN SUBSIDIARIES

Investments in subsidiaries are reported at acquisition value less impairment. The acquisition value is tested for impairment annually.

New and amended standards applied by the Group

No standards, amendments and interpretations that have come into force for the financial year beginning January 1, 2021 have had a material impact on Acarix's financial statements.

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 2021, the carrying amount of capitalized development costs was kSEK 12,170 (14,143).

Impairment of development projects

For ongoing development projects, impairment testing is performed at least annually. Impairment tests are based on a DCF model, where cash flows are derived from the budget. 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, UDS and DKK in relation to SEK. This exposure arises mainly from the consolidation of foreign subsidiaries and is not considered significant as the majority of the transactions take place in the functional currency of each subsidiary. 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 100,545 (82,136).

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 commer-

cialize 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 16 million at December 31, 2021 is deemed to be sufficient to finance the business forward, for at least 12 months on the basis of the forecast for 2022, developed by the company's management. Based on the company's liquidity forecast, Acarix views positively the opportunity to raise capital for the company's continued operations at the end of 2022.

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	2021	2020
Auditing assignments PwC	468	427
Auditing activities in addition to the auditing assignment PwC	45	67
Tax advise PwC	139	104
Other services PwC	288	362
Total	**939**	**960**

Parent Company, kSEK	2021	2020
Auditing assignments PwC	345	316
Auditing activities in addition to the auditing assignment PwC	45	67
Tax advise PwC	108	73
Other services PwC	230	204
Total	**729**	**660**

Note 7 Leasing

Operational leasing

Parent Company, kSEK	2021	2020
Lease cost for renting offices	321	274
Leasing costs for cars	289	212
Future lease payments pertaining to non-cancelable leases were as follows:		
Within months	234	217
Between 6-12 months	74	56
Later than 1 year and within 2 years	147	112

Leasing agreement

Group, kSEK	2021	2020
Assets and rights of use		
Office rental	-	478
Leasing of cars	474	900
Total	**474**	**1,378**
Leasing debt		
Short term	284	799
Long term	239	568
Total	**523**	**1,366**
Depreciation of rights of use		
Office rental	454	460
Leasing of cars	335	362
Total	**788**	**822**
Interest expense related to leasing agreements	31	56
Costs related to short Short term lease	321	274
Costs attributable to leasing agreements for which the underlying asset is of non-significant value and not shown above as short-term leasing agreements	51	50

Note 8 Personnel costs for employees

Group, kSEK	2021	2020
Wages and salaries	13,977	12,573
Bonus	1,134	1,337
Pension	1,256	1,231
Social security	3,490	2,425
Total	**19,857**	**17,566**
Total remuneration and benefit for Group Management		
Salaries	5,353	6,094
Bonus	667	823
Pension	681	1,032
Social security	1,934	1,868
Total	**8,635**	**9,817**
Employees		
Average number of employees (FTE)	8	11
Men	6	9
Women	2	2
Other executive management	3	4
Number of year-end employees (FTE) [1]	**8**	**9**

[1] The number of employees in Sweden was 4, Denmark 3 and Germany 2 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	2021	2020
Wages and salaries	7,401	5,491
Bonus	730	892
Pension expense	1,256	1,004
Social security	2,928	2,105
Total	**12,316**	**9,492**
Total remuneration and benefit for Group Management		
Salaries	4,655	4,723
Bonus	667	823
Pension	681	897
Social security	1,877	1,868
Total	**7,879**	**8,311**
Employees		
Average number of employees (FTE)	5	4
Men	4	3
Women	1	1
Other executive management	3	3
Number of year-end employees (FTE)	**5**	**4**

Warrant program 2020/2023

At the Annual General Meeting on 14 May 2020, a decision was made on a warrant program program which gives participants the right to sign up for shares.

Incentive program 2020/2023 for senior executives, employees and key personnel consist of the issuance of maximum 3,000,000 warrants, and each warrant entitles the holder to purchase a share during the exercise period 1 August 2023 through October 1, 2023. The subscription price for the shares, before rights issue, attributable to the warrant program are SEK 1.17.

In connection with the warrant offer, a market-based pricing model was used. Duration of the incentive program is 3 years.

Warrant program 2021/2025

At the Annual General Meeting on May 11, 2021, a decision was made on a warrant program which gives participants the right to subscribe for shares.

Incentive program 2021/2025 for board members consist of the issue of a maximum of 2,000,000 warrants, and each warrant entitles the holder to purchase a share during the exercise period June 1, 2025 through August 31, 2025. The subscription price for the shares, before rights issue, attributable to the warrant program is 2.25 SEK.

In connection with the warrant offer, a market-based pricing model was used. Duration of the incentive program is 4 years.

Employee stock option program

At the Extraordinary General Meeting on August 5, 2021, a decision was made on an employee stock option program that gives participants the right to subscribe for shares.

Incentive program 2021/2024 for senior executives, employees and certain key personnel consist of the issue of a maximum of 2,000,000 employee stock options. Each employee stock option entitles the holder to acquire a new share in the Company into one redemption price corresponding to 130 percent of the volume-weighted average price on the Nasdaq First North Premier Growth Market during the period from 21 October 2021 until on November 22, 2021.

Allocated employee stock options are earned under three years as follows:

a) 40 percent of allotted employee stock options are earned on November 1, 2022, and

b) 60 percent of allotted employee stock options are earned in on a quarterly basis from 1 November 2022 until with November 1, 2024.

The employee stock options shall be granted free of charge. The salary costs for the options are estimated to approximately SEK 1,700,000, including social costs during the period 2021-2024.

Remuneration of board of directors and management, 2021, kSEK	Director's fee/ Base salary	Director's additional services	Bonus	Pension costs	Other social security costs	Total
Philip Siberg, Chairman of the Board of Directors	233	–	–	–	73	307
Fredrik Buch, Board member	117	–	–	–	12	129
Ulf Rosén, Board member	201	–	–	–	63	264
Marlou Janssen, Board member	201	–	–	–	63	264
Werner Braun, Board member	253	–	–	–	26	279
Paolo Raffaelli, Board member	84	–	–	–	27	111
Johanne Braendgaard, Board member	84	–	–	–	27	111
Anders Jacobson, Board member	84	–	–	–	27	111
Total Board of Directors	**1,258**	**0**	**0**	**0**	**317**	**1,575**
Per Persson, CEO	2,286	–	300	434	829	3,848
Other Executive Management	3,067	–	367	247	1,105	4,786
Total Executive Management	**5,353**	**0**	**667**	**681**	**1,934**	**8,635**
Total	**6,611**	**0**	**667**	**681**	**2,251**	**10,210**

Helen Ljungdahl Round took office as the new CEO in January 2022.

Remuneration of board of directors and management, 2020, 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	597	–	–	–	61	658
Ulf Rosén, Board member	229	–	–	–	72	301
Paolo Raffaelli, Board member	229	–	–	–	72	301
Johanne Braendgaard, Board member	199	–	–	–	63	262
Anders Jacobson, Board member	125	–	–	–	39	164
Marlou Janssen, Board member	125	–	–	–	39	164
Claus Andersson, Board member	75	–	–	–	23	98
Hong Yun Fie, Board member	–	–	–	–	–	0
Total Board of Directors	**1,579**	**0**	**0**	**0**	**369**	**1,948**
Per Persson, CEO	2,183	0	465	433	907	3,988
Other Executive Management	3,910	0	358	600	961	5,829
Total Executive Management	**6,094**	**0**	**823**	**1,032**	**1,868**	**9,817**
Total	**7,673**	**0**	**823**	**1,032**	**2,238**	**11,766**

Terms of termination

The notice period from the company's side and from the CEO's side is six months. The CEO is entitled to severance pay during a period of six months in the event of termination by the company or the CEO. Other senior executives have agreements on severance pay between three and four months.

Variable remuneration for the CEO and other management team

The variable cash remuneration shall be based on and be related to the outcome in relation to predetermined and measurable concrete defined objectives based on the Company's business strategy and the long-term business plan approved by the board of directors. The variable remuneration shall amount to a maximum of 50 percent of the fixed salary.

Note 9 Financial items

Group, kSEK	2021	2020
Interest income	36	–
Exchange rate income	-	25
Interest expenses	-71	-52
Exchange rate losses	-	-38
Total	**-35**	**-65**

Parent Company, kSEK	2021	2020
Interest income	36	46
Interest expenses	-8	-1
Total	**28**	**45**

Note 10 Tax on result for the year

Group, kSEK	2021	2020
Current income tax	–	–
Deferred tax on rights of use and leasing liabilities (IFRS 16)	–	–
Total reported tax expense in the Group	–	–

Reconciliation of tax

Group, kSEK	2021	2020
Accounting profit before income tax	-51,731	-41,496
At statutory income tax rate of 20.6% (21.4%)	10,657	8,880
Tax effect of non-tax-deductible costs	-11	-36
Tax effect items reported directly against equity	2,855	2,299
Temporary differences, not capitalized	-313	-537
Effect of foreign tax rates	270	181
Non-capitalized losses	-13,458	-10,787
Reported effective tax	**0**	**0**
Effective tax rate	**0%**	**0%**

Parent Company, kSEK	2021	2020
Current income tax	–	–
Deferred tax	–	–
Tax on result for the year	**–**	**–**

Parent Company, kSEK	2021	2020
Accounting profit before income tax	-47,473	-37,935
At statutory income tax rate of 21.4% (21.4%)	9,779	8,118
Tax effect of non-tax-deductible costs	-7,043	-5,716
Tax effect items reported directly against equity	2,855	2,299
Non-capitalized losses	-5,591	-4,701
Reported effective tax	**–**	**–**
Effective tax rate	**0.0%**	**0.0%**

Deferred tax relates to the following:

Group, kSEK	2021	2020
Tax losses carriyforwards	66,775	-52,352
Intangible fixed assets	-3,520	4,015
Deferred tax on rights of use and leasing debt (IFRS 16)	–	–
Deferred tax	**63,255**	**-48,337**
Value allowance, deferred tax assets	-63,255	48,337
Net deferred taxes	**0**	**0**

Parent Company, kSEK	2021	2020
Tax losses carriyforwards	16,876	-11,736
Intangible fixed assets	0	0
Deferred tax	**16,876**	**-11,736**
Value allowance, deferred tax assets	-16,876	11,736
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	2021	2020
Earnings per share before dilution		
Net loss for the year	-51,731	-41,496
Weighted average number of ordinary shares for measuring fundamental EPS	141,045	81,478
Earnings per share before dilution	**-0.37**	**-0.51**
Earnings per share after dilution		
Net loss for the year	-51,731	-41,496
Weighted average number of ordinary shares for measuring fundamental EPS	150,289	81,478
Earnings per share after dilution	**-0.34**	**-0.51**

Note 12 Intangible fixed assets

Group, 2021, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2021	**5,873**	**22,040**	**27,913**
Foreign currency translation adjustment	100	427	527
Cost at December 31, 2021	**5,973**	**22,467**	**28,440**
Amortization and impairment at January 1, 2021	**-1,700**	**-7,898**	**-9,598**
Amortization	-258	-2,235	-2,492
Foreign currency translation adjustment	-20	-165	-185
Amortization and impairment losses at December 31, 2021	**-1,978**	**-10,298**	**-12,276**
Carrying amount at December 31, 2021	**3,995**	**12,170**	**16,165**

Group, 2020, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2020	**6,054**	**22,819**	**28,873**
Foreign currency translation adjustment	-182	-779	-960
Cost at December 31, 2020	**5,873**	**22,040**	**27,912**
Amortization and impairment at January 1, 2020	**-1,470**	**-5,895**	**-7,365**
Amortization	-265	-2,298	-2,563
Foreign currency translation adjustment	35	295	330
Amortization and impairment losses at December 31, 2020	**-1,700**	**-7,898**	**-9,598**
Carrying amount at December 31, 2020	**4,173**	**14,143**	**18,315**

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 2021. 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	2021	2020	2021	2020
Germany	3,181	1,452	–	–
Middle East	-	331	–	–
Sweden	208	38	42	–
Denmark	-	–	16,360	18,316
Austria	349	182	–	–
Switzerland	-	142	–	–
Other	22	25	–	–
Total	**3,760**	**2,170**	**16,402**	**18,316**

Note 14 Other receivables

Group, kSEK	2021	2020
VAT	1,595	1,002
Deposit	136	138
Prepaid expenses	409	1,047
Receivables from ongoing new share issue	79,338	-
Total	**81,478**	**2,187**

Parent Company, kSEK	2021	2020
VAT	602	502
Receivables group companies	114	5
Prepaid expenses	79,338	534
Total	**80,054**	**1,041**

Note 15 Cash and cash equivalents

Group, kSEK	2021	2020
Bank balances	15,803	64,056
General pledging of bank deposits	50	50
Cash	7	7
On December 31	**15,860**	**64,113**

Parent Company, kSEK	2021	2020
Bank balances	11,238	59,713
General pledging of bank deposits	50	50
On December 31	**11,288**	**59,763**

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
Reduction of share capital	August 2020	–	-51,177
New issue	September 2020	89,351,394	894
Total December 31, 2021		**141,045,437**	**1,411**

Kvotvärdet uppgick per den 31 december 2021 till 0,01 kronor.

During the month of December, the final outcome of the rights issue was announced and a subsequent set-off issue began
In the rights issue, the number of shares increased by 105,784,077, from 141,045,437 to 246,829,514 and provided the company with approximately SEK 79 million before deductions for costs related to the rights issue. The guarantors in the rights issue had, in accordance with the guarantee agreements entered into, the opportunity to choose to receive guarantee compensation in the form of cash compensation or newly issued shares in the Company. A number of guarantors chose to receive the guarantee compensation in the form of newly issued shares.

Due to this, a set-off issue was carried out, with the support of authorization from the Annual General Meeting on May 11, 2021, which comprised a total of 5,142,680 shares. Through the rights issue, the number of shares in Acarix increased to a total of 251,972,194 shares. The quota value after registration of rights issue and set-off issue amounts to SEK 0.01.

The number of registered shares in the company at the end of the year amounted to 141,045,437 (141,045,437). The registration of the rights issue and the set-off issue was carried out with the Swedish Companies Registration Office after the turn of the year.

Note 17 Account payable

Group, kSEK	2021	2020
Accounts payable[1)]	7,210	1,648
	7,210	**1,648**

Parent Company, kSEK	2021	2020
Accounts payable[1)]	6,103	1,144
	6,103	**1,144**

[1)] Liabilities related to the ongoing rights issue amounts to SEK 5,487 thousand.

Note 18 Other liabilities

Group, kSEK	2021	2020
Accrued personnel-related expenses	3,512	3,180
Other accrued costs[1)]	6,811	1,617
On December 31	**10,323**	**4,796**

Parent Company, kSEK	2021	2020
Accrues personnel related expenses	2,861	2,157
Other accrued expenses[1)]	5,935	771
On December 31	**8,796**	**2,928**

[1)] Accrued costs related to ongoing rights issue amounts to SEK 4,424 thousand.

Note 19 Maturity analysis for derivate financial liabilities

Maturity analysis for derivate financial liabilities, 2021

Time interval; months	0-3	3-6	6-9	9-12	> 12	Total
Accounts payable	7,210	–	–	–	–	**7,210**
Leasing debt	76	69	69	70	239	**523**
	7,285	**69**	**69**	**70**	**239**	**7,733**

Maturity analysis for derivate financial liabilities, 2020

Time interval; months	0-3	3-6	6-9	9-12	> 12	Total
Accounts payable	1,648	–	–	–	–	**1,648**
Leasing debt	214	212	206	166	568	**1,366**
	1,862	**212**	**206**	**166**	**568**	**3,014**

Note 20 Leasing debt

Leasing debt	Dec 31, 2020	New leasing agreement	Amortization (financing activities)	Paid interests (operating activities)	Currency translation	Discounting	Dec 31, 2021
Leasing debt	1,366	–	-744	-31	-104	37	**524**

Leasing debt	Dec 31, 2019	New leasing agreement	Amortization (financing activities)	Paid interests (operating activities)	Currency translation	Discounting	Dec 31, 2020
Leasing debt	766	1,090	-802	-56	270	98	**1,366**

Note 21 Shares in subsidiaries

Parent Company, kSEK	2021	2020
Acquisition value	161,440	134,768
Shareholder contribution	36,868	26,672
Closing acquisition value at December 31	**198,308**	**161,440**
Impairment loss for the year	-119,262	-92,590
Impairment for the year	-34,178	-26,672
Carrying amount at December 31	**44,868**	**42,178**

The company's holdings of participations in Group companies

			Booked value (kSEK)	
Name of the company	Equity share	No of shares	2021-12-31	2020-12-31
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
Acarix USA Inc.	100%	1,000	2,759	–
Acarix GmbH	100%	1	226	226
			44,868	**42,178**

Name of the company	Reg. Nr.	Domicile	Result (kSEK)	Equity (kSEK)
Acarix A/S	32648223	Lyngby, Denmark	-38,408	2,659
Acarix GmbH	HRB88101	Cologne, Germany	98	17,603
Acarix Incentive AB	559102-0044	Malmö, Sweden	0	50
Acarix USA Inc.	37-2013718	New York, USA	0	3,636
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.

No transactions were made during the period with board members, management, senior executives, major shareholders or other related parties.

For additional information see note 8.

Note 23 Significant events after year-end

On January 10 the company announced the appointment of US based Helen Ljungdahl Round as new CEO with immediate effect. Helen was at the appointment President of Acarix USA Inc. and will continue to be based in the US in her capacity as new group CEO of Acarix.

At year-end, the ongoing rights issue and the subsequent share issue offsetting debt offered to guarantors who elected to receive the guarantee compensation in shares are estimated to contribute a total of kSEK 83,195 to the company. Costs related to both issues amount to kSEK 13,860. The company received a net amount of kSEK 69,335 after issue costs. The company received the issue proceeds in January 2022.

The management of Acarix and its Board of Directors estimate that current liquidity can finance operations up to the first quarter 2023 and, at the same time, it is evaluating 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.

On April 1 2022 the company annonced that The Food and Drug Administration (FDA) has requested supplementary information in reviewing the breakthrough designation request from Acarix for its innovative AI-based technology for heart failure diagnosis in USA. Acarix now prioritizes the work based on the concrete supplement proposals received so that responses can be fed back to the FDA as soon as possible.

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	278,857,719
Result brought forward	-112,551,931
Result for the year	-47,472,890
Total	**118,832,898**

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

	SEK
Carry forward	**118,832,898**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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, 2022

Executive management

Helen Ljungdahl Round
CEO

Board of directors

Philip Siberg
Chairman of the Board

Fredrik Buch
Board Member

Marlou Janssen-Counotte
Board Member

Ulf Rosén
Board Member

Our audit opinion was issued on April 20, 2022

Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in Charge

Alexander Ståhl
Authorized Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Acarix AB (publ) for the year 2021 except for the corporate governance statement on pages 31-43. The annual accounts and consolidated accounts of the company are included on pages 45-75 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 2021 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 2021 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. Our opinions do not cover the corporate governance statement on pages 31-43. 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 1-30, 44, 78-79. 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 2021 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 31-43 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö 20 April 2022
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in charge

Alexander Ståhl
Authorized Public Accountant

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.

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