

Acarix Interim Report

JANUARY–JUNE 2018

Acarix gains traction in key markets providing physicians and patients new opportunities

Second quarter (April-June) 2018 compared with same period 2017

- During the second quarter, four (3) CADScor®Systems and 380 (360) patches were sold and generated revenue amounting to kSEK 235 (193), with gross profit of kSEK 191 (116) and a gross margin of 81% (60). Low costs of goods sold for two systems affected the gross margin positively during the period.
- Operational costs amounted to kSEK 9,739 (7,110).
- Result before tax amounted to kSEK -9,536 (-7,007).
- Net cash flow from operating activities amounted to kSEK -9,290 (-10,546).
- Basic earnings per share amounted to SEK -0.41 (-0.28). No dilution arose.

First half year (January-June) 2018 compared with same period 2017

- During first half year, eight CADScor®Systems and 800 patches were sold and generated revenue amounting to kSEK 465 with gross profit of kSEK 349 and a gross margin of 75%.
- Increased activities generated higher operating expenses which for the period amounted to kSEK 19,908 (11,043).
- Result before tax amounted to kSEK -17,500 (-10,956).
- Net cash flow from operating activities amounted to kSEK -18,734 (-26,841).
- Cash position amounted to kSEK 85,165 (115,999).
- Total equity amounted to kSEK 113,287 (147,013).
- Basic earnings per share amounted to SEK -0.76 (-0.43). No dilution arose.

Events occurred before June 30, 2018

- In early April, the Acarix CADScor®System was on display and in focus at DGK in Mannheim, a key German scientific congress with more than 10,000 participants. In addition to numerous discussions at the booth, Acarix organized a press conference and a symposium, both chaired by top German opinion leaders Prof. Christian Hamm and Prof. Johannes Brachmann. The press conference led to an article in the German medical journal Medical Special titled "Koronarstenosen akustisch ausschliessen?". Strong leads were generated, allowing the sales force to follow up with an extended presentation at the physicians' practices.
- Acarix has recruited Per Persson as its new Chief Commercial Officer (CCO). Per has extensive experience within both Medical Device and Cardiology, including positions as GM of Boston Scientific Nordic Region and Senior Marketing Director EMEAC at St Jude Medical. Per joins the company from Airsonett AB where he held the position of VP Sales and Marketing and served as CEO for the last 12 months. Per brings many years of experience in sales focus and marketing execution and we are happy to welcome him on board.
- At the Annual General Meeting in May, Acarix announced the appointment of a highly experienced marketing expert, Johanne Louise Brændgaard, as a member of the Board of Directors. Johanne has wide-ranging experience from the medtech sector in setting product, marketing and sales strategies specifically for the important European, US and APAC markets and an impressive network from the cardiovascular disease area.

Events occurred after June 30, 2018

- No events occurred after June 30, 2018.



Message from the CEO



Since the inception of Acarix, the company has been fully committed to developing a reliable, non-invasive and radiation-free method to rule out stable Coronary Artery Disease (CAD) based on ultrasensitive phonocardiography. During the second quarter of 2017, commercial activities were initiated, despite being well aware of the challenge involved in launching a disruptive technology without public reimbursement or a presence in relevant guidelines. Shortly thereafter we announced our first orders of the CADscore®System in Germany, Denmark and Sweden. Since commercialization, we have sold 17 CADScor®Systems, marking the start of our journey to significantly change and improve the diagnostic pathway for patients by ruling out CAD.

In this report I would like to turn your focus to the progress and success of our new customers. During the second quarter Acarix's technology was validated by customers in a comparison with a well-established, expensive and time-consuming method known as Myocardial Perfusion Scan. The outcome, measured in terms of sensitivity, specificity and negative predictive value (ruling out CAD), was in line with the outcome in previously published studies and the customers are planning to start using the CADScor®System in their daily, clinical practice. By using CADScor®System as a gatekeeper before moving on to further examinations of suspected CAD, time-consuming, costly and radioactive examinations can be avoided.

Due to these results, additional and potential customers have shown great interest in using the CADScor®System in their clinical practice as well. It is gratifying to see concrete evidence that our customers realize the benefits of Acarix's technology and method for excluding CAD and making things easier for their patients.

Feedback from customers using CADScor shows tremendous added value in the ability to determine the next step for patients with a potential CAD. With the support of the CADScor®System customers ensure that the right resources are used for each individual patient.

During the second quarter we attended the national congresses of cardiology in Sweden and Denmark. These congresses are paramount when it comes to displaying a market presence and building awareness around the technology and its clinical performance. The Swedish National Congress of Cardiology was held in Stockholm and attracted 1,600 participants. In Denmark about 400 cardiologists took part in the meeting, which was held over three days. Several productive meetings and discussions took place during the

congresses. A number of contacts were established and will be followed up during the coming quarters.

Our clinical programs document the clinical performance of the CADScor®System in order to ensure trust in and the validity of the product, which is standard practice in building knowledge and acceptance of new medical technologies. Among several on-going studies, our current performance study Dan-NICAD II aims to broaden the platform of use to also include the age group 30-39 years, representing about 5-10% of the diagnostic market. The Dan-NICAD II study is expected to be completed in 2020.

In line with our strategic cornerstones, such as additional clinical documentation, initiatives to obtain reimbursement in key markets, inclusion in guidelines and establishment of centers of excellence, we have further reinforced our commercial organization by welcoming Per Persson as Chief Commercial Officer. Per will continue laying the commercial foundation for both existing and new markets, preparing for increased sales and aligning our development activities with the needs and expectations of the healthcare professionals and payers we serve, both now and in the future. Per joined the Acarix team in July.

Finally, thank you to our old and new shareholders for making this journey possible. This year and 2019 will be two eventful and important years and we are looking forward to taking you with us on this journey.

Malmö August 20, 2018

CHRISTIAN LINDHOLM
INTERIM CHIEF EXECUTIVE OFFICER

Financial Report

Revenue and gross margin

Second quarter

Four CADScor®Systems and 380 patches were sold during the second quarter, compared with four CADScor®Systems and 420 patches in the previous quarter. Two systems were sold in Denmark and two systems were sold in Germany. The patches included in the starter-pack are still being used by our customers, which consequently limits the number of re-orders of patches. Consolidated revenue for the second quarter amounted to kSEK 235. Revenue from CADScor®Systems amounted to kSEK 117 and revenue from patches amounted kSEK 118. Gross profit for the second quarter amounted to kSEK 349, corresponding to a gross margin of 81%. The relatively high margin is due to a low inventory valuation of two of the sold systems. Adjusted for normal costs of goods sold, the margin amounted to 68%.

First half year

During the first half year, eight CADScor®Systems and 800 patches were sold in the German (three), Danish (three) and Swedish (two) markets. Consolidated revenue amounted to kSEK 465, distributed between CADScor®Systems with kSEK 218 and patches with kSEK 247. Gross profit for the period amounted to kSEK 349, corresponding to a gross margin of 75%. Adjusted for normal costs of goods sold for the two systems sold in the second quarter, the margin amounted to 69%.

Expenses

Second quarter

Total group expenses (R&D and SG&A) for the second quarter amounted to kSEK 9,739 compared with kSEK 7,110 in the year-earlier period. The year-on-year cost increase is related to intensified commercial activities, increased activities in the German subsidiary and the fact that development costs related to CADScor®System are no longer capitalized as of the second quarter of 2017, when the CADScor®System was commercialized.

SG&A costs amounted to kSEK 7,366 in the second quarter, of which kSEK 4,438 related to sales and marketing costs.

First half year

Accumulated expenses amounted to kSEK 17,908 compared with kSEK 11,043 in the year-earlier period. Accumulated SG&A costs amounted to kSEK 13,596, of which kSEK 8,067 related to sales and marketing costs.

Result

Second quarter

In the second quarter, the Group reported an operating loss of kSEK -9,548, compared with kSEK -6,994 in the year-earlier period. The net loss for the second quarter amounted to kSEK -9,536, compared with kSEK -6,508 in the year-earlier period.

Earnings per share before dilution were SEK -0,41 for the second quarter, compared with SEK -0,28 in the corresponding period in the preceding year. No dilution effects arose.

First half year

For the first half year, the Group reported an operating loss of kSEK -17,559, compared with a loss of kSEK -10,927 in the year-earlier period. Tax income amounted to zero for the year, compared with kSEK 956 in the year-earlier period related to a Danish R&D tax credit which was ceased at the end of the second quarter of 2017. The net loss for the first half year amounted to kSEK -17,500, compared with kSEK -10,000 in the corresponding period in 2017.

Earnings per share before dilution were SEK -0,76 for the first half year, compared with SEK -0,43 in the corresponding period in the preceding year. No dilution effects arose.

Intangible assets

Capitalization of development costs related to the CADScor®System has been ongoing since August 2015, when TÜV issued a certificate of compliance (CE mark) for the product. Capitalization ceased when the product was launched in the market during the second quarter of 2017 and amortization of development costs was initiated. As of June 30, 2018, capitalized development costs amounted to kSEK 20,370.

The carrying amount including capitalized development costs and acquired rights as of June 30, 2018 amounted to kSEK 25,354.

Equity

As of June 30, 2018, consolidated equity amounted to kSEK 113,287, compared with kSEK 147,013 on June 30, 2017.

As of June 30, 2018, the total number of shares amounted to 23,027,376.

Cash Flow

Second quarter

In the second quarter, total cash flow showed an outflow of kSEK -9,290, compared with an outflow of kSEK -11,622, driven by the results and change in working capital for the period. Cash flow from operating activities amounted to kSEK -9,290, compared with kSEK -10,546 in the corresponding period in 2017. The impact from working capital amounted to kSEK -385, compared with kSEK -3,710 in the year-earlier period.

First half year

Total cash flow for the first half year showed an outflow of kSEK -18,734, compared with an outflow of kSEK -29,903 in the year-earlier period. Cash flow from operating activities amounted to kSEK -18,743, compared with kSEK -26,841 in the corresponding period in 2017. The impact from working capital amounted to kSEK -2,476, compared with kSEK -16,086 in the year-earlier period, which was affected by large payments to suppliers mainly related to the initial public offering (IPO) during December 2016.

Cash flow used in investing activities amounted to zero, compared with kSEK -3,062 in the year-earlier period.

At the end of the period, Acarix had kSEK 85,165 in cash and cash equivalents, compared with kSEK 115,999 in the year-earlier period.

Parent Company

The Parent Company's operations are primarily focused on Group-wide administration and management and invoiced kSEK 1,600 in management fees during the second quarter and kSEK 2,900 for the first half year. The company reported net loss for the quarter of kSEK -17,771 (-1,463) and a net loss for the first half year of kSEK -19,119.

From 2018 onwards, shareholder contributions covering losses in the wholly owned subsidiaries have been recognized in the Parent Company's profit and loss and not as a financial fixed asset. The shareholder contributions recognized amount to kSEK 16,116 (0). Participation in subsidiaries on June 30, 2018 amounted to kSEK 68,876 (62,897).

The Parent Company's cash and cash equivalents at the end of the period amounted to kSEK 75,577, compared with kSEK 108,084 in the year-earlier period.

Share information

The share has been traded on Nasdaq First North, with the ticker symbol ACARIX and ISIN code SE0009268717, since December 19, 2016 and the shares are listed under the Premier segment. As of June 30, 2018, the number of shares in the company amounted to 23,027,376 (23,027,376).

Shareholder register June 30, 2018	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	20.6%
SEED Capital DK II K/S	4,749,081	20.6%
Puhua Jingxin	2,654,259	11.5%
Coloplast A/S	1,683,072	7.3%
Seventure Partners	993,334	4.3%
Other shareholders	8,198,549	35.6%
Total	23,027,376	100.0%

Auditor's review

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

Certified Adviser

Acarix's Certified Adviser on Nasdaq First North is Wildeco Ekonomisk Information AB.

Financial calendar

Date

Third-quarter Interim Report 2018	November 14, 2018
Fourth-quarter and Year-end Report	February 20, 2019

For more information, please contact

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Group - Consolidated **Income statement**

kSEK	Note	Quarter 2 2018	Quarter 2 2017	Jan-Jun 2018	Jan-Jun 2017	Year 2017
Revenue	7	235	193	465	193	638
Cost of goods sold		-44	-77	-116	-77	-208
Gross profit		191	116	349	116	430
Research and development costs		-2,373	-1,760	-4,312	-1,759	-5,289
Sales, general and administrative costs		-7,366	-5,350	-13,596	-9,284	-25,884
Operating result		-9,548	-6,994	-17,559	-10,927	-30,743
Financial income		42	2	97	3	130
Financial costs		-30	-15	-38	-31	-123
Profit before tax		-9,536	-7,007	-17,500	-10,956	-30,736
Tax		-	500	-	956	960
Net loss for the period		-9,536	-6,508	-17,500	-10,000	-29,776
Net income attributable to Parent Company's shareholders		-9,536	-6,508	-17,500	-10,000	-29,776
Basic earnings per share (SEK) ^{1), 2)}		-0.41	-0.28	-0.76	-0.43	-1.29
Diluted earnings per share (SEK)		-0.41	-0.28	-0.76	-0.43	
Average number of shares, thousands		23,027		23,027		23,027

¹⁾ No dilution effects arose

²⁾ EPS – Net profit for the period, attributable to shareholders of the Parent Company, divided by average number of shares outstanding

Group - Consolidated **Statements of Comprehensive Income**

kSEK	Quarter 2 2018	Quarter 2 2017	Jan-Jun 2018	Jan-Jun 2017	Year 2017
Net loss for the period after tax	-9,536	-6,508	-17,500	-10,000	-29,776
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment	467	165	1,847	334	664
Other comprehensive income for the period, net of tax	467	165	1,847	334	664
Total comprehensive income for the period, net of tax	-9,069	-6,343	-15,653	-9,666	-29,112
Total comprehensive income attributable to:					
Owners of Acarix	-9,069	-6,343	-15,653	-9,666	-29,112

Group - Consolidated **Balance sheet**

kSEK	Note	June 30, 2018	June 30, 2017	Dec 31, 2017
Assets				
Intangible assets				
Acquired rights		4,984	4,864	4,840
Development projects, capitalized		20,370	21,002	20,351
Total intangible assets	8	25,354	25,866	25,191
Current assets				
Tax receivables		1,052	3,600	995
Inventory	9	2,949	1,590	1,945
Accounts receivables		573	323	454
Other receivables		1,333	2,213	1,634
Prepayments		300	1,502	380
Cash and cash equivalents		85,165	115,999	103,457
Total current assets		91,372	125,226	108,865
Total assets		116,726	151,092	134,056
Shareholders' equity and liabilities				
Equity				
Share capital and share premium		396,044	394,841	396,044
Other reserves		2,536	190	689
Retained earnings		-285,294	-248,018	-267,794
Total equity		113,287	147,013	128,939
Current liabilities				
Accounts payable		858	1,817	1,464
Other liabilities		2,581	2,261	3,653
Total current liabilities		3,439	4,078	5,117
Total equity and liabilities		116,726	151,092	134,056

Group - Consolidated **Statement of changes in shareholders' equity**

kSEK	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
As at January 1, 2018	23,027	373,017	689	-267,794	128,940
Profit/loss for the period	-	-	-	-17,500	-17,500
Other comprehensive income:					
Foreign exchange rate adjustment	-	-	1,847	-	1,847
Total comprehensive income	23,027	373,017	2,536	-285,294	113,287
At June 30, 2018	23,027	373,017	2,536	-285,294	113,287
As at January 1, 2017	23,027	371,814	25	-239,350	155,516
Profit/loss for the period	-	-	-	-10,000	-10,000
Corrections from previous period	-	-	-	1,332	1,332
Other comprehensive income:					
Foreign exchange rate adjustment	-	-	165	-	165
Total comprehensive income	23,027	371,814	190	-248,018	147,013
At June 30, 2017	23,027	371,814	190	-248,018	147,013

Group **Consolidated Statements of Cash Flow**

KSEK	Quarter 2 2018	Quarter 2 2017	Jan-Jun 2018	Jan-Jun 2017	Year 2017
Operating activities					
Result before tax	-9,536	-7,007	-17,500	-10,956	-30,736
Adjustment for depreciation	632	249	1,241	249	1,433
Taxes received	-	-	-	-	2,421
Financial expenses	-	-45	-	-29	7
Adjustment for other items not included in cash flow	-	-33	-	-20	-
Cash-flow before change of working capital	-8,905	-6,836	-16,258	-10,755	-26,875
Working capital adjustments:					
Change in inventory	114	-	-1,004	-	-355
Change in receivables and prepayments	534	-2,260	206	-2,394	-656
Change in trade and other payables	-1,034	-1,450	-1,677	-13,691	-12,653
Total change in working capital	-385	-3,710	-2,476	-16,086	-13,664
Cash-flow from operations	-9,290	-10,546	-18,734	-26,841	-40,539
Cash-flow from operating activities	-9,290	-10,546	-18,734	-26,841	-40,539
Investing activities					
Investments in intangibles	-	-1,076	-	-3,062	-2,984
Cash-flow from investing activities	-	-1,076	-	-3,062	-2,984
Financing activities					
Issue of warrants	-	-	-	-	1,203
Cash flow from financing activities	-	-	-	-	1,203
Cash flow for the period	-9,290	-11,622	-18,734	-29,903	-42,320
Currency translation differences	199	192	442	7	-118
Cash and cash equivalents, beginning of period	94,256	127,429	103,457	145,895	145,895
Cash and cash equivalents, end of period	85,165	115,999	85,165	115,999	103,457

Parent Company **Income statement**

kSEK	Note	Quarter 2 2018	Quarter 2 2017	Jan-Jun 2018	Jan-Jun 2017	Year 2017
Other revenue		1,600	774	2,900	1,516	4,239
Sales, general and administrative costs	6, 7, 8	-3,289	-2,237	-5,974	-3,892	-10,295
Operating result		-1,689	-1,463	-3,074	-2,376	-6,056
Profit/Loss from shares in group companies		-16,116	-	-16,116	-	-
Financial income		34	-	73	-	105
Financial expense		-1	-	-1	-	-66
Result before tax		-17,771	-1,463	-19,119	-2,376	-6,017
Net loss for the period		-17,771	-1,463	-19,119	-2,376	-6,017
Net income attributable to Parent Company's shareholder		-17,771	-1,463	-19,119	-2,376	-6,017

Parent Company **Statements of Comprehensive Income**

kSEK	Note	Quarter 2 2018	Quarter 2 2017	Jan-Jun 2018	Jan-Jun 2017	Year 2017
Net loss for the period after tax		-17,771	-1,463	-19,119	-2,376	-6,017
Total comprehensive income for the period, net of tax		-17,771	-1,463	-19,119	-2,376	-6,017
Total comprehensive income attributable to:						
Owners of Acarix		-17,771	-1,463	-19,119	-2,376	-6,017

Parent Company **Balance sheet**

kSEK	June 30, 2018	June 30, 2017	Dec 31, 2017
Assets			
Financial assets			
Participation in subsidiaries	68,876	62,897	68,876
Total financial assets	68,876	62,897	68,876
Current assets			
Other receivables	8,077	2,041	4,773
Cash and cash equivalents	75,577	108,084	98,741
Total current assets	83,654	110,125	103,514
Total assets	152,530	173,022	172,390
Shareholders' equity and liabilities			
Equity			
Share capital	23,027	23,027	23,027
Other capital contribution	156,912	155,709	156,912
Retained earnings	-29,939	-7,181	-10,821
Total equity	150,000	171,556	169,118
Current liabilities			
Accounts payable	525	356	109
Other liabilities	2,005	1,110	3,163
Total current liabilities	2,530	1,466	3,172
Total equity and liabilities	152,530	173,022	172,390

Parent Company **Statement of changes in shareholders' equity**

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2018	23,027	156,912	-10,821	169,118
Net loss for the period	-	-	-19,119	-19,119
Total comprehensive income	-	-	-19,119	-19,119
Change in shareholders' equity	-	-	-19,119	-19,119
At June 30, 2018	23,027	156,912	-29,939	150,000
As at January 1, 2017	23,027	155,709	-4,804	173,932
Net loss for the period	-	-	-2,376	-2,376
Total comprehensive income	-	-	-2,376	-2,376
Change in shareholders' equity	-	-	-2,376	-2,376
At June 30, 2017	23,027	155,709	-7,181	171,556

Notes to the interim consolidated financial statements

Note 1 Corporate information

Company information

Acarix AB is a limited liability company incorporated and domiciled in Malmö, Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 211 11 Malmö, Sweden. Acarix's main activities are to develop, produce and market a new cardiovascular diagnostic method and similar equipment for the same and related services. The Acarix Group (the Group) consist of Acarix A/S, the main operating company incorporated and located in Denmark, Acarix GmbH supporting sales on the German market incorporated and located in Germany and Acarix Incentive AB incorporated and located in Sweden.

Note 2 Basis of preparation

Basis of preparation

The interim report for the Group and Parent Company comprises summary consolidated financial statements for Acarix AB (publ). The interim consolidated financial statements include the Company's wholly-owned Danish, German and Swedish subsidiaries, Acarix A/S, Acarix GmbH and Acarix Incentives AB.

Note 3 Accounting policies

Accounting policies

The consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, Interim Financial Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2018 did not affect the Groups reporting as of June 30, 2018.

Acarix continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The Parent Company report is prepared in accordance with RFR 2, Accounting for Legal Entities, the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

Standards issued but not yet effective

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15.

An analysis of the transition effects of IFRS 16 on the consolidated accounts shall begin in 2018.

Note 4 Significant accounting estimates, judgments and assumptions

In preparing the interim report, certain provisions under IFRS require management to make judgments, which may significantly impact the Group's financial statements. For additional descriptions of significant judgments and estimates, refer to note 4 in the annual report 2017.

Note 5 Risk management

The Acarix Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2017. In addition to the risks described in these documents, no additional significant risks have been identified.

Note 6 Related parties

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

Consultancy fee to member of Board of Directors

kSEK	Jan-Jun, 2018	Q2 2018	Q1 2018	Jan-Jun, 2017	Year 2017
Werner Braun (Chairman)	154	114	40	-	645
Denis Gestin (Board member)	123	123	-	-	-
Total	277	237	40	-	645

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

Note 7 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Invoiced sales per country

kSEK	Q2 2017	Q1 2018	Q2 2018	Jan-Jun, 2018
Germany	64	144	174	318
Sweden	-	86	-	86
Denmark	65	-	61	61
Other	64	-	-	-
Total	193	230	235	465

Note 8 Intangible assets

Development projects are related to the development of the CADScor®System (acoustic cardiovascular diagnostics), which records heart sounds and murmurs for calculating a patient's specific score in order to determine the patient's risk of coronary artery disease. During the second quarter 2017, the CADScor®System was introduced on the market and the first sales orders were recognized. Capitalization of development costs ceased when the product was ready to launch on the market and amortization of capitalized development costs commenced. Management estimates the useful life of development projects to be 10 years. These assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount. Development projects have been tested for impairment in December 2017.

Intangible assets 2018 kSEK	Aquired rights	Development costs, completed	Total
Cost at January 1, 2018	5,773	21,612	27,385
Foreign currency translation adjustment	287	1,233	1,520
Cost at June 30, 2018	6,060	22,845	28,905
Amortization and impairment at January 1, 2018	-933	-1,261	-2,194
Amortization	-132	-1,142	-1,274
Foreign currency translation adjustment	-11	-72	-83
Amortization and impairment losses at June 30, 2018	-1,076	-2,475	-3,551
Carrying amount at June 30, 2018	4,984	20,370	25,354

Intangible assets 2017 kSEK	Aquired rights	Development costs, completed	Total
Cost at January 1, 2017	5,606	18,179	23,785
Addition for the period	34	2,890	2,924
Foreign currency translation adjustment	30	109	139
Cost at June 30, 2017	5,670	21,178	26,848
Amortization and impairment at January 1, 2017	-662	-	-662
Amortization	-144	-177	-321
Amortization and impairment losses at June 30, 2017	-806	-177	-983
Carrying amount at June 30, 2017	4,864	21,002	25,866

Note 9 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.

Note 10 Trade 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.

Affirmation

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in accordance with the Swedish Annual Accounts Act. With respect to the Parent Company, this interim report has been prepared in accordance with the Swedish Annual Accounts Act and in compliance with RFR2, Accounting for Legal Entities. The Board of Directors and the CEO certify that this interim report presents a true and fair overview of the Group's and the Parent Company's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group

Malmö, August 20, 2018

Werner Braun
Chairman of the Board

Johanne Braendgaard
Board member

Denis Gestin
Board member

Ulf Rosén
Board member

Claus Andersson
Board member

Yun Fei Hong
Board member

Christian Lindholm
CEO

