

Acarix Interim report January-June 2019



CADScor® System Included in UK guidance for ruling out Coronary Artery Disease

Second quarter 2019 compared with same period 2018

- During the second quarter, sales amounted to five CADScor® System and 1,690 patches compared with four CADScor® System and 380 patches in same period previous year.
- Revenue amounting to 664 kSEK (235), with gross profit of 539 kSEK (191) and a gross margin of 81% (81).
- Operational costs amounting 12,844 kSEK (9,739).
- Result before tax amounted to -12,301 kSEK (-9,536).
- Net cash flow from operating activities amounted to -12,307 kSEK (-9,290).
- Basic earnings per share amounted to -0,54 SEK (-0.41). No dilution arose.

First half year 2019 compared with same period 2018

- During the first half year a total of 10 (8) CADScor® System and 2,330 (800) patches were sold and generated totally 963 kSEK (465) in revenue. Gross profit amounted to 748 kSEK (349), corresponding to a gross margin of 78% (75).
- Operating costs amounted to 25,881 kSEK (19,908).
- Result before tax amounted to -25,123 kSEK (-17,500).
- Net cash flow from operating activities amounted to -25,409 kSEK (-18,734).
- Cash position amounted to 39,037 kSEK (85,165).
- Basic earnings per share amounted to -1,09 SEK (-0.76). No dilution arose.

Events in the second quarter, 2019

- On June 10, Acarix's CEO, Per Persson, presented the latest developments within the company at Redeye Growth Day. The presentation is live and is available at www.redeye.se/live/redeye-growth-day-19.
- On June 27, Acarix announced that the CADScor® System has been included as a first line investigation for ruling out suspected stable Coronary Artery Disease by the British National Institute for Health and Care Excellence (NICE). From a market perspective the inclusion in the NICE guidance will allow Acarix to accelerate its strategy of introducing CADScor® in the UK. Acarix will now initiate negotiations with National Health Services, England, and clinical commissioning groups (CCG) to support the use of CADScor® as first line evaluation aid.

Events after June 30, 2019

- On August 5, Acarix announced the publication of a meta-analysis including 2,245 patients showing Acarix's leading CADScor® System is more than three times as effective as current practice, implying clinical and economic advantages. The meta-analysis was published in The International Journal of Cardiovascular Imaging and explores reclassification of patients with suspected stable chest pain.

CEO Message

With CADScor®System we have a fantastic opportunity to revolutionize the way the healthcare system handles patients with suspected coronary artery disease, CAD. In our daily work at Acarix, we see that the need for precise tools to make quick and appropriate decisions continues to grow, and Acarix has an important role to play in fulfilling that need.

We can and we will develop the market and clinical practice towards CADScor, adding tremendous benefits towards the patient, the caregiver and the entire healthcare system. Our strategy to reach the full market potential of the CADScor®System is driven by *strong clinical evidence*, a *well-defined market entry strategy* and *active collaboration* with participants in the healthcare system.

During the second quarter we have had many encouraging events. We have a stable foundation with *strong clinical evidence* and a loyal, appreciative customer base. In order to expand our footprint and to accelerate the uptake of our system, growing our clinical evidence is vital. In that respect, we are pleased as we just got a new publication in Cardiovascular Imaging in which we explore reclassification of patients with chest pain:

- The CADScor®System enabled a significant and safe reclassification of patients with chest pain: more than three times as many patients could be ruled-out of stable CAD by the CADScor®System compared to the Diamond-Forrester score (anamneses).
- Use of the CADScor®System as a first-line test before other non-invasive testing could thus potentially reduce the need for more expensive testing and provide important clinical and economic advantages.

In addition, the FILTER-SCAD study has commenced enrollment with the first “pre study-patient” included in May. It is a randomized study, looking at prospective outcomes, comparing the CADScor®System to standard evaluation. The study is truly a landmark as it will provide long-term clinical data. It will also document health economic benefits, which will be very helpful in discussions with public healthcare payors.

With regards to our *market strategy* our current focus is mainly Europe, with Germany and the Nordic region in primary focus. We are exploring and assessing selected markets in addition. In the quarter, we received strong recognition as CADScor was included in the UK domestic healthcare (NICE) recommendation for CAD diagnostics. We will now begin to work on regional reimbursement through the National Healthcare System (NHS) and the regional decision makers (CCG). With this great acknowledgement, we will accelerate our investments in the commercial structure for the UK.

Furthermore, we just started the preparation for our US entry, a market that we believe makes a great fit with our market approach from both a patient and overall healthcare



system perspective. The first important step is to have our regulatory strategy confirmed to seek and achieve the quickest possible approval by the US Food and Drug Administration (FDA). We will get an understanding of the reimbursement system and structures of financial incentives for the clinics. In addition, we will identify, validate and contract relevant commercial partner(s) with the ability to provide the fastest and most efficient route to commercialization and establishment of CADScor as a first line tool to rule out CAD – without building our own local organization.

The third important pillar of our work is to *participate actively* at seminars and congresses and to have close interaction with doctors and clinics. Our objective is to increase awareness about the CADScor®System supporting the long-term inclusion in guidelines and gaining of reimbursement. During this quarter, we organized events in Sweden and Germany focusing on the added value of CADScor as an alternative to current pathways, all with good attendance and attention.

Our vision for CADScor®System is to achieve a paradigm shift in the exclusion of coronary artery disease; quickly, accurately, safely, non-invasively and without radiation at the first point of care. I look forward to coming back to you with more information about our future journey and finally would like to take this opportunity to thank colleagues, board members and shareholders for their strong belief in and commitment to Acarix.

Sincerely,
Per Persson
Chief Executive Officer

Financial Report

Revenues and gross margin

Second quarter

During the second quarter five CADScor®Systems and 1,690 patches were sold. The corresponding period last year four CADScor®Systems and 380 patches were sold. Three CADScor®Systems were sold in Germany, one in Sweden and one system was sold in Denmark. In previous quarter five CADScor®Systems and 640 disposable plasters were sold.

The Group's sales for the second quarter amounted to 664 kSEK. Revenues from CADScor®System amounted to 135 kSEK and revenues from patches amounted to 529 kSEK. The gross profit for the second quarter amounted to 539 kSEK. The gross margin amounted to 81% compared to 81% during the same period last year.

First half year

Ten CADScor®Systems and 2,330 patches were sold during the second quarter compared to eight CADScor®Systems and 800 patches in same period previous year. Three CADScor®Systems were sold in Germany, three system in Sweden and one system sold in Denmark.

Group revenue for the first half of the year amounted to 963 kSEK, divided into 237 kSEK for CADScor®System and 726 kSEK for patches. Gross profit for the first half of the year amounted to 748 kSEK, corresponding to a gross margin of 78% compared to 75% during the same period last year.

Expenses

Second quarter

Total group expenses (R&D and SG&A) for the second quarter amounted to 12,844 kSEK compared to 9,738 kSEK in the year-earlier period. SG&A costs amounted to 7,570 kSEK in the quarter, of which 3,823 kSEK related to sales and marketing costs. Research & Development costs amounted to 5,274 kSEK in the quarter and have increased due to activities related to the Dan-NICAD II and the Seismo study.

First half year

Total group expenses (R&D and SG&A) for the first half year amounted to 25,881 kSEK compared to 17,908 kSEK in the year-earlier period. SG&A costs amounted to 15,362 kSEK in the quarter, of which 8,097 kSEK related to sales and marketing costs. Research & Development costs amounted to 10,519 kSEK for the period and have increased due to activities related to the Dan-NICAD II and the Seismo study.

Result

Second quarter

In second quarter the Group reported an operating loss of -12,304 kSEK compared to -9,548 kSEK in the year-earlier period. Depreciation in the first quarter amounted to 1,049 kSEK divided between capitalized development costs of 591 kSEK, patent 67 kSEK and depreciation of lease assets of 391 kSEK. Deferred tax amounted to -50 kSEK for the period. The net loss for the period amounted to -12,351 kSEK compared to -9,536 kSEK in the year-earlier period. Earnings

per share before dilution were -0.54 SEK for the first quarter compared to -0.41 SEK in the corresponding period in the preceding year. No dilution effects arose.

First half year

In first half year the Group reported an operating loss of -25,133 kSEK compared to -17,559 kSEK in the year-earlier period. Depreciation in the period amounted to 2,052 kSEK divided between capitalized development costs of 1,162 kSEK, patent 133 kSEK and depreciation of lease assets of 757 kSEK. Deferred tax amounted to -25 kSEK for the period related to leases. The net loss for the period amounted to -25,148 kSEK compared to -17,500 kSEK in the year-earlier period. Earnings per share before dilution were -1.09 SEK for the first half year compared to -0.76 SEK in the corresponding period in the preceding year. No dilution effects arose.

Intangible assets

Capitalization of development costs related to the CADScor®System has been ongoing since August 2015 when TÜV issued a certificate of compliance (CE-mark) for the product. Capitalization ceased when the product was launched on the market during the second quarter of 2017 and amortization of development costs was initiated. As of June 30, 2019, capitalized development costs amounted to 18,267 kSEK. The carrying amount including capitalized development costs and acquired rights as of June 30, 2019 amounted to 23,035 kSEK.

Equity

As of June 30, 2019, consolidated equity amounted to 63,533 kSEK compared to 113,287 kSEK on June 30, 2018. As of June 30, 2019, 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 -12,692 kSEK compared to an outflow of -9,290 kSEK in the year-earlier period. The impact from working capital amounted to -1,057 kSEK compared to -385 kSEK in the year-earlier period.

First half year

In the first half year, total cash flow showed an outflow of -26,152 kSEK compared to an outflow of -18,734 kSEK in the year-earlier period. The impact from working capital amounted to -2,338 kSEK compared to -2,476 kSEK in the year-earlier period. At the end of the period, Acarix had 39,037 kSEK in cash and cash equivalents compared to 85,165 kSEK in the year-earlier period.

The management of Acarix and its Board of Directors evaluates the capital structure and possible future financing options. The management and the board are positive about the opportunity to raise capital for the company's continuing operations according to the business plan. See further information in the Annual Report for 2018.

Parent Company

The Parent Company's operations are primarily focused on Group wide administration and management and have during the quarter invoiced 2,945 kSEK (1,600) in management-fees. The company report net loss for the quarter amounting -9,797 kSEK (-17,771) including write-down of shares in subsidiary amounting -7,225 kSEK (-16,116).

From second quarter 2018 onwards, shareholder contributions covering losses in the wholly owned subsidiaries have been recognized in the Parent Company's profit and loss and not as a financial fixed asset. The shareholder contributions recognized in the first half year amount to 11,461 kSEK (16,116).

The Parent Company's cash and cash equivalents at the end of the period amounted to 36,792 kSEK compared to 75,577 in the year-earlier period.

Share information

The share has been trading on Nasdaq First North with the ticker symbol ACARIX and ISIN code SE0009268717 since December 19, 2016 and the shares are listed under the Premier segment. As of June 30, 2019, the number of shares in the company amounted to 23,027,376 (23,027,376).

Shareholder register June 30, 2019	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	20.6%
SEED Capital DK II K/S	4,749,081	20.6%
Puhua Jingxin	2,654,259	11.5%
Coloplast A/S	1,683,072	7.3%
Seventure Partners	993,334	4.3%
Other shareholders	8,198,549	35.6%
Total	23,027,376	100.0%

Auditor's review

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

Certified Adviser

Acarix's Certified Adviser on Nasdaq First North is Wildeco Ekonomisk Information AB, tel +46 8 545 27100 or info@wildeco.se.

Financial calendar

Date

Interim Report, third quarter	November 14, 2019
Interim Report, fourth quarter and Year end Report	February 20, 2020

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Group – Consolidated statement of income

kSEK	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Year 2018
Revenue	7	664	235	963	465	1,024
Cost of goods sold		-125	-44	-115	-116	-316
Gross profit		539	191	748	349	708
Research and development costs		-5,274	-2,373	-10,519	-4,312	-12,344
Sales, general and administrative costs		-7,570	-7,366	-15,362	-13,596	-30,887
Operating result		-12,304	-9,548	-25,133	-17,559	-42,523
Financial income		29	42	65	97	352
Financial costs		-25	-30	-54	-38	-79
Profit before tax		-12,301	-9,536	-25,123	-17,500	-42,250
Tax		-50	-	-25	-	-
Net loss for the period		-12,351	-9,536	-25,148	-17,500	-42,250
Net income attributable to Parent Company's shareholders		-12,351	-9,536	-25,148	-17,500	-42,250
Basic earnings per share (SEK) ^{1), 2)}		-0,54	-0,41	-1,09	-0,76	-1,83
Diluted earnings per share (SEK)		-0,54	-0,41	-1,09	-0,76	-1,83
Average number of shares, thousands		23,027	23,027	23,027	23,027	23,027

¹⁾ No dilution effects arose

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

Group – Consolidated statement of comprehensive income

kSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Year 2018
Net loss for the period after tax	-12,351	-9,536	-25,148	-17,500	-42,250
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment	435	467	803	1,847	1,188
Other comprehensive income for the period, net of tax	435	467	803	1,847	1,188
Total comprehensive income for the period, net of tax	-11,916	-9,069	-24,345	-15,653	-41,062
Total comprehensive income attributable to:					
Owners of Acarix	-11,916	-9,069	-24,345	-15,653	-41,062

Group – Consolidated statement of financial position

kSEK	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Assets				
<i>Tangible assets</i>				
Utilization rights		1,651	-	-
Total tangible assets		1,651	-	-
<i>Intangible assets</i>				
Acquired rights		4,768	4,984	4,775
Development projects, capitalized		18,267	20,370	18,921
Total intangible assets	8	23,035	25,354	23,696
Total fixed assets		24,686	25,354	23,696
<i>Current assets</i>				
Tax receivables		-	1,052	-
Inventory		3,427	2,949	2,625
Accounts receivables		1,360	573	603
Other receivables		2,788	1,333	3,254
Prepayments		-	300	-
Cash and cash equivalents		39,037	85,165	65,019
Total current assets		46,612	91,372	71,501
Total assets		71,298	116,726	95,197
Shareholders' equity and liabilities				
<i>Equity</i>				
Share capital and share premium		396,044	396,044	396,044
Other reserves		2,680	2,536	1,877
Retained earnings		-335,191	-285,294	-310,044
Total equity		63,533	113,287	87,877
<i>Long term liabilities</i>				
Lease debt		121	-	-
Total long term liabilities		121	-	-
<i>Current liabilities</i>				
Lease debt		1,413	-	-
Accounts payable		2,274	858	2,502
Other liabilities		3,957	2,581	4,818
Total current liabilities		7,644	3,439	7,320
Total equity and liabilities		71,298	116,726	95,197

Group – Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Other reserves	Retained earnings	Total shareholders equity
As at January 1, 2019	23,027	373,017	1,877	-310,044	87,878
Profit/loss for the period	-	-	-	-25,148	-25,148
Other comprehensive income:					
Foreign exchange rate adjustment	-	-	803	-	803
Total comprehensive income	23,027	373,017	2,680	-335,191	63,533
At June 30, 2019	23,027	373,017	2,680	-335,191	63,533
As at January 1, 2018	23,027	373,017	689	-267,794	128,939
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

Group – Consolidated statement of cash flows

kSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Year 2018
Operating activities					
Operating result	-12,304	-9,536	-25,133	-17,500	-42,523
Adjustment for depreciation	1,049	632	2,052	1,241	2,507
Taxes received	-	-	-	-	997
Financial items	4	-	10	-	277
Cash-flow before change of working capital	-11,252	-8,905	-23,071	-16,258	-38,742
<i>Working capital adjustments:</i>					
Change in inventory	-100	114	-802	-1,004	-680
Change in receivables and prepayments	-1,050	534	-491	206	-1,388
Change in trade and other payables	93	-1,034	-1,046	-1,677	2,201
Total change in working capital	-1,057	-385	-2,338	-2,476	133
Cash-flow from operations	-12,307	-9,290	-25,409	-18,734	-38,609
Cash-flow from operating activities	-12,307	-9,290	-25,409	-18,734	-38,609
Financing activities					
Amortization of lease debt	-385	-	-744	-	-
Cash-flow from financing activities	-385	-	-744	-	-
Cash flow for the period	-12,692	-9,290	-26,152	-18,734	-38,609
Currency translation differences	148	199	170	442	171
Cash and cash equivalents, beginning of period	51,581	94,256	65,019	103,457	103,457
Cash and cash equivalents, end of period	39,037	85,165	39,037	85,165	65,019

Parent Company income statement

kSEK	Note	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Year 2018
Other revenue		2,945	1,600	6,080	2,900	5,127
Sales, general and administrative costs		-5,540	-3,289	-10,989	-5,974	-15,448
Operating result		-2,595	-1,689	-4,909	-3,074	-10,321
Profit/Loss from shares in group companies		-7,225	-16,116	-11,461	-16,116	-58,936
Financial income		24	34	55	73	141
Financial expense		-1	-1	-1	-1	-2
Result before tax		-9,797	-17,771	-16,316	-19,119	-69,118
Tax		-	-	-	-	-
Net loss for the period		-9,797	-17,771	-16,316	-19,119	-69,118
Net result attributable to Parent Company's shareholder		-9,797	-17,771	-16,319	-19,119	-69,118

Parent Company balance sheet

kSEK	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Assets				
<i>Financial assets</i>				
Participation in subsidiaries		42,178	68,876	42,178
Total financial assets		42,178	68,876	42,178
<i>Current assets</i>				
Other receivables		7,234	8,077	623
Cash and cash equivalents		36,792	75,577	61,349
Total current assets		44,026	83,654	61,972
Total assets		86,204	152,530	104,150
Shareholders' equity and liabilities				
<i>Equity</i>				
Share capital		23,027	23,027	23,027
Other capital contribution		156,912	156,912	156,912
Retained earnings		-96,255	-29,939	-79,939
Total equity		83,684	150,000	100,000
<i>Current liabilities</i>				
Accounts payable		176	525	1,113
Other liabilities		2,344	2,005	3,037
Total current liabilities		2,520	2,530	4,150
Total equity and liabilities		86,204	152,530	104,150

Parent Company statement of changes in equity

kSEK	Share capital	Other capital contribution	Retained earnings	Total shareholders' equity
As at January 1, 2019	23,027	156,912	-79,939	100,000
Net loss for the period	-	-	-16,316	-16,316
Total comprehensive income	-	-	-16,316	-16,316
Change in shareholders' equity	-	-	-16,316	-16,316
At June 30, 2019	23,027	156,912	-96,255	83,684
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

Notes to the interim consolidated financial statements

NOTE 1 CORPORATE INFORMATION

Company information

Acarix AB (559009-0667) is a limited liability company incorporated and domiciled in Malmö, Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 211 11 Malmö, Sweden. Acarix's main activities are to develop, produce and market a new cardiovascular diagnostic method and similar equipment for the same and related services.

The Acarix Group consist of:

Acarix A/S	The main operating company	Incorporated and located in Denmark
Acarix GmbH	Supporting sales on the German market	Incorporated and located in Germany
Acarix GmbH	Supporting sales on the Austrian market	Incorporated and located in Austria
Acarix China ApS	Supporting Chinese approval process	Incorporated and located in Denmark
Acarix Incentive AB		Incorporated and located in Sweden

NOTE 2 BASIS OF PREPARATION

The interim report for the Group and Parent Company comprises summary consolidated financial statements for Acarix AB (publ). The interim consolidated financial statements include the Company's wholly-owned subsidiaries according to above specification.

NOTE 3 ACCOUNTING POLICIES

Accounting policies

The consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, Interim Financial Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2019 did not affect the Groups reporting as of June 30, 2019, except for IFRS 16. See separate note..

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

New and changed standards applied by the Group

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and

SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

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

IFRS 16 is applied by the Group as of January 1, 2019.

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

As of June 30, 2019, the use rights to 1,651 kSEK and the total leasing debt amounted to 1,413 kSEK.

Leases (from 2019)

Acarix leases various properties and cars. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, especially for leases of properties where, among other things, the lease term differs between different agreements. Rental contracts for cars are typically made for fixed periods of 3 years.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset and the lease liability are reported on the line item *Right of use* and *Long-/Short term lease debt* in the balance sheet. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable in connection with the inception date of the lease
- variable lease payment that are based on an index or a rate, measured based on the index or rate at initial recognition
- amounts expected to be payable by the lessee under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Acarix uses the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

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

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

NOTE 4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the interim report, certain provisions under IFRS require management to make judgments, which may significantly impact the Group's financial statements. For additional descriptions of significant judgments and estimates, refer to note 4 in the annual report 2018.

NOTE 5 RISK MANAGEMENT

The Acarix Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2018. In addition to the risks described in these documents, no additional significant risks have been identified.

NOTE 6 RELATED PARTIES

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

Consultancy fee to member of Board of Directors 2019

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	-	66			66
Denis Gestin	-	-			-
Total	-	66			66

Consultancy fee to member of Board of Directors 2018

kSEK	Q1	Q2	Q3	Q4	Year
Werner Braun (Chairman)	41	112	42	68	263
Denis Gestin	-	50	-	-	50
Total	41	162	42	68	313

NOTE 7 REVENUE RECOGNITION

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

Sale of goods

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

Invoiced sales per country, kSEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1-Q4 2019
Germany	203	225			428
Sweden	96	29			125
Denmark	-	410			410
Austria	-	-			-
Other	-	-			-
Total	299	664			963

Invoiced sales per country, kSEK	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1-Q4 2018
Germany	128	60	160	196	544
Sweden	86	-	58	12	156
Denmark	-	174	-	-	174
Austria	-	-	133	-	133
Other	16	1	-	-	17
Total	230	235	351	208	1,024

NOTE 8 INTANGIBLE ASSETS

Development projects are related to the development of the CADScor®System (acoustic cardiovascular diagnostics), which records heart sounds and murmurs for calculating a patient's specific score in order to determine the patient's risk of coronary artery disease. During the second quarter 2017, the CADScor®System was introduced on the market and the first sales orders were recognized. Capitalization of development costs ceased when the product was ready to launch on the market and amortization of capitalized development costs commenced. Management estimates the useful life of development projects to be 10 years. These assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount. Development projects have been tested for impairment in December 2018.

Group, 2019, kSEK	Acquired rights	Development costs	Total
Cost at January 1, 2019	5,975	22,480	28,456
Foreign currency translation adjustment	138	594	732
Cost at June 30, 2019	6,114	23,074	29,188
Amortization and impairment at January 1, 2019	-1,200	-3,559	-4,759
Amortization	-130	-1,130	-1,260
Foreign currency translation adjustment	-16	-118	-134
Amortization and impairment losses at June 30, 2019	-1,346	-4,807	-6,153
Carrying amount at June 30, 2019	4,768	18,267	23,035

Group, 2018, kSEK	Acquired rights	Development costs	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

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 6, 2019

EXECUTIVE MANAGEMENT

Per Persson
CEO

BOARD OF DIRECTORS

Dr. Werner Braun
Chairman of the Board

Paolo Raffaelli
Board Member

Johanne Braendgaard
Board Member

Claus Andersson
Board Member

Hong Yun Fei
Board Member

Ulf Rosén
Board Member

The information disclosed in this year-end report is mandatory for Acarix AB (publ) to publish pursuant to the EU Market Abuse Regulation. This information was submitted through the agency of the CEO, August 6, 2019 at 8:00 am (CET).

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