

Acarix Interim Report

JANUARY – SEPTEMBER 2017

CADScor® System launched in additional key markets

Third quarter (July–September) 2017 compared with same period 2016

- Cardiology Department at Skåne University Hospital in Lund is the first Swedish Clinic using CADScor® System for non-invasive, non-radiation acoustic rule-out of Coronary Artery Disease (CAD)
- During the quarter 3 CADScor® Systems and 520 patches were sold and generated revenues amounting kSEK 215 (0) with a gross profit of kSEK 140 and gross margin of 65%
- Increased commercial activities, new employments and ceased capitalization of development costs resulted in higher operational costs amounting kSEK 7,717 (6,994)
- Result before tax amounted to kSEK -7,513 (-30,331)
- Cash position amounted to kSEK 109,552 (1,910)
- Net cash flow from operating activities amounted to kSEK -7,413 (-3,951)
- Total equity amounted to kSEK 140,669 (12,720)
- Basic earnings per share amounted to SEK -0.31 (-2.36)

First nine months (January–September) 2017 compared with same period 2016

- Since the commercialization of CADScor® System during second quarter, a total of 6 CADScor® Systems and 880 patches have been sold and generated totally kSEK 408 in revenue
- Operating costs amounted to kSEK 18,760 (11,747)
- Result before tax amounted to kSEK -18,469 (-35,634)
- Net cash flow from operating activities amounted to kSEK -34,254 (-6,993)
- Basic earnings per share amounted to SEK -0.74 (-2.83)

Events occurred after September 30, 2017

- A new publication of the data from the dan-NICAD I study has been accepted. Data show that patients suspected of coronary artery disease can be send home after CADScor® System measurement with high certainty of not having significant coronary artery disease (above 96% negative predictive value), thus not needing further clinical evaluation.
- CEO Søren Rysholt Christiansen has resigned on 6 November 2017, with the effect to leave the company at the end of February 2018 latest. The Board has begun a search for Mr. Christiansen's successor.





Message from the CEO

Dear shareholder,

During the third quarter of 2017, we have made important progress in the commercial roll-out of the Danish Design Award winning CADScor®System.

Firstly, we announced the first German commercial order from a private cardiology clinic in Berlin headed by Dr. med. Niels Jacobsohn. Having thoroughly evaluated the CADScor®System, he commented on his purchasing decision: *"In Germany, nearly one million invasive cardiac catheter examinations are performed every year. A large proportion of these investigations leads to no finding. Patients, for whom Coronary Artery Disease (CAD) can be ruled out without an invasive cardiac catheter examination, should not be exposed to the stress and risk associated with invasive diagnostics. New innovative technologies, such as the Acarix CADScor®System, help to avoid invasive procedures in patients without CAD and additionally to reduce costs."*

Secondly, it was announced that Skåne University Hospital in Lund became the first Swedish customer using CADScor®System. The decision to introduce CADScor®System was explained by Professor David Erlinge, Professor in Cardiology at Lund University and Head of the Cardiology Department at Skåne University Hospital: *"In patients with suspected Coronary Artery Disease, applying non-invasive methods should always be step one. Current non-invasive methods such as stress tests e.g. exercise ECG, are time-consuming and they often do not produce sufficient information for an accurate diagnosis. Thus, many patients are referred to further, invasive tests either confirming the suspicion of CAD or, in many cases demonstrating that their symptoms are unrelated to CAD. We therefore look forward to introducing this easy to use and non-invasive diagnostic device to rule out CAD with high accuracy for the benefit of both patients and healthcare."*

These were critically important steps forward for Acarix and we were very excited to receive the first orders from the important German and Swedish markets.

During the quarter, we also continued our awareness building and lead generation activities and as part of that presented the CADScor®System at the European Society of Cardiology congress in Barcelona – the premier annual event for key decision makers within cardiology. For a company like Acarix where the sales process includes introducing not only a new technology with the potential to significantly improve the diagnostic pathway for patients, but also introducing Acarix as a commercial stage company to decision makers, such meetings and events are imperative.

The focus of the company in the coming quarters will be on both market adoption and revenue growth and thus continuing the gradual roll-out of the CADScor®System. In parallel we continue to invest in securing the long-term success of the company as we are also maintaining a clear focus on a strong clinical program and future reimbursement to achieve this target.

I would like to thank our customers for their business and our investors for their trust.

SINCERELY,
SØREN RYSHOLT CHRISTIANSEN
CHIEF EXECUTIVE OFFICER

Financial Report

Revenues and gross margin

During the third quarter 3 CADScor®Systems and 520 patches were sold compared to 3 CADScor®Systems and 360 patches in previous quarter. Acarix launched the CADScor®System on the German and the Swedish markets during the third quarter 2017.

Total revenue from sold CADScor®Systems during second and third quarter amounts to kSEK 173 and revenue from patches during the same period was kSEK 235, yielding a total of kSEK 408.

Gross profit for the second and third quarters amounted to kSEK 256, corresponding to a gross margin of 63%.

Expenses

Total expenses (R&D and SG&A) for the third quarter amounted to kSEK 7,717 compared to kSEK 6,994 in the year-earlier period. The year-on-year cost increase related to intensified commercial activities, staffing of the newly established German subsidiary and the fact that development costs related to CADScor®System would no longer be capitalized as of the second quarter of 2017.

SG&A costs amounted to kSEK 5,981 in the third quarter, of which kSEK 2,197 related to sales and marketing costs. Accumulated SG&A costs amounted to kSEK 15,265 of which kSEK 5,989 related to sales and marketing costs.

Total expenses for the first nine months amounted to kSEK 18,760 (11,747).

Result

During third quarter the Group reported an operating loss of kSEK -7,577 compared to kSEK -6,994 in the year-earlier period.

While the capitalization of development costs related to the CADScor®System ceased during the second quarter, the depreciation of capitalized development costs commenced. Depreciation during the third quarter amounted to kSEK 585.

Tax income amounted to kSEK 464 for the quarter compared to kSEK 544 in the corresponding period in 2016, both of which were related to a Danish R&D tax credit.

The net loss for the third quarter amounted to kSEK -7,049 compared to kSEK -29,787 in the year-earlier period. The third quarter in 2016 was charged with costs for conversion of a convertible loan amounting kSEK 23,337.

Earnings per share before dilution were SEK -0,31 for the third quarter compared to SEK -2,36 in the corresponding period in the preceding year. No dilution effects arose.

For the first nine months the Group reported an operating loss of kSEK -18,504 compared with a loss of kSEK -11,747 in the year-earlier period. Tax income amounted to kSEK 1,420 for the first nine months compared to kSEK 2,338 in the year-earlier period, both of which were related to a Danish R&D tax credit. A net loss for the first nine months amounted to kSEK -17,049 compared to kSEK -33,296 in the corresponding period in 2016.

Earnings per share before dilution were SEK -0.74 for the nine first months compared to SEK -2.83 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 September 30, 2017, capitalized development costs amounted to kSEK 20,212.

The carrying amount including capitalized development costs and acquired rights as of September 2017 amounted to kSEK 24,955.

Equity

As of September 30, 2017, consolidated equity amounted to kSEK 140,669 compared to kSEK 12,720 on September 30, 2016. The increase in equity relates to the proceeds from the initial public offering of shares in connection with the listing on Nasdaq First North Premier in December 2016.

As of September 30, 2017, the total number of shares amounted to 23,027,376.

Cash Flow

In the third quarter, total cash flow was an outflow of kSEK -6,210 compared to an inflow of kSEK 1,910 in the year-earlier period. Cash flow from operating activities amounted to kSEK -7,413 compared to kSEK -3,951 in the corresponding period in 2016. The impact from

working capital amounted to kSEK –596 compared to kSEK 3,164 in the year-earlier period.

Total cash flow for the first nine months was an outflow of kSEK –35,938 compared to kSEK –51 in the year-earlier period, impacted by proceeds from borrowing amounting to SEK 16,785. Cash flow from operating activities amounted to kSEK –34,254 compared to kSEK –6,993 in the corresponding period in 2016. The impact from working capital amounted to kSEK –16,682 compared to kSEK 4,816 in the year-earlier period.

Cash flow used in investing activities amounted to kSEK –2,887 and refers to capitalized R&D costs related to the CADScor® System prior to completion of the development. Cash flow in the year-earlier period amounted to kSEK –9,843.

At the end of the period, Acarix had kSEK 109,552 in cash and cash equivalents compared to kSEK 1,910 in the year-earlier period. The increase in cash and cash equivalents is related to the proceeds from the initial public offering of shares in connection with the listing on Nasdaq First North Premier in December 2016.

Parent Company

The Parent Company's operations are primarily focused on Group wide administration and management and have during the year invoiced kSEK 2,266 in management-fees. The company report net loss for the quarter amounting kSEK –1,390 for the third quarter. Net loss for the first nine months amounted to kSEK –3,767. The Parent Company's cash and cash equivalents at the end of the period amounted to kSEK 106,840.

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 September 30, 2017, the number of shares in the company amounted to 23,027,376 (19,403,820).

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

The five largest shareholders together with shareholders among management have entered into a lock-up agreement of 360 days from the first date of trading. Any sales of shares during this period must have prior written consent from Vator Securities.

Certified Adviser

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

Financial calendar

| | Date |
|------------------------------------|-------------------|
| Fourth quarter and year end report | February 26, 2018 |
| First quarter 2018 | May 23, 2018 |
| Annual General meeting | May 23, 2018 |
| Second quarter 2018 | August 21, 2018 |
| Third quarter 2018 | November 14, 2018 |
| Fourth quarter and year end report | February 20, 2019 |

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Group - Consolidated **Income statement**

| kSEK | Note | Quarter 3 2017 | Quarter 3 2016 | Jan-Sep 2017 | Jan-Sep 2016 | Year 2016 |
|---|------|-------------------|-------------------|-----------------|-----------------|----------------|
| Revenue | 6 | 215 | - | 408 | - | - |
| Cost of goods sold | | -75 | - | -151 | - | - |
| Gross profit | | 140 | - | 256 | - | - |
| Research and development costs | | -1,736 | -151 | -3,495 | -1,137 | -1,247 |
| Sales, general and administrative costs | | -5,981 | -6,843 | -15,265 | -10,610 | -25,543 |
| Operating result | | -7,577 | -6,994 | -18,504 | -11,747 | -26,790 |
| Financial income | | 64 | - | 35 | - | - |
| Financial costs | | - | -23,337 | - | -23,887 | -24,265 |
| Result before tax | | -7,513 | -30,331 | -18,469 | -35,634 | -51,055 |
| Tax | | 464 | 544 | 1,420 | 2,338 | 2,815 |
| Net loss for the period | | -7,049 | -29,787 | -17,049 | -33,296 | -48,240 |
| Net income attributable to parent company's shareholders | | -7,049 | -29,787 | -17,049 | -33,296 | -48,240 |
| Basic earnings per share (SEK) ^{1) 2)} | | -0.31 | -2.36 | -0.74 | -2.83 | -3.68 |
| Average number of shares, thousands | | 23,027 | 12,624 | 23,027 | 11,752 | 13,103 |

¹⁾ No dilution effects arose

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

Group - Consolidated **Statements of Comprehensive Income**

| kSEK | Quarter 3 2017 | Quarter 3 2016 | Jan-Sep 2017 | Jan-Sep 2016 | Year 2016 |
|--|-------------------|-------------------|-----------------|-----------------|----------------|
| Net loss for the period after tax | -7,049 | -29,787 | -17,049 | -33,296 | -48,240 |
| Items that may be reclassified to profit or loss | | | | | |
| Foreign currency translation adjustment | -498 | 465 | -333 | 630 | -456 |
| Other comprehensive income for the period, net of tax | -498 | 465 | -333 | 630 | -456 |
| Total comprehensive income for the period, net of tax | -7,547 | -29,322 | -17,382 | -32,666 | -48,696 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of Parent company | -7,547 | -29,322 | -17,382 | -32,666 | -48,696 |

Group - Consolidated **Statement of financial position**

| kSEK | Note | Sep. 30 2017 | Sep. 30 2016 | Year 2016 |
|---|----------|-----------------|-----------------|----------------|
| Assets | | | | |
| Intangible assets | | | | |
| Acquired rights | | 4,743 | 4,802 | 4,944 |
| Development projects, capitalized | | 20,212 | 15,956 | 18,179 |
| Total intangible assets | 7 | 24,955 | 20,758 | 23,123 |
| Financial assets | | | | |
| Deferred tax assets | | 1,410 | 2,338 | - |
| Total financial assets | | 1,410 | 2,338 | - |
| Current assets | | | | |
| Tax receivables | | 2,607 | 2,948 | 2,625 |
| Inventory | 8 | 1,633 | - | - |
| Other receivables | 9 | 1,530 | 601 | 1,488 |
| Prepayments | | 1,720 | 30 | 155 |
| Cash and cash equivalents | | 109,552 | 1,910 | 145,895 |
| Total current assets | | 117,042 | 5,489 | 150,163 |
| Total assets | | 143,407 | 28,585 | 173,286 |
| Shareholders' equity and liabilities | | | | |
| Equity | | | | |
| Share capital and share premium | | 396,044 | 118,509 | 394,841 |
| Other reserves | | -308 | 630 | 24 |
| Retained earnings | | -255,067 | -106,419 | -239,350 |
| Total equity | | 140,669 | 12,720 | 155,516 |
| Current liabilities | | | | |
| Accounts payable | | 380 | 925 | 4,404 |
| Other liabilities | | 2,357 | 14,940 | 13,365 |
| Total current liabilities | | 2,738 | 15,865 | 17,770 |
| Total equity and liabilities | | 143,407 | 28,585 | 173,286 |

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

| kSEK | Share capital and share premium | Other reserves | Retained earnings | Total shareholders equity |
|------------------------------------|---------------------------------------|-------------------|----------------------|---------------------------------|
| As at December 31 2016 | 394,841 | 25 | -239,350 | 155,516 |
| Corrections from previous period | - | - | 1,332 | 1,332 |
| As at 1 January 2017 | 394,841 | 25 | -238,018 | 156,848 |
| Profit/loss for the period | - | - | -17,049 | -17,049 |
| Other comprehensive income: | | | | |
| Foreign exchange rate adjustment | - | -333 | - | -333 |
| Total comprehensive income | - | -333 | - | -333 |
| Transactions with owners: | | | | |
| Issue of stock options | 1,203 | - | - | 1,203 |
| At September 30 2017 | 396,044 | -308 | -255,067 | 140,669 |
| As at 1 January 2016 | 84,976 | 481 | -73,318 | 12,139 |
| Profit/loss for the period | - | - | -33,296 | -33,296 |
| Other comprehensive income: | | | | |
| Foreign exchange rate adjustment | - | 149 | - | 149 |
| Total comprehensive income | - | 149 | - | 149 |
| Transactions with owners: | | | | |
| Capital increase | 33,533 | - | - | 33,533 |
| Share-based payments | - | - | 195 | 195 |
| At September 30 2016 | 118,509 | 630 | -106,419 | 12,720 |

In 2017, after the company's financial statements were approved for issue, the company discovered a mistaken accounting recognition of the inventory. The cumulative effect on the error on the Loss brought forward is kSEK 1,332. The error affecting year 2016 is not material and therefore, the financial statements of 2016 are not being restated.

Group - Consolidated Statements of Cash Flow

| kSEK | Quarter 3 2017 | Quarter 3 2016 | Jan-Sep 2017 | Jan-Sep 2016 | Year 2016 |
|--|-------------------|-------------------|-----------------|-----------------|----------------|
| Cash flow from operating activities | | | | | |
| Result before tax | -7,513 | -30,331 | -18,469 | -35,634 | -51,055 |
| Adjustment for amortization and depreciation | 585 | - | 834 | - | - |
| Adjustment for non-cash effect of the share-based payments | - | 16 | - | 75 | 83 |
| Financial expenses | 64 | 23,337 | 35 | 23,887 | 24,265 |
| Adjustment for other items not included in cash flow | 47 | -137 | 28 | -137 | 3,001 |
| Cash-flow before change of working capital | -6,817 | -7,115 | -17,572 | -11,809 | -23,706 |
| Working capital adjustments: | | | | | |
| Change in inventory | -43 | - | - | - | - |
| Change in receivables and prepayments | 787 | 82 | -1,650 | 1,349 | 337 |
| Change in trade and other payables | -1,341 | 3,069 | -15,032 | 3,427 | 14,390 |
| Change in credit institutions | - | 13 | - | 40 | -63 |
| Total change in working capital | -596 | 3,164 | -16,682 | 4,816 | 14,664 |
| Cash-flow from operations | -7,413 | -3,951 | -34,254 | -6,993 | -9,042 |
| Interest paid | - | - | - | - | -14 |
| Cash -flow from operating activities | -7,413 | -3,951 | -34,254 | -6,993 | -9,056 |
| Investing activities | | | | | |
| Investments in intangibles | - | -2,359 | -2,887 | -9,843 | -12,201 |
| Cash-flow from investing activities | - | -2,359 | -2,887 | -9,843 | -12,201 |
| Financing activities | | | | | |
| Issue of stock options | 1,203 | - | 1,203 | - | - |
| Proceeds from borrowings | - | 8,220 | - | 16,785 | - |
| Costs for capital increase | - | - | - | - | -11,046 |
| Capital increase | - | - | - | - | 176,698 |
| Cash flow from financing activities | 1,203 | 8,220 | 1,203 | 16,785 | 165,651 |
| Cash flow for the period | -6,210 | 1,910 | -35,938 | -51 | 144,394 |
| Currency translation differences | -237 | -218 | -405 | -160 | -620 |
| Cash and cash equivalents, beginning of period | 115,999 | 218 | 145,895 | 2,121 | 2,121 |
| Cash and cash equivalents, end of period | 109,552 | 1,910 | 109,552 | 1,910 | 145,895 |

Parent - **Income statement**

| kSEK | Note | Quarter 3 2017 | Quarter 3 2016 | Jan-Sep 2017 | Jan-Sep 2016 | Year 2016 |
|--|------|-------------------|-------------------|-----------------|-----------------|---------------|
| Other revenues | | 750 | - | 2,266 | - | - |
| Sales, general and administrative costs | | -2,207 | - | -6,099 | - | -4,804 |
| Operating result | | -1,457 | - | -3,833 | - | -4,804 |
| Financial income | | 66 | - | 66 | - | - |
| Result before tax | | -1,390 | - | -3,767 | - | -4,804 |
| Tax | | - | - | - | - | - |
| Net loss for the period | | -1,390 | - | -3,767 | - | -4,804 |
| Net income attributable to parent company's shareholder | | -1,390 | - | -3,767 | - | -4,804 |

Parent - **Statements of Comprehensive Income**

| kSEK | Note | Quarter 3 2017 | Quarter 3 2016 | Jan-Sep 2017 | Jan-Sep 2016 | Year 2016 |
|---|------|-------------------|-------------------|-----------------|-----------------|---------------|
| Net loss for the period after tax | | -1,390 | - | -3,767 | - | -4,804 |
| Total comprehensive income for the period, net of tax | | -1,390 | - | -3,767 | - | -4,804 |
| Total comprehensive income attributable to: Owners of Acarix | | -1,390 | - | -3,767 | - | -4,804 |

Parent - **Statements of financial position**

| kSEK | Note | Sep. 30 2017 | Sep. 30 2016 | Year 2016 |
|---|------|-----------------|-----------------|----------------|
| Assets | | | | |
| Financial assets | | | | |
| Participation in subsidiaries | | 63,373 | - | 49,616 |
| Total financial assets | | 63,373 | - | 49,616 |
| Current assets | | | | |
| Other receivables | 9 | 2,711 | - | 203 |
| Cash and cash equivalents | | 106,840 | 500 | 129,633 |
| Total current assets | | 109,552 | 500 | 129,836 |
| Total assets | | 172,925 | 500 | 179,452 |
| Shareholders' equity and liabilities | | | | |
| Equity | | | | |
| Share capital | | 23,027 | 500 | 23,027 |
| Other capital contribution | | 156,912 | - | 155,709 |
| Retained earnings | | -8,571 | - | -4,804 |
| Total equity | | 171,368 | 500 | 173,932 |
| Current liabilities | | | | |
| Accounts payable | | 244 | - | 2,588 |
| Other liabilities | | 1,312 | - | 2,931 |
| Total current liabilities | | 1,557 | - | 5,519 |
| Total equity and liabilities | | 172,925 | 500 | 179,452 |

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

| kSEK | Share capital | Other capital contribution | Retained earnings | Total shareholders' equity |
|---------------------------------------|---------------|----------------------------|-------------------|----------------------------|
| As at December 31 2016 | 23,027 | 155,709 | -4,804 | 173,932 |
| Net loss for the period | - | - | -3,767 | -3,767 |
| Total comprehensive income | - | - | -3,767 | -3,767 |
| Transactions with the owners | | | | |
| Issue of stock options | - | 1,203 | - | 1,203 |
| Total transactions with owners | - | 1,203 | - | 1,203 |
| Change in shareholders' equity | - | 1,203 | -3,767 | -2,564 |
| At September 30 2017 | 23,027 | 156,912 | -8,571 | 171,368 |

The company was established in December 2014 with share capital amounting kSEK 500.
No transactions in equity during first nine months 2016.

Notes to the interim condensed consolidated financial statements

Note 1 Corporate information

Company information

Acarix AB (559009-0667) is a limited liability company incorporated and domiciled in Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 211 11 Malmö, Sweden. Acarix A/S is the operating company and is incorporated and located in Denmark. Acarix GmbH was established during the second quarter of 2017 and serves the German market. Acarix's main activities are to develop, produce and market a new cardiovascular diagnostic method and similar equipment for the same and related services.

Group reorganization and Initial Public Offering

As per September 30, 2016, the entities presented combined financial statements, as outlined in the interim report for the third quarter. On December 1, 2016, the shares of Acarix A/S were contributed in kind to Acarix AB, thus establishing Acarix AB as the Parent Company of the Group. The previous shareholders of Acarix A/S maintained their previous respective ownership shares. Accordingly, the consolidated financial statements of Acarix AB represent a continuation of the existing Group and no fair value adjustments have been made. Any difference in equity resulting from the reorganization has been recognized separately as an adjustment to equity.

Following the Group's reorganization, Acarix AB completed its initial public offering ("IPO") of new shares on Nasdaq First North Premier Segment in Stockholm. The first day of trading was December 19, 2016 and the company received issue proceeds in the amount of MSEK 140.0, partly offset by MSEK 16.1 in related IPO transaction costs.

Note 2 Accounting policies

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, Swedish and German subsidiaries, Acarix A/S, Acarix Incentives AB and Acarix GmbH.

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, 2017 did not affect the Groups reporting as of September 30, 2017.

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 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects for accounting of financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2017, the Group is performing a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue

recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group is performing a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. It is our assessment that IFRS 15 will not have any significant impact on the income statement, balance sheet or related key ratios in the consolidated financial statements.

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.

In 2017, the Group has initiated an analysis of the impact of IFRS 16 on the consolidated financial statements, which has not yet been completed. The preliminary conclusion is that it will have a limited impact on both the balance sheet, the income statement and related key ratios.

The Interim Report has been reviewed by Acarix external auditors.

Note 3 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 2016.

Note 4 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 2016. In addition to the risks described in these documents, no additional significant risks have been identified.

Note 5 Related parties

Related parties comprise the members of the Board of Directors and other senior executives. Apart from remuneration of the Board of Directors, no additional transactions were recognized with related parties during the year.

At a General Meeting held on May 24, 2017, decision was made on issue of new warrants to senior executives, employees, key employees and board of directors within the Acarix group. For further information see note 10.

Note 6 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 | Q3 2017 | Q1-Q3 2017 | Q1-Q3 2016 |
|--|----------------|----------------|-------------------|-------------------|
| Germany | 64 | 152 | 216 | - |
| Sweden | - | 63 | 63 | - |
| Denmark | 129 | - | 129 | - |
| Total | 193 | 215 | 408 | - |

Note 7 Intangible assets

Development projects in progress have been tested for impairment in December 2016. 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. Development projects in progress are related to the development of the CADScor®System (acoustic cardio-

vascular 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, the CADScor®System was introduced on the market and the first orders were recognized.

Capitalization ceased when the product was launched on the market during the second quarter of 2017 and amortization of capitalized development costs commenced.

Intangible assets 2017 kSEK

| | Aquired rights | Development costs | Total |
|--|----------------|-------------------|---------------|
| Cost at 1 January 2017 | 5,606 | 18,179 | 23,785 |
| Addition for the period | 34 | 2,853 | 2,887 |
| Foreign currency translation adjustment | -33 | -123 | -156 |
| Cost at 30 September 2017 | 5,607 | 20,909 | 26,516 |
| Amortization and impairment at 1 January 2017 | -658 | - | -662 |
| Amortization | -202 | -697 | -899 |
| Foreign currency translation adjustment | -4 | - | - |
| Amortization and impairment losses at 30 September 2017 | -864 | -697 | -1,561 |
| Carrying amount at 30 September 2017 | 4,743 | 20,212 | 24,955 |

Intangible assets 2016 kSEK

| | Aquired rights | Development costs | Total |
|--|----------------|-------------------|---------------|
| Cost at 1 January 2016 | 3,080 | 5,971 | 9,051 |
| Addition for the period | 2,172 | 9,562 | 11,734 |
| Foreign currency translation adjustment | 132 | 423 | 555 |
| Cost at 30 September 2016 | 5,384 | 15,956 | 21,340 |
| Amortization and impairment at 1 January 2016 | -381 | - | -381 |
| Amortization | -201 | - | -201 |
| Amortization and impairment losses at 30 September 2016 | -582 | - | -582 |
| Carrying amount at 30 September 2016 | 4,802 | 15,956 | 20,758 |

Note 8 Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable 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 9 Trade receivables

Receivables are measured at amortized cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 10 Warrant program

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

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

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

The total number of registered shares and votes on the date of this proposal amounted to 23,027,376. The dilution resulting from Incentive Program 2017/2020 and Incentive Program 2017/2021 is estimated at approximately 4.66 percent of the total number of shares and votes in the Company, provided that full subscription and exercise of all warrants occurs in both programs.

The market price of the warrant program has been determined by an independent party on the basis of the Black-Scholes model. The essential parameters taken into account in the valuations are Acarix's share price, estimated dividends, volatility, the warrant exercise price and the risk-free rate.

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

The CEO subscribed for 25,500 warrants and the other members of Group management subscribed for 138,000 warrants. Other employees and key individuals subscribed for 122,500 warrants. The Board of Directors subscribed for 20,000 warrants. Acarix Incentive AB subscribed for 819,000 warrants that can potentially be used for future employees. Some 1,125,000 warrants were issued in total.

Note 11 Significant events

No significant events.

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, November 13, 2017

Werner Braun
Chairman of the Board

Oliver Johansen
Board member

Denis Gestin
Board member

Ulf Rosén
Board member

Claus Andersson
Board member

Yun Fei Hong
Board member

Søren Rysholt Christiansen
CEO

Christian Lindholm
CFO

Auditor's report

Acarix AB (publ), corp. reg. no 559009-0667

Introduction

We have reviewed the condensed interim financial information (interim report) of Acarix AB (publ) as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters,

and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 14 November 2017

Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant

