ANNUAL REPORT 2020

CALMARK SWEDEN AB (PUBL) 556696-0141 | ACCOUNTING YEAR 2020-01-01 - 2020-12-31

CONTENTS

THIS IS CALMARK

Calmark is a medical technology company developing a point-of-care (POC) analysis method with easier and faster diagnostics of medical conditions in newborns. The unique test platform consists of a portable instrument and test cassettes for various biomarkers. The first test, Neo-Bilirubin, was launched to the market in 2020. In the Western world, the introduction of POC diagnostics is resulting in huge savings and shorter care chains. In less developed healthcare systems, Calmark's product will offer a decision support which is currently lacking, since the access to hospital laboratories often is limited. Calmark aims to become the global leader in POC diagnostics for newborns and, in the long term, to offer all relevant tests for the first period of life. In addition to products for newborns, Calmark develops a POC test for assessment of COVID-19 disease severity. The B share is listed on the Spotlight Stock Market and is traded under the CALMA B ticker.

COMPANY INFORMATION

Definition
"The Company" refers to Calmark Sweden AB (publ) with corporate registration number 556696-0141.

All amounts are stated in SEK unless otherwise specified.

Calmark's B share is listed on Spotlight Stock Market under the CALMA B ticker.

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THE YEAR IN BRIEF

Q1

- The World Intellectual Property Organization (WIPO) announced on January 14, 2020, that Calmark Sweden AB had been granted registration of the design in the EU and the US for the company's unique test cassette.
- On January 28, an updated timetable for the clinical trial at Södersjukhuset was announced. The first patient was included on December 23, 2019, and the subsequent rate of inclusion was lower than expected. The study was estimated to be finished within six weeks. As a consequence, the CE marking of the company's first product, Neo-Bilirubin, was estimated to take place in the first quarter instead of in January as previously disclosed. This did not impact the market launch.
- Between January 27 and January 30, Calmark participated in the international healthcare and medical exhibition Arab Health in Dubai, United Arab Emirates, where the Calmark Neo diagnostic platform attracted great attention.
- On February 3, Calmark recruited an experienced CFO, Marielle Bos.
- On February 13, Calmark announced that the timetable for the development projects related to the products Neo-Glucose and Neo-LDH had been updated. The CE marking of these products was estimated to take place in the second quarter at the earliest, not in the first quarter as previously disclosed.
- On February 14, it was announced that Calmark Sweden AB (publ) had entered an exclusive distributor agreement with the company Triolab AB regarding marketing and distribution of the Neo Calmark platform on the Swedish market.
- The Year-end Report 2019 and the Interim Report for the fourth quarter of 2019 were published on February 28.
- On March 4, Calmark decided to terminate the liquidity provider agreement for the company's share as the distribution requirement had been met. The first day of trading without the liquidity guarantee was April 1, 2020.
- On March 13, it was announced that the verification phase of the development project for Calmark's first product, Neo-Bilirubin, was completed, following successful results from all sub-phases regarding the function and performance of the product.
- Calmark commented on the effects from COVID-19 and announced an updated timetable for the clinical trial at Södersjukhuset on March 26.

Q2

- On April 3, it was announced that Calmark's Board of Directors had proposed that a new Chairman of the Board be elected by the Annual General Meeting on May 14. Kjersti Berg Marthinsen was proposed to replace the co-founder Mathias Karlsson.
- The clinical trial with Calmark's product Neo-Bilirubin, which was carried out by the research unit at the children's hospital Sachsska barnsjukhuset, part of Södersjukhuset AB, Stockholm, was terminated early as satisfactory results had been obtained.
- The Board of Directors of Calmark resolved on April 16 to bring the final step of the automation of the production line for the single-use item forward and to build the last two steps in parallel. The Company concluded an agreement worth MSEK 12.8 with SEB, Skandinaviska Enskilda Banken AB (publ), relating to leasing of the production equipment.
- April 16 further saw the release of Calmark's Annual Report for 2019 and the corresponding Auditor's Report.
- An important milestone was reached on April 21, when Calmark's first product, Calmark Neo-Bilirubin, obtained its CE marking in accordance with the IVD directive. The product was thus authorized to be sold to and used in healthcare within the European Union.
- The Annual General Meeting of Calmark Sweden AB (publ) was held on May 14, 2020. Kjersti Berg Marthinsen was elected new Chairman of the Board.
- On May 26, Calmark signed a distributor agreement with Triolab Oy regarding marketing and sales of the Calmark Neo platform in Finland, Estonia, Latvia and Lithuania.
- Calmark signed an agreement with Magdalena Tharaldsen, who would become the company's new Director of International Business Development, on May 28.
- On June 2, Anna Söderlund presented Calmark to investors during the digital event Redeye Growth Day 2020.
- On June 16, Calmark and Automationspartner signed an agreement regarding the construction of the machines for the fully automated production line for the single-use tests.
- The Board of Directors of Calmark resolved on June 25 to develop a point-of-care LDH test to help assess disease severity for patients with COVID-19. Several studies have demonstrated that LDH levels in the blood can predict the severity and mortality of the disease.

Q3

- Calmark recruited Balázs Szabó as software developer on July 2.
- Calmark resolved on July 16 to initiate a cooperation with Nordic Match, a strategy advisor for Sino-Nordic transactions. The cooperation covers the Chinese market entry for Calmark and the planning of a joint venture. The expected project duration is approximately 18 months. Calmark thus advances the launch in China by about two years.
- On July 22, the company hired Camilla Arneving as Marketing Director.
- On July 24, Calmark hired Jim Hansson for the role as Director of Production & Logistics.
- Calmark received notice on August 25 that two new patents had been granted, one concerning the technical construction of the test cassette and one concerning the method of reading bilirubin.
- On September 1, it was announced that the product development of the LDH test for assessment (triage) of COVID-19 was proceeding according to plan; the test was projected to obtain CE marking in Q1 2021.
- On September 9, it was announced that an exclusive distributor agreement had been signed between Calmark and the company Alpha Tech Est. in Jordan.
- On September 14, Calmark received the Company's first order for the Calmark Neo platform. The order, covering both the instrument and test cassettes for bilirubin, was placed by Triolab AB, Calmark's exclusive distributor in Sweden.
- On September 25, it was disclosed that Calmark's subsidiary in mainland China would be located in the Greater Bay Area. The city of Guangzhou was selected for the next phase based on its location and the cluster of MedTech companies present there.

Q4

- On October 6, Calmark announced that the Company's subsidiary in Hong Kong had been registered. Calmark Hong Kong Limited is a wholly-owned subsidiary of the Swedish company Calmark Sweden AB.
- Calmark received an order for the Calmark Neo platform from Triolab Oy on October 9. While the order was modest in economic value, the strategic significance was considerable as it showed that Triolab had started demonstrations and active sales operations.
- Michael Lund was on October 12 recruited to the key position as Quality Assurance and Regulatory Affairs Director.
- Calmark decided to locate the office in mainland China to Wuxi instead of the previously considered Greater Bay Area, as it will be financially more advantageous.
- On November 26, it was announced that an agreement had been signed with VIA Global Health regarding distribution of the Company's products in low- and middle-income countries in, e.g., Africa and South America. This will accelerate the company's globalization process.
- On the same day, an exclusive distributor agreement was signed with P.R.I.S.M.A. Srl (Prisma) in Italy. The agreement covers Calmark's test for assessment of COVID-19 disease severity and contains a minimum contract volume of MSEK 4.6.
- A directed new issue was carried out on December 7, raising MSEK 26.5 in proceeds from existing and new owners. The issue comprised 5,000,000 shares at a subscription price of SEK 5.30 per share.
- Certification of Calmark's quality management system in accordance with ISO 13485:2016 was obtained on December 9. Review and certification were conducted by RISE Research Institutes of Sweden AB.
- An exclusive distributor agreement for the Norwegian market was concluded with Bergman Diagnostika AS, part of the Triolab Group, on December 10.
- On the same day, an exclusive distributor agreement was concluded with ILS Danmark for the Danish market.
- On December 16, Calmark signed an exclusive distributor agreement with LabForce AG for the Swiss market.
- The outcome of the exercise of Series TO2B warrants was announced on December 16. The exercise rate was 98.1 percent and the company received MSEK 10.7.
- The extraordinary general meeting was held on December 23 and resolved to approve the Board's proposal to carry out a new issue of no more than 5,000,000 B shares.

CEO COMMENTS

Dear Readers,

How may a year such as 2020 be summarized? The COVID-19 pandemic has had a considerable impact on our society and all of us, and the conditions for running and developing a company has changed from one week to the next.

Nevertheless, it is with great pride and humility I look back on the past year; despite the numerous changes in the outside world, Calmark has managed to grow and to accomplish a large number of difficult and complex tasks.

Undeniably, the most important are the CE marking of our first product, Neo-Bilirubin, and our first incoming orders. This demonstrates not only that we are able to develop products, but also that there is a market demand for them. During the year, a number of distributor agreements have been concluded, in the Nordic countries and the Middle East, and with Via Global Health, active in low- and middle-income countries worldwide.

When the pandemic paralyzed the health care system in spring 2020, our research studies in newborns could not continue. We then decided to shift the company's focus to develop an LDH product for COVID-19 patients. This was not a trivial decision to make, as we have been focused on the newborn population and created our brand accordingly. However, scores of articles were published in the spring, showing that LDH in particular was an important tool for the prioritization of COVID-19 patients. Calmark has worked on LDH since 2007, and we saw an opportunity to contribute during the pandemic. We adapted the company to conduct a development project in record time, on the same platform as our products for newborns. At the time of writing, we are finalizing the CE marking process, and we have already signed agreements with distributors that await the product.

During the second quarter, we signed a lease agreement with SEB and an agreement with Automationspartner to accelerate the construction of an automated production line for the test cassettes, which, in my assessment, will be decisive to our success. The new production facility will increase our capacity thirteenfold and reduce manufacturing costs significantly, several years ahead of our previous projections. This enables us to sell to countries with less-developed health care systems, where our products may mean the difference between life and death.

During the fall, Calmark evolved from a company to a consolidated group. We established a subsidiary in Hong Kong, and, after the turn of the year, also in mainland China. Asia is a key market for Calmark, China in particular. We are now engaging in contacts with investors to form a joint venture together, which will contribute to accelerated growth.

Seven new skilled, ambitious and experienced persons have committed to becoming 'Calmarkers' during the year, to help push the company forward. We have now assembled a team with all the required functions in place to succeed with a global product launch. I am amazed and constantly impressed by what this amazing group of people can accomplish, through the ups and downs.

Calmark has made aggressive investments this year. Amid these turbulent times, that may seem a little challenging. However, goals are rarely achieved at a standstill – and Calmark has the people, the products, the will and the knowledge to succeed.

As Churchill said: "Who dares, wins!"

Anna Söderlund
CEO, Calmark Sweden AB

INNOVATIVE PRODUCTS

CALMARK'S PRODUCT PORTFOLIOS

Calmark has developed a point-of-care (POC) diagnostic instrument, which makes it easier and faster to measure biomarkers for medical conditions in newborns. The system consists of a portable instrument and test cassettes for various biomarkers.

In developed healthcare systems, the product will lead to faster responses for healthcare professionals, shorter waiting times for the newborn and its family, and smarter healthcare chains that save time and money. In the Western world, the introduction of POC diagnostics is resulting in considerable savings and shorter care chains. In less-developed healthcare systems, Calmark will be able to offer an instrument for diagnostics that currently does not exist, because access to hospital laboratories is often limited.

The instrument has design protection and contains electronics, software and a camera. The test cassette consists of plastic components and a chemically impregnated filter construction. When the lid of the instrument is closed, the test is activated and the blood sample reaches a filter that changes color based on its chemistry. The change in color is then converted to a numerical value by the instrument's software. This sequence of events, which is a process patented by Calmark, occurs within a few minutes.

By changing the chemicals in the filter, different tests can be developed based on the same platform. Calmark reconciles the qualitative demands placed on point-of-care diagnostics here in Sweden with the criteria required for point-of-care diagnostics to function on a global level. The objective is to become the global leader in point-of-care products for newborns and eventually offer all of the relevant tests for the first period in life.

In 2020, Calmark also commenced development of a POC test for assessment of COVID-19 disease severity. Today, the company thus has two product portfolios in development: Calmark Neo and Calmark Covid.

Calmark Neo

The Calmark Neo test platform consists of an instrument, the POC-Analyzer, and test cassettes for measurement of various biomarkers in the blood of newborns. The test can be carried out wherever the baby is, for example, during a return visit to the maternity unit or at the delivery ward.

The first test, Neo-Bilirubin, was CE marked in April 2020, and Calmark received its first orders for the product during the fall. Development of POC tests for glucose and LDH is ongoing.

These three markers can be used to detect conditions that are common in newborns and important to monitor, as they may cause serious neurological damage if left untreated. Although the five-year survival rate for newborns has increased significantly worldwide since 1990, the survival rate has not improved at the same rate for infants during their first 28 days. The ability to diagnose common medical conditions that are easily treatable has the potential to make a world of difference.

Calmark's system consists of an instrument – POC-Analyzer – and various single-use tests that quickly detect the presence and level of the biomarker in question in the blood.

Neo-LDH – asphyxia

LDH (lactate dehydrogenase) is a substance that occurs naturally in every cell of the body and helps convert sugar to lactic acid. When there is ongoing tissue damage in the body, the cell releases LDH freely into the bloodstream. For example, LDH rises when a baby has experienced oxygen deficiency (asphyxia) during delivery. An elevated level along with other symptoms and abnormal test results after childbirth is an indication that action needs to be taken. In Sweden, about 10 percent of childbirths are so complicated that a pediatrician needs to be involved.

A measurement of LDH in the baby's blood after childbirth provides an important test result that can facilitate the decision to quickly begin treatment and thus reduce the risk of permanent brain damage or, in the worst case, death, which could otherwise be the outcome. The LDH test is central to Calmark, as the research surrounding it laid the basis for the company's formation.

Neo-Glucose – low blood sugar

A relatively large number of newborn babies – around 15 to 20 percent – suffer from low blood sugar during the first few days of life. The reason is that the baby received sugar directly from the mother via the umbilical cord during pregnancy, but has to stabilize its blood sugar on its own as soon as it is born.

If the baby shows signs of low blood sugar, or if it is part of a risk group, the baby's blood sugar level should be monitored. In the event of low blood sugar levels, the baby should be treated by feeding it more or by providing glucose. Untreated low blood-sugar levels can otherwise lead to permanent brain damage in the newborn. There are many POC blood-glucose meters on the market, but they are not optimized for the low levels in newborns.

Neo-Bilirubin – jaundice

Bilirubin is a waste product released when red blood cells break down, which is a natural process in the body. The degradation occurs mostly in the liver, but since the newborn's liver function is immature, it takes some time before the degradation takes place in an effective way, which leads to the levels of bilirubin rising.

Bilirubin is yellow in color, and in 60 to 80 percent of all newborns, the skin becomes slightly yellow during the first week of life. This is known as neonatal jaundice. The yellow color usually disappears spontaneously, but some children need phototherapy of the skin, which helps the bilirubin disappear faster from the body. In the Nordic countries, about 5 percent of all newborns receive this treatment, and in the rest of the world, the proportion is often higher.

Excessively high levels of bilirubin can be harmful and lead to persistent neurological disease or, at worst, death, if not detected and treated. It is therefore important to be able to measure the amount of bilirubin in the blood, and it is the most common blood test taken in newborns. In the US, for example, about 40 percent of all newborns need at least one test. The bilirubin test was CE marked in April 2020, and it is the product that Calmark estimates has the greatest market potential.

Calmark Covid

In the ongoing corona pandemic, the importance of rapid diagnosis has really been emphasized. Tests to detect the presence of SARS-CoV-2 virus as well as tests that detect antibodies have been developed at record speed. Something that also is needed is rapid diagnostics to determine the likely severity of disease for infected patients – especially since many patients show a rapid and acute deterioration.

A large number of consistent scientific research studies have since the spring of 2020 shown that LDH (lactate dehydrogenase) is one of the most important biomarkers for disease severity assessment. Elevated LDH levels are associated with a 6-fold increase in the risk of serious illness and a 16-fold increase in the risk of mortality[1].

Measurement of LDH has been included in the IFCC guidelines[2] for monitoring of COVID-19 patients since October 2020. Today, measurement of LDH is carried out in hospital laboratories.

Calmark is already developing point-of-care tests for newborns, with LDH as one of the biomarkers. The Board of Directors therefore resolved in June 2020 that Calmark would develop a diagnostic point-of-care LDH test for adult patients with COVID-19.

This test platform also consists of the POC-Analyzer instrument, together with a test cassette for measurement of the LDH biomarker where the measuring range has been adapted for COVID-19 patients. The test can be carried out wherever the patient is, for example in the emergency room.

COVID19-LDH – risk of severe COVID-19

LDH is an enzyme that occurs naturally in every cell of the body and helps convert sugar to lactic acid. When tissue in the body is damaged, for example due to disease, the cells release LDH into the bloodstream. Increased LDH levels can be used as an indicator of tissue damage in pulmonary disease, such as pneumonia.

For this reason, LDH is an important biomarker for rapid assessment of COVID-19 patients. Rapid detection of elevated LDH levels makes it possible to identify patients at risk, predict disease severity, initiate treatment and thus to improve the outcome. Calmark's POC test can measure the LDH concentration within minutes from a couple of drops of blood, right where the patient is.

1 *Henry BM, Aggarwal G, Wong J, et al. Lactate dehydrogenase levels predict coronavirus disease 2019 (COVID-19) severity and mortality: A pooled analysis. The American Journal of Emergency Medicine.2020;38(9):1722-1726. doi:10.1016/j.ajem.2020.05.073*

2 *IFCC Interim Guidelines on COVID-19 Testing in Clinical Laboratories – October 2020 (IFCC - The International Federation of Clinical Chemistry and Laboratory Medicine)*

BUILDING THE PRODUCTION AND ORGANIZATION

EXPANDING THE PRODUCTION CAPACITY

Calmark has chosen to contract high-quality suppliers in Sweden to gain proximity, speed and flexibility while the production is being developed. Both suppliers have very high capacity and can handle the expected future ramp-up.

The test cassette is manufactured by Frohe AB in Tyresö, which specializes in the manufacture of complex and advanced plastic components with very high precision requirements. The company holds ISO 13485 certification, which is required to manufacture Calmark's products. Frohe also has extensive experience in manufacturing similar products for customers in the medical technology field.

The production line for the test cassettes will be developed in several steps to cope with increased volumes of the product. The first two steps were completed in 2019 and are approved according to the applicable standards.

On April 16, 2020, the Board of Directors of Calmark resolved to bring the final step of the automation of the production line forward and to build the last two steps in parallel. Agreements were concluded with SEB, Skandinaviska Enskilda Banken AB (publ), relating to leasing of the production equipment manufactured by Automations Partner i Helsingborg Aktiebolag. The equipment will be installed at Calmark's production partner, Frohe AB in Tyresö. Following the implementation, production capacity will increase thirteenfold compared with current levels. Manufacturing costs will also decrease significantly for the single-use tests.

The instrument is manufactured by Note AB in Norrtälje, a leading northern European manufacturing partner with an international platform for manufacturing electronic-based products. Note specializes in manufacturing that requires a high level of technical expertise and flexibility during the product lifecycle. Note also holds ISO 13485 certification, which is required to manufacture Calmark's products.

Christmas celebrations at Calmark during the pandemic year 2020, at Greenhouse Labs, KTH Royal Institute of Technology in Stockholm, Sweden.

STRENGTHENING THE TEAM

During the year, Calmark filled key positions required for large-scale production and global sales. Several of the roles were previously covered by consultants. First up to be recruited was the role as CFO, which is held by Marielle Bos. Marielle is part of Calmark's Management Team and has extensive experience from leading positions in finance, both at national and international level.

On May 28, an agreement was signed with Magdalena Tharaldsen, who took on the role as Director of International Business Development. Magdalena is part of Calmark's Management Team with responsibility for building the wide network of distributors that provides the framework for Calmark's sales strategy.

On July 2, Calmark also recruited the junior software developer Balázs Szabó. Prior to the recruitment, software development was carried out by means of external resources. The recruitment of Balázs strengthened the team with this important competence internally.

Two members of Calmark's Management Team that previously have held positions on a consultancy basis chose to take up employment in Calmark during the year. On July 22, it was announced that Camilla Arneving had been hired as Marketing Director, and on October 12, Michael Lundh was recruited for the key position as Quality Assurance and Regulatory Affairs Director.

On July 24, Calmark hired Jim Hansson for the role as Director of Production & Logistics. Jim Hansson has a wealth of experience from the field of medical devices and will be responsible for the development of Calmark's production and logistics.

After the end of the year, Annika Kaisdotter Andersson was recruited for the role as International Quality Manager in order to strengthen QA/RA capabilities. Prior to joining Calmark, Annika worked as Global Head of Quality Assurance in the ABB group.

Calmark has also strengthened the sales and marketing team in preparation of the global launch. In March 2021, Maria Zavodnik was hired for the role as Sales and Marketing Coordinator.

SECURING FINANCING

Calmark performed two share issues during 2020. December marked the exercise period for the CALMA TO2B warrants from the rights issue in 2019. The outcome of the exercise of warrants was an exercise rate of 98.1 percent, and the company received proceeds of approximately MSEK 10.7 before issuance costs.

Also in December 2020, a directed issue totaling 5,000,000 shares was carried out at a subscription price of SEK 5.30 per share. The directed issue was heavily oversubscribed and raised MSEK 26.5 in proceeds before issuance costs. A number of existing and external private investors and family offices, including Wingefors Invest AB and Creades AB, subscribed for shares in the issue. The resolution to carry out the directed issue was passed by an extraordinary general meeting held on December 23, 2020.

GLOBAL LAUNCH

AGREEMENTS WITH DISTRIBUTORS

Calmark intensified its sales and marketing efforts in 2020. Exclusive distribution agreements relating to the Calmark Neo platform were signed for the Swedish, Norwegian, Danish, Finnish, Estonian, Latvian, Lithuanian, Swiss and Jordan markets. In low- and middle-income countries in, e.g., Africa and South America, the company's products will be sold through the company VIA Global Health. This agreement will accelerate the globalization process and further covers the test for assessment of COVID-19 disease severity, COVID19-LDH.

During 2020, Calmark received the company's first orders for the Calmark Neo platform. While the orders were modest in economic value, the strategic significance was considerable as they showed that Calmark's distributor in Sweden and Finland, Triolab, had started demonstrations and active sales operations.

Moreover, in November, an exclusive distribution agreement for Italy was concluded, covering Calmark's test COVID19-LDH and containing a minimum contract volume of MSEK 4.6.

Following the end of the year, additional distributor agreements were concluded regarding five key markets in the Middle East: Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates.

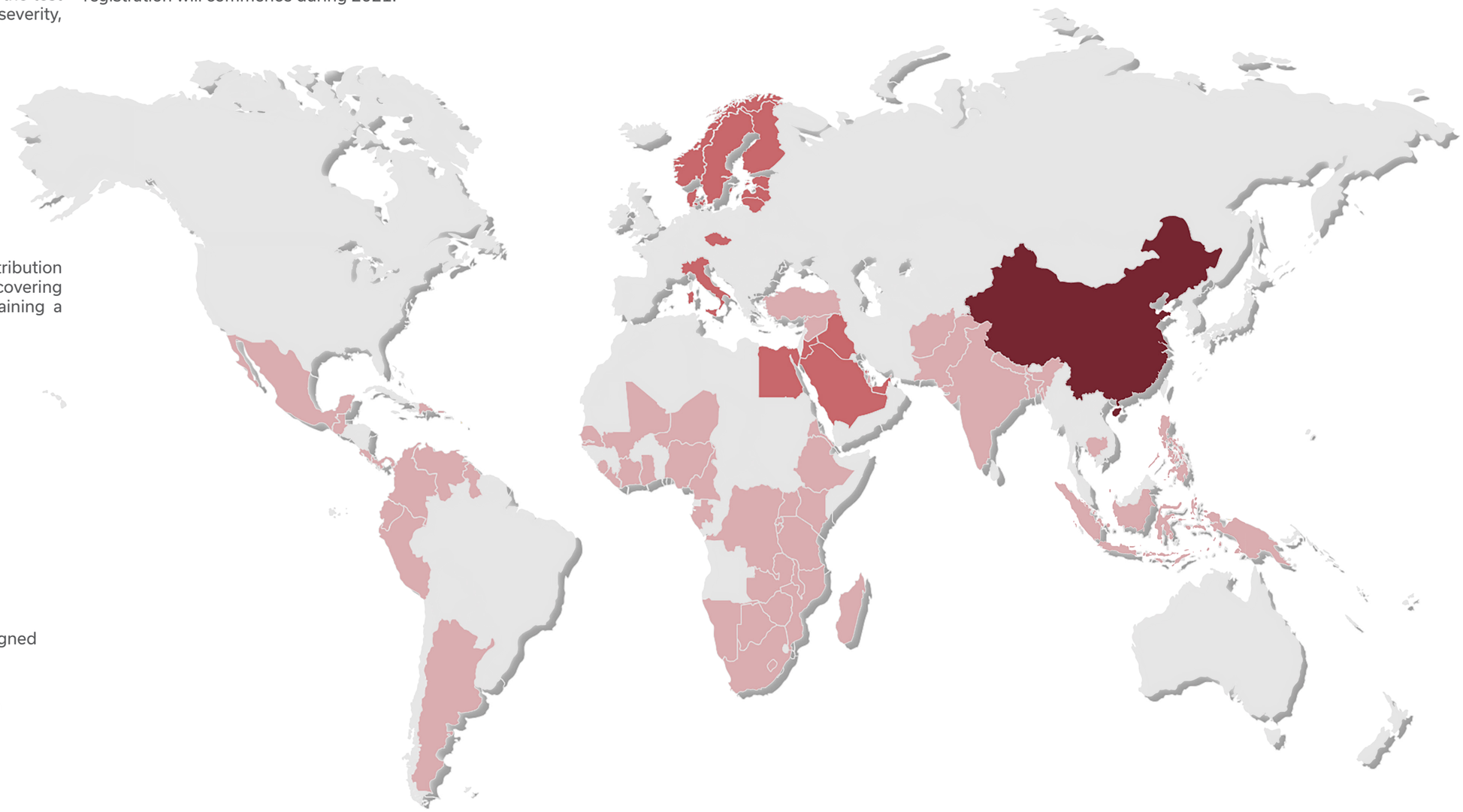
Considering its size, India is also considered an interesting market for Calmark's launch.

As regards the important US market, product registration will commence during 2021.

CHINESE MARKET ENTRY

Calmark resolved on July 16 to initiate a cooperation with Nordic Match, a strategy advisor for Sino-Nordic transactions. The cooperation covers the Chinese market entry for Calmark and the planning of a joint venture. The expected project duration is approximately 18 months. Calmark thus advances the launch in China by about two years.

The subsidiary in Hong Kong was registered in early October and is a wholly-owned subsidiary of the Swedish company Calmark Sweden AB. Furthermore, a decision was made to locate the office in mainland China to Wuxi, right outside Shanghai. The work to register the products, recruit personnel and enter into agreements with distributors will continue in 2021.



MARKET POTENTIAL

MARKET POTENTIAL OF CALMARK NEO

Calmark's product is the first POC analysis platform that is completely optimized for newborns and meets a need on the market that has previously not been filled.

In the countries where there is a well-developed healthcare and medical system, Calmark's product will facilitate the care processes for the smallest patients and their families. The POC tests make things easier for those who work in healthcare and provide valuable decision-making support for doctors, nurses and midwives. In less developed countries, Calmark's product will offer an opportunity to diagnose common medical conditions where access to hospital laboratories is limited, thus making it possible to reduce disease and save lives.

Calmark intends to generate revenue through the sale of instruments and test cassettes. According to the assessment by the Board of Directors, the potential market for Calmark's POC instrument is extensive. Until 2030, WHO estimates that 1.5 billion children will be born worldwide. The three tests that Calmark is developing in the first launch phase are all designed to diagnose common conditions that are easy to treat. Of all newborns, approximately 20 percent are estimated to have a clinical need for one or more of these tests.

The general trend also shows a strong increase in POC analyses, which constitute a growing part of the laboratory medical examinations in modern healthcare. Demand is growing as a result of value changes in the healthcare sector and increased technological advances.

The global POC market amounted to approximately USD 28.5 billion in 2019 and is estimated to grow to a worth of approximately USD 46.7 billion by 2024[1].

MARKET POTENTIAL OF CALMARK COVID

Calmark's product for measuring LDH is adapted to the levels identified as associated with risk in COVID-19. At the time of writing, more than 128 million people have been confirmed infected and 2.8 million (approximately 2 percent of the infected) have died. The COVID19-LDH test can aid in the assessment of which level of care that patients falling ill will require. Measurement of LDH is included in the IFCC guidelines[2] for monitoring of COVID-19 patients, and Calmark's assessment is that there would be a clinical need for the test in approximately 5 percent of the confirmed cases.

1 *Point of Care/Rapid Diagnostics Market (https://www.marketsandmarkets.com/PressReleases/point-of-care-diagnostic.asp)*

2 *IFCC Interim Guidelines on COVID-19 Testing in Clinical Laboratories – October 2020 (IFCC - The International Federation of Clinical Chemistry and Laboratory Medicine)*

BOARD OF DIRECTORS

Kjersti Berg Marthinsen – Chairman of the Board since 2020, member of the board since 2018

Kjersti Berg Marthinsen, born in 1972, holds an MSc in strategy from BI Norwegian Business School in Oslo. She has worked for several years as a consultant, both nationally and internationally, with assignments in the areas of strategy, organizational development and management and governance. In recent years, she has the held various senior positions at Värmland County Council, with responsibility for, among other things, planning and monitoring, development support, innovation support and the Council's investment in service design and user involvement. In 2018, Berg Marthinsen started working at Effect Management Development AB, where she is Vice President and one of the owners.

Mathias Karlsson – member of the board since 2016 and co-founder, former Chairman of the Board between 2016 and 2020

Mathias Karlsson, born in 1972, is one of Calmark's founders and the company's medical advisor. Member of the board since 2016, Chairman between 2016 and 2020. Dr. Karlsson is a physician and completed his doctoral thesis at Karolinska Institutet in Sweden in the field of perinatal asphyxia. His current role is as the CEO of the company Equalis, supplier of systems for External Quality Assessment (EQA) in laboratory medicine, imaging and functional medicine and point-of-care analysis. Mathias Karlsson is also the founder and co-owner of HemCheck Sweden AB.

Anna-Karin Edstedt Bonamy – member of the board since 2018

Anna-Karin Edstedt Bonamy, born in 1974, received a PhD in pediatrics from Karolinska Institutet in 2008 and is a specialist in pediatric and adolescent medicine since 2009. She worked as a medical doctor in neonatal care between 2006 and 2017. In her research, she has led the Swedish section of a large European research project (EPICE) on the care of premature babies. Since 2014, Edstedt Bonamy has been associate professor of pediatrics at Karolinska Institutet. In 2017, Edstedt Bonamy started working for the e-health company Doctrin AB, where she currently is CEO.

Stefan Blomsterberg – member of the board since 2018

Stefan Blomsterberg, born in 1964, was trained in the Swedish Armed Forces and has worked in education development and pedagogy, as well as with international armament control. Blomsterberg started working within medtech in 2002 and has held senior positions at Vitrolife AB, Mölnlycke Healthcare AB and Bioeffect AB. He currently serves as CEO of Medfield Diagnostics AB.

DIRECTOR'S REPORT

The Board of Directors and CEO of Calmark Sweden AB hereby submit the following annual report for the financial year 2020. The annual report is prepared in Swedish kronor (SEK). Amounts are stated in SEK unless specified otherwise.

The business in general

Calmark Sweden AB is a medical technology company developing a point-of-care (POC) analysis method with easier and faster diagnostics of medical conditions in newborns. The unique test platform consists of a portable instrument and test cassettes for various biomarkers. Market launch of the first test, Neo-Bilirubin, commenced in 2020. In the Western world, the introduction of POC diagnostics is resulting in huge savings and shorter care chains. In less developed healthcare systems, Calmark's product will offer a decision support which is currently lacking, since the access to hospital laboratories often is limited. Calmark aims to become the global leader in POC diagnostics for newborns and, in the long term, to offer all relevant tests for the first period of life. In addition to products for newborns, Calmark develops a POC test for assessment of COVID-19 disease severity. The B share is listed on the Spotlight Stock Market and is traded under the CALMA B ticker.

The purpose of the company's operations is to conduct research and development in medical diagnostics, market and sell products and services in the same area and conduct compatible activities.

The company's name is Calmark Sweden AB. The company is public and has its registered office in Karlstad.

Significant events during the financial year

In 2020, the work to build distributor networks, organization and production for the now commencing worldwide launch intensified. Calmark received its first orders during the year and started the project for market entry in China. The company's quality management system was certified according to ISO 13485:2016.

The Annual General Meeting in May elected Kjersti Berg Marthinsen as the company's new Chairman of the Board. She replaced the founder Mathias Karlsson, who remains on the board and also leads the company's Medical Advisory Board.

On December 4, the exercise period for Series TO2B warrants began. On December 7, major owners and key individuals in Calmark announced their intention to exercise their warrants. The last day of the exercise period for TO2B was December 14, and the outcome was announced on December 16. The exercise rate was 98.1 percent and the company received MSEK 10.7 in proceeds.

A directed new issue was also carried out in December, raising MSEK 26.5 in proceeds from existing and new owners. The issue comprised 5,000,000 shares at a subscription price of SEK 5.30 per share. An extraordinary general meeting was held on December 23 and resolved to approve the Board's proposal to carry out a new issue of no more than 5,000,000 B shares.

Development of products

An important milestone was reached on April 21, when Calmark's first product, Calmark Neo-Bilirubin, obtained its CE marking in accordance with the IVD directive. The product was thus authorized to be sold to and used in healthcare within the European Union.

The Board of Directors of Calmark resolved on June 25 to develop a point-of-care LDH test to help assess disease severity for patients with COVID-19. Several studies have demonstrated that LDH levels in the blood can predict the severity and mortality of the disease.

As such, the LDH development project was redirected towards COVID-19, and the measuring range was adjusted accordingly. On September 1, it was announced that the product development of the LDH test for assessment (triage) of COVID-19 was proceeding according to plan; the test was projected to obtain CE marking in Q1 2021. On March 17, 2021, it was announced that the timetable for the development project had been updated and that the CE marking of this POC test was expected one or two weeks later than previously projected.

The Neo-Glucose and Neo-Bilirubin development projects were ongoing in parallel during the year, albeit at a reduced pace due to the pandemic.

Production development

The Board of Directors of Calmark resolved in April to bring the final step of the automation of the production line for the single-use tests forward and to build the last two steps in parallel. The Company concluded an agreement worth MSEK 12.8 with SEB, Skandinaviska Enskilda Banken AB (publ), relating to leasing of the production equipment that is manufactured by Automationspartner and will be installed at Calmark's production partner, Frohe AB in Tyresö. Following the implementation, production capacity will increase thirteenfold compared with previous levels.

Organization

Throughout the financial year, the company has been involved in an ongoing effort to design the organization of personnel and allocate the resources required for large-scale production and global sales. Key positions filled during the year include Chief Financial Officer, Director of International Business Development, Marketing Director, Director for Quality Assurance and Regulatory Affairs, and Director of Production & Logistics. Two of the positions relate to individuals that previously worked as consultants but are now employed by the company. Moreover, the company strengthened the development department by hiring a junior software developer.

Marketing, sales and distributor agreements

Calmark intensified its sales and marketing efforts in 2020. Exclusive distribution agreements relating to the Calmark Neo platform were signed for the Swedish, Norwegian, Danish, Finnish, Estonian, Latvian, Lithuanian, Swiss and Jordan markets. In low- and middle-income countries in, e.g., Africa and South America, the company's products will be sold through the company VIA Global Health. This agreement will accelerate the globalization process and further covers the test for assessment of COVID-19 disease severity, COVID19-LDH.

During 2020, Calmark received the company's first orders for the Calmark Neo platform. While the orders were modest in economic value, the strategic significance was considerable as they showed that Calmark's distributor in Sweden and Finland, Triolab, had started demonstrations and active sales operations.

Moreover, in November, an exclusive distribution agreement for Italy was concluded, covering Calmark's test COVID19-LDH and containing a minimum contract volume of MSEK 4.6.

Following the end of the year, additional distributor agreements were concluded regarding five key markets in the Middle East: Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates.

Chinese market entry

Calmark resolved on July 16 to initiate a cooperation with Nordic Match, a strategy advisor for Sino-Nordic transactions. The cooperation covers the Chinese market entry for Calmark and the planning of a joint venture. The expected project duration is approximately 18 months. Calmark thus advances the launch in China by about two years. The subsidiary in Hong Kong was registered in early October and is a wholly-owned subsidiary of the Swedish company Calmark Sweden AB. Furthermore, a decision was made to locate the office in mainland China to Wuxi, right outside Shanghai.

Patents and intellectual property rights

Two new patents were granted in 2020, one concerning the technical construction of the test cassette and one concerning the method of reading bilirubin. Design protection for the company's unique test cassette was also obtained within the EU and the United States.

Expected future development

In 2021, Calmark will focus on the worldwide launch of the products Neo-Bilirubin and COVID19-LDH. A number of distributor agreements are in place, and more are intended to follow. Registration of these products will be carried out in a number of countries outside the EU. The company further intends to install a fully automated production line, which will increase the production capacity significantly. The development of Neo-LDH and Neo-Glucose will proceed.

Calmark's subsidiaries in Hong Kong and mainland China will recruit employees and initiate contacts with interested investors.

Significant risks and uncertainty factors

All business activities are associated with risks. Risks managed well can result in opportunities and create value, while risks that are not managed well can lead to damage and losses. Calmark is exposed to various external and internal risks. Risk management is therefore an important part of the management and control of the company.

Financing needs and currency risks

The company's future need for external financing will depend on a number of factors, including the success of product commercialization, research and development projects and the conclusion of cooperation agreements. There is a risk that new capital cannot be acquired when the company needs it, or that capital cannot be acquired on terms acceptable to the company. This can have negative consequences for Calmark's business, financial positions and results.

The value of the company's capitalized development work expenses depends on financing being received for the completion of the development project. The Board of Directors has a plan for the pace and scope of future development work and investments. The Board's assessment is that the company's current liquidity combined with the expected future cash flow will be sufficient for development and planned investments in accordance with the board's plans for the forthcoming 12 months.

Calmark Sweden AB is exposed to currency risks through its international collaboration in the development of technology. Exchange rate fluctuations affect the company's income statement and balance sheet. Agreements signed with distributors regarding future sales are primarily denominated in SEK.

Calmark is, in part, a development company

The company has thus far been dedicated to product development and CE marked one product in 2020. While product development is in progress, it is uncertain whether there will be any market for the product when it is fully developed, how large that market might be, or which competing products will be on the market in the future. There is also a risk that the company will not be able to encourage potential customers to replace existing methods and procedures with Calmark's. Another risk is that competitors, who in many cases have larger resources than the company, will develop alternative products that are more efficient, safer or cheaper than Calmark's. This can lead to the company being unable to sell its products, which can adversely affect the company's market value, operations, financial position and results.

Administrative authorization and registration

In order to be able to market and sell medical technology equipment, permits must be obtained from and the products must be registered with the relevant authorities in each market. The current rules and interpretations may change, which may adversely affect Calmark's conditions for meeting current regulatory requirements. There is a risk that the company, directly or through its partners, will not receive, or cannot maintain, the required permits and registrations with the authorities. If so, there is a risk that Calmark's earnings capacity and financial position will be affected negatively.

Dependence on key individuals and qualified employees

Calmark's operations are largely dependent on a number of key employees, including the company's CEO and the Board of Directors. If one or more key persons choose to leave Calmark, and Calmark fails to replace them, it could adversely affect the company's operations, financial position and results. Calmark is also dependent on being able to attract and retain existing qualified personnel. If Calmark were not to succeed in recruiting and retaining qualified personnel to a sufficient extent and on the terms required, it could adversely affect the company's operations, financial position and results.

Intellectual property issues

Calmark is largely dependent on its ability to obtain and defend patents, as well as the ability to protect specific knowledge. There is a risk that Calmark will not be granted a patent for patent-pending inventions, that granted patents will not provide sufficient patent protection, or that granted patents will be circumvented or repealed.

Economic situation and restrictions

The COVID-19 pandemic and its impact on the economy and society currently constitutes a risk and uncertainty factor that affects all companies, more or less. The Board of Directors and the management are monitoring the situation continuously and adjusting operations based on current conditions. How the Company's operations are being affected is disclosed in press releases and on the Company's website, www.calmark.se.

OWNERSHIP

Owner's name	Number of A shares	Number of B shares	Total number of shares	% of capital	% of votes
WINGEFORS INVEST AB	129,300	5,177,569	5,306,869	19.18	20.24
CREADES AB	0	3,304,840	3,304,840	11.95	10.34
OLCON ENGINEERING AKTIEBOLAG	51,000	2,145,784	2,196,784	7.94	8.31
MATHIAS KARLSSON*	95,400	1,067,664	1,163,064	4.20	6.32
AVANZA BANK AB	0	755,000	755,000	2.73	2.36
TEF INVEST AS	0	727,874	727,874	2.63	2.28
FEARNLEY SECURITIES AS	0	536,249	536,249	1.94	1.68
ALMI INVEST NORRA MELLANSVERIGE	55,050	400,350	455,400	1.65	2.98
SOFIA HIORT AF ORNÄS*	41,250	346,694	387,944	1.41	2.38
FORMUE NORD MARKEDSNEUTRAL AS	0	370,520	370,520	1.34	1.16
OTHER OWNERS (2,522)	105,150	12,356,693	12,461,843	45.03	41.95
TOTAL	**477,150**	**27,189,237**	**27,666,387**	**100.00**	**100.00**

** Private and via company*

The ownership list above refers to January 12, 2021, when the exercise of warrants and the directed issue had been registered. Trading in the share until that date may have affected the listing. After this date, 2,700 A shares were converted to B shares.

MULTI-YEAR OVERVIEW (KSEK)

	2020	2019	2018	2017	2016
Profit/loss after financial items (KSEK)	-10,784	-7,792	-5,363	-2,935	-1,731
Balance sheet total (KSEK)	84,827	61,977	36,089	18,837	17,567
Equity/assets ratio (%)	94.38	89.54	81.29	72.45	81.31
Quick ratio (%)	822.71	500.21	312.56	87.43	353.70
Adjusted cash flow after investments (KSEK/month)	-1,935	-1,715	-876	-438	-348
Number of outstanding shares at the balance sheet date	27,666,387	20,258,382	10,404,500	5,404,500	4,686,000
Earnings per share (SEK)	-0.39	-0.38	-0.52	-0.54	-0.37

For definitions of key figures, please refer to Note 1.

CHANGES IN SHAREHOLDER'S EQUITY

	Share capital	Fund for development expenditures	Share premium reserve	Profit/loss brought forward	Net profit/loss for the year	Total
Amount at start of year	2,025,838	20,859,787	92,136,146	-51,735,345,	-7,792,013	**55,494,412**
New share issue	740,800		34,609,271			**35,350,071**
Appropriation of profit/loss				-7,792,013	7,792,013	**0**
Fund for development expenditures		9,921,675		-9,921,675		**0**
Net profit/loss for the year					-10,783,713	**-10,783,713**
Amount at end of year	**2,766,639**	**30,781,462**	**126,745,417**	**-69,449,034**	**-10,783,713**	**80,060,770**

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes the following distribution of profits (SEK):

Available to the General Meeting:	
Accumulated loss	-69,449,034
Share premium reserve	126,745,417
Loss for the year	-10,783,713
Total	***46,512,670***
Proposed appropriation:	
To be carried forward	46,512,670
Total	***46 512 670***

The company's results and financial position are otherwise shown in the following income statement and balance sheet with notes.

INCOME STATEMENT

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Net sales		0	0
Capitalized work on own account		9,921,675	11,226,147
		9,921,675	**11,226,147**
Operating expenses			
Other external expenses		-11,418,841	-14,197,288
Personnel costs	2	-9,050,896	-4,653,421
Depreciation/amortization and impairment of tangible and intangible non-current assets	3, 4	-120,860	0
Other operating expenses		-12,290	-3,325
		-20,602,886	**-18,854,034**
Operating profit/loss		**-10,681,211**	**-7,627,888**
Profit/loss from financial items			
Other interest income and similar items		0	0
Interest expenses and similar items		-102,502	-164,126
		-102,502	**-164,126**
Profit/loss after financial items		**-10,783,713**	**-7,792,013**
Profit/loss before tax		**-10,783,713**	**-7,792,013**
NET PROFIT/LOSS FOR THE YEAR		**-10,783,713**	**-7,792,013**

BALANCE SHEET

	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized expenditures for development work and similar work	3	43,227,708	33,306,033
		43,227,708	**33,306,033**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	4	1,440,332	0
Construction in progress and advance payments for property, plant and equipment	5	2,987,380	1,933,890
		4,427,712	**1,933,890**
Non-current financial assets			
Participations in Group companies	6	18,463	0
Total non-current assets		**47,673,884**	**35,239,923**
Current assets			
Current receivables			
Other receivables		500,073	1,342,470
Prepaid expenses and accrued income		291,550	242,261
Total current receivables		**791,623**	**1,584,731**
Cash and bank balances		36,361,171	25,152,461
Total current assets		**37,152,795**	**26,737,192**
TOTAL ASSETS		**84,826,678**	**61,977,115**

BALANCE SHEET

	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity	7		
Restricted equity			
Share capital		2,766,639	2,025,838
Fund for development expenses		30,781,462	20,859,787
Total restricted equity		**33,548,101**	**22,885,625**
Non-restricted equity			
Share premium reserve		126,745,417	92,136,146
Profit/loss carried forward		-69,449,034	-51,735,345
Net profit/loss for the year		-10,783,713	-7,792,013
Total non-restricted equity		**46,512,670**	**32,608,787**
Total equity		**80,060,770**	**55,494,412**
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	8	250,000	1,137,492
Total long-term liabilities		**250,000**	**1,137,492**
Current liabilities			
Liabilities to credit institutions	8	1,000,000	1,250,008
Accounts payable		1,784,824	2,787,847
Other liabilities		372,835	166,452
Accrued expenses and deferred income		1,358,248	1,140,904
Total current liabilities		**4,515,908**	**5,345,211**
TOTAL EQUITY AND LIABILITIES		**84,826,678**	**61,977,115**

CASH FLOW STATEMENT

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Operating activities			
Operating profit/loss		-10,681,211	-7,627,888
Interest received		0	0
Interest paid		-102,502	-164,126
Adjustment for non-cash items		120,860	0
Cash flow from operating activities before changes in working capital		**-10,662,853**	**-7,792,013**
Cash flow from changes in working capital			
Changes in operating receivables		793,108	-845,238
Changes in operating liabilities		-579,295	980,995
Cash flow from operating activities		**-10,449,041**	**-7,656,257**
Investing activities			
Investments in intangible fixed assets		-9,921,675	-11,226,147
Investments in tangible fixed assets		-2,614,683	-1,565,556
Investments in financial fixed assets		-18,463	0
Cash flow from investing activities		**-12,554,821**	**-12,791,702**
Financing activities			
New share issue		35,350,072	33,948,923
Borrowings		0	0
Repayment of debt		-1,137,500	-1,250,000
Cash flow from financing activities		**34,212,572**	**32,698,923**
Cash flow for the year		**11,208,710**	**12,250,964**
Cash and cash equivalents at the start of the year		25,152,461	12,901,497
Cash and cash equivalents at the end of the year		**36,361,171**	**25,152,461**

The liquid assets consist solely of bank balances.

ACCOUNTING PRINCIPLES AND NOTES

Note 1 - General information

ACCOUNTING AND VALUATION PRINCIPLES

General information
This annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The accounting principles are the same as the previous year.

Assets, provisions and liabilities are measured at cost unless otherwise specified below.

Revenue recognition
Revenue has been recognized at the fair value of the consideration received or receivable to the extent that it is likely that the financial benefits arising from it will be available to the company and can be reliably calculated. Deductions have been made for trading discounts, volume discounts and similar price reductions.

Foreign currency
Monetary items in foreign currency are translated at the exhange rate at the balance sheet date. Non-monetary items are not translated but are recognized at the exchange rate at the date of acquisition.

Exchange rate differences arising from the recognition or translation of monetary items are recognized in the income statement in the financial year in which they arise.

Intangible assets
Research and development expenditures
Research expenditure, that is, planned and systematic search for new scientific or technological knowledge and insight, is recognized as cost when incurred.

Development expenses are recognized according to the capitalization model. This means that expenditures arising during the development phase are reported as assets when all of the following prerequisites are met:

- It is technically possible to complete the intangible fixed asset for use or sale.
- The intention is to complete the intangible fixed asset and to use it or sell it.
- Conditions exist to use or sell the intangible fixed asset.
- It is likely that the intangible fixed asset will generate future economic benefits.
- Sufficient and adequate technological, financial and other resources are available to complete the development and use or sell the intangible asset.
- The expenses that are attributable to the intangible asset can be calculated reliably.

Internally generated intangible assets are recognized at cost less accumulated amortization and any write-downs.

The cost of an internally generated intangible asset consists of all directly attributable development expenditure. Indirect manufacturing costs that make up more than an insignificant part of the total cost of production and amount to more than an insignificant amount are included in the cost.

Other intangible fixed assets
Other intangible fixed assets acquired are reported at cost less accumulated amortization and impairment losses. Expenses for internally generated goodwill and trademarks are recognized in the income statement as expenses as they arise.

Amortization
Amortization is recognized on a straight-line basis over the asset's estimated useful life. The amortization is recognized as an expense in the income statement. Due to the fact that the company's development work is not yet completed and the assets therefore not ready to use, amortization of capitalized development work is yet to begin. The company will assess the useful life at the time the assets are ready to use.

Property, plant and equipment
Property, plant and equipment are recognized at cost less the accumulated depreciation and any write-downs. In addition to the acquisition value, the cost also includes expenses that are directly attributable to the acquisition.

Additional expenses that meet the asset criterion are included in the asset's reported value. Expenditure for routine maintenance and repairs are recognized as expense when it is incurred.

Depreciation is recognized on a straight-line basis over the asset's estimated useful life, as this reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The depreciation is recognized as an expense in the income statement.

Type	Useful life	Percent
Equipment, tools, fixtures and fittings	5 years	20%

Impairment losses – property, plant and equipment, intangible assets and participations in Group companies
At each balance sheet date, an assessment is made as to whether there is any indication that an asset value is lower than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated.

The recoverable amount is the highest of the fair value less costs to sell and the value in use. The value in use is calculated as the present value of future cash flows that the asset is expected to generate in the operating activities as well as when it is sold or scrapped. The discount rate applied is before tax and reflects assessments, based on market conditions, of the time value of money and the risks associated with the asset. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last recognition of impairment loss.

Financial assets and liabilities
Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments measured based on cost) in BFNAR 2012:1.

Recognition in and derecognition from the balance sheet
A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. A financial asset is derecognized when the contractual right to the cash flow from the asset has ceased or been settled. The same applies when the risks and benefits associated with the holding have in all material respects been transferred to another party, and the company no longer

has control over the financial asset. A financial liability is derecognized when the contractual obligation is fulfilled or terminated.

Valuation of financial assets
On initial recognition, financial assets are valued at cost, including any transaction expenses that are directly attributable to the acquisition of the asset.

After the first reporting date, financial current assets are measured at the lower of cost and net realizable value on the balance sheet date.

Accounts receivable and other receivables that are current assets are measured individually at the amount expected to be received.

After the first reporting date, financial fixed assets are measured at cost less any impairment and with the addition of any revaluation.

Interest-bearing financial fixed assets are recognized at amortized cost in accordance with the effective interest method.

Valuation of financial liabilities
Long-term financial liabilities are recognized at amortized cost. Expenses that are directly attributable to borrowing have corrected the loan's acquisition value and been accrued according to the effective interest method. Current liabilities are recognized at cost.

Hedge accounting
The company does not apply hedge accounting.

Leases
All leases are recognized as operating leases.

Leasing fees under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognized as expenses on a straight-line basis over the leasing period.

Income tax
Total tax consists of current tax and deferred tax.

Taxes are recognized in the income statement except where the underlying transaction is recognized directly in equity, upon which the associated tax effect is also recognized in equity.

Deferred tax
Deferred tax is income tax relating to future financial years due to previous events. On the balance sheet date, the company has unutilized loss carry-forwards that have not been capitalized for precautionary reasons.

At the beginning of the year, the loss carry-forwards amounted to SEK 39,190,964 and at the end of the year to SEK 49,565,404.

Provisions
A provision is recognized in the balance sheet when the company has a legal or informal obligation as a result of an event whereby it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made.

On initial recognition, provisions are valued at the best estimate of the amount that will be required to settle the liability on the balance sheet date. Provisions are reviewed on each balance sheet date.

Provisions are recognized at the present value of future payments required to settle the obligation.

Contingent liabilities
A contingent liability is:

- A possible obligation that, as a result of events that have occurred and whose occurrence will only be affirmed by one or more uncertain future events not entirely within the control of the company, occurs or does not, or
- An existing obligation, resulting from past events, which is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required to settle the obligation or because the size of the liability cannot be measured sufficiently reliably.

Contingent liabilities is a collective term for such guarantees, financial obligations and any liabilities that are not included in the balance sheet.

Remuneration to employees
Post-employment employee benefits
Post-employment benefits plans are classified as either defined contribution or defined benefit.

Under defined-contribution plans, fixed fees are paid to another company, generally an insurance company, with no further obligations to the employee once the fee has been paid. The size of the employee's post-employment remuneration depends on the fees that were paid and the returns that the fees generate.

Under defined-benefit plans, the company has an obligation to pay the agreed remuneration to its current and former employees. The company essentially carries the risk that the remuneration will be higher than expected (actuarial risk), and in part the risk any return on assets may deviate from expectations (investment risk). Investment risk exists even if the assets are transferred to another company.

Defined-contribution plans
Fees for defined-contribution plans are recognized as expenses. Unpaid fees are recognized as a liabilities.

Defined-benefit plans
The company has elected to apply the simplification rules offered under BFNAR 2012:1. Plans with paid pension premiums are reported as defined contributions, meaning that the contributions are expensed in the income statement.

Public grants
Public grants that are not contingent on future performance are recognized as revenue when the conditions for the award of the grant are satisfied. Public grants that are contingent on future performance are recognized as revenue when the performance is delivered. If the grant has been received before the satisfaction of the associated conditions, the grant is recognized as a liability.

Reporting of grants related to non-current assets
Public grants related to assets are recognized on the balance sheet by deducting the grant from the recognized value of the asset.

Definitions of key figures
Equity/assets ratio (%)
Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

Quick ratio (%)
Current assets excluding inventories and work in progress as a percentage of current liabilities.

Adjusted cash flow after investments (KSEK/month)
(Cash flow from operating activities before changes in working capital + Cash flow from investing activities) / number of months.

Note 2 - Personnel

	2020	2019
Wages, salaries and other remuneration		
Board of Directors and CEO	1,554,172	1,340,816
Other employees	4,489,153	1,913,001
Total wages, salaries and other remuneration	**6,043,325**	**3,253,817**
Social security contributions and pension costs		
Social security contributions	2,819,622	1,137,303
(of which pension costs for the board and CEO, and equivalents)	537,026	129,600
(of which pension costs to other employees)	596,647	81,555
Total salaries, other remuneration, social security contributions and pension costs	**8,862,947**	**4,391,120**
Average number of employees		
Men	1	1
Women	6	5
Average number of employees	***7***	***6***
Number of board members		
Men	2	2
Women	2	2
Number of employees in senior management positions at the end of the year		
Men	2	0
Women	4	1

The CEO of the company has a notice period of six months and is entitled to a further six months of salary in addition to the notice period for termination by the company.

Note 3 - Capitalized expenditures for development work and similar work

	2020-12-31	2019-12-31
Cost		
Cost, opening balance	33,306,033	22,079,886
Purchases and capitalizations	9,921,675	11,226,146
Cost, closing balance	*43,227,708*	*33,306,032*
Carrying amount	**43,227,708**	**33,306,032**

Note 4 - Equipment, tools, fixtures and fittings

	2020-12-31	2019-12-31
Cost		
Cost, opening balance	144,592	516,644
Purchases during the year	40,000	0
Reclassifications	1,524,910	-372,052
Cost, closing balance	*1,709,502*	*144,592*
Accumulated depreciation		
Depreciation, opening balance	-144,592	-148,310
Depreciation for the year	-120,860	0
Reclassifications	-3,718	3,718
Depreciation, closing balance	*-269,170*	*-144,592*
Carrying amount	**1,440,332**	**0**

Note 5 - Construction in progress and advance payments for property, plant and equipment

	2020-12-31	2019-12-31
Opening balance	*1,933,890*	*0*
Investments for the year	2,574,682	1,565,556
Reclassifications for the year	-1,521,192	368,334
Closing balance	***2,987,380***	***1,933,890***

Note 6 - Participations in Group companies

	2020-12-31	2019-12-31
Subsidiary:		
Calmark Hong Kong Limited Corporate registration number 2979765 Registered office: Hong Kong, China 1,000 shares, ownership interest 100%		
Cost, opening balance	*0*	*0*
Changes in cost		
Acquisitions	18,463	0
Cost, closing balance	18,463	0
Carrying amount	***18,463***	***0***

Note 7 - Equity

The share capital consists of a total of 27,666,387 shares, 474,450 of which are A-shares and 27,191,937 of which are B-shares.

Warrant programmes
Warrants previously acquired by the company's employees and board members have at the time of acquisition been measured at market value. The market value has been calculated using the Black-Scholes formula. No new warrant programmes have been implemented in 2020.

During December 2020, shares were subscribed under the company's warrant programme TO 2B. Each subscription warrant entitled the holder to subscribe for one B share, at a

subscription price corresponding to 75 percent of the volume-weighted average price during the period October 12-23, 2020, but not less than SEK 4.20 or more than SEK 6.60 per share. The issue was registered with the Swedish Companies Registration Office on December 29, 2020, and provided the company SEK 10,132,651 in proceeds after issuance costs.

On December 23, 2020, an extraordinary general meeting was held, which resolved to carry out a new issue of 5,000,000 B share at a subscription price of SEK 5.30 per share. After issuance costs, the company raised SEK 25,217,420 through the issue. The increase of the share capital was registered with the Swedish Companies Registration Office on December 30, 2020.

Previous warrant programmes implemented in 2010, 2012 and 2014, respectively, have expired as of December 31, 2020. No share subscription occurred based on these programmes, which thus were left unexercised.

Note 8 - Liabilities to credit institutions

	2020-12-31	2019-12-31
Long-term liabilities		
Liabilities that fall due within 12 months	1,000,000	1,250,008
Liabilities that fall due within 1-5 years	250,000	1,137,492

Note 9 - Estimates and assessments

The company makes estimates and assessments about the future. By definition, the estimates for accounting purposes that follow from such estimates and assumptions will seldom correspond to the actual outcome. Estimates and judgments that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities over the next year are outlined below.

Valuation of intangible fixed assets
The company conducts research and development of products in the area of point-of-care (POC) analyses. The value of intangible assets depends on future profits from the sale of the finished product/service. Determining the present value of the future cash flow generated by the finished product is a significant and difficult assessment issue.

Note 10 - Financial arrangements that are not reported in the balance sheet

On November 22, 2016, the company entered into a cross license agreement with HemCheck. Under the agreement, the companies grant reciprocal, eternal, transferable, non-exclusive licenses to intellectual property rights regarding the company's product concepts (Separation Technology and Reader Technology). The licenses are limited to each company's business area – point-of-care detection of hemolysis in body fluids for HemCheck and point-of-care diagnostics based on biomarkers for Calmark. Since the agreement can be transferred without Calmark's approval, Calmark cannot control to which company HemCheck can transfer its rights (within its business area). If Calmark were to broaden its current business to include methods within HemCheck's specified business area, the company must adhere to the limitations made applicable by the cross licence.

During the year, the Company entered into a lease agreement of SEK 12,835,000 with SEB relating to the new, automated production line. Lease payments are expected to commence during the second quarter 2021, when the production line is brought into service. The lease agreement's date of expiry is 2025-06-30. No costs, except for interest on capital used in advance, have burdened the company in 2020.

Note 11 - Pledged assets

	2020-12-31	2019-12-31
Business mortgage	4,000,000	4,000,000
Total pledged assets	***4,000,000***	***4,000,000***

Note 12 - Group information

The company is the parent company of a group, which includes the wholly-owned subsidiary Calmark Hong Kong Limited, see Note 6.

No consolidated accounts have been prepared, pursuant to the exemptions stated in the Swedish Annual Accounts Act 7 ch. 3 s.

Note 13 - Significant events after the end of the financial year

Calmark's LDH test for assessment of COVID-19 entered the verification and validation phase of the CE marking process on February 18. This phase is one of the final elements of the process, and is was estimated to last for approximately five weeks.

On February 22, it was announced that the registration of Calmark's subsidiary in mainland China had been approved by local authorities.

An exclusive distributor agreement was signed on March 10 with the company Enox Pharma AB regarding marketing and sales of Calmark's products in the countries Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates.

On March 17, it was announced that the timetable for the development project related to the product COVID19-LDH had been updated and that the CE marking was expected to take place one to two weeks later than previously disclosed.

The Annual Report was approved for publication by the Board of Directors and the CEO on April 8, 2021, and will be subject to approval at the Annual General Meeting on May 18, 2021.

Karlstad, April 8, 2021

Kjersti Berg Marthinsen
Chairman

Stefan Blomsterberg

Mathias Karlsson

Anna-Karin Edstedt Bonamy

Anna Söderlund
Chief Executive Officer

Our auditor's report was submitted on April 8, 2021
KPMG AB

Mattias Eriksson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of shareholders of Calmark Sweden AB (publ), reg.no. 556696-0141

Report on the annual accounts

Opinions
We have audited the annual accounts of Calmark Sweden AB (publ) for the year 2020. The annual accounts of the company are included on pages 1 and 18-31 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Calmark Sweden AB (publ) as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Calmark Sweden AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts
This document also contains other information than the annual accounts and is found on pages 2-17 and 34-35. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S REPORT

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Calmark Sweden AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Calmark Sweden AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Karlstad, April 8, 2021
KPMG AB

Mattias Eriksson
Authorized Public Accountant

INFORMATION TO SHAREHOLDERS

Notice of 2021 Annual General Meeting for Calmark Sweden AB (publ)

Shareholders of Calmark Sweden AB (publ), reg. no. 556696-0141, ("the Company") are hereby convened to the Annual General Meeting on May 18, 2021.

In view of the continued spread of the coronavirus and the authorities' administrative provisions and general guidance on avoiding public gatherings, the Board of Directors has resolved, pursuant to the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations, to carry out the Annual General Meeting without the physical presence of shareholders, proxies or external parties. Shareholders may exercise their voting rights at the AGM only by voting in advance, as detailed below. Information about the resolutions passed at the Annual General Meeting will be disclosed on Tuesday, May 18, 2021, as soon as the outcome of the postal voting has been finally confirmed.

Right to attend the General Meeting and notification to the company

Shareholders who wish to participate at the General Meeting by postal voting must:

- be registered in the share register kept by Euroclear Sweden AB on Friday, May 7, 2021, and
- by Monday, May 17, 2021, at the latest, notify the Company by casting its advance vote in accordance with the instructions below.

Nominee-registered shares

Shareholders whose shares are registered in the name of a bank or other nominee must temporarily re-register their shares in their own names in the share register maintained by Euroclear Sweden AB in order to be entitled to participate in the General Meeting. Such re-registration must be duly effected in the share register as of the record date, Friday, May 7, 2021, and the shareholders must therefore advise their nominees well in advance of that date of their wish to do so. Such registration may be temporary (registration for voting rights). Shareholders who wish to re-register their shares in their own names must, in accordance with the instructions of their respective nominee, request their nominees to carry out such registration for voting rights. Only registrations for voting rights that have been requested by shareholders in time for their respective nominees to effect them no later than May 11, 2021, will be considered in the preparation of the share register.

Advance voting

Shareholders may exercise their voting rights at the Annual General Meeting only by voting in advance, so-called postal voting, in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form shall be used for advance voting. The form is available on the Company's webpage, www.calmark.se. As the General Meeting is held without physical presence, no separate notification to attend will be required, and the advance voting form is considered as the notification of participation. The completed form shall be submitted to the Company by email to anna.soderlund@calmark.se or in original form by post to the Company at the address: Calmark Sweden AB, Teknikringen 38A, 114 28 Stockholm, Sweden. (Please mark the envelope "Annual General Meeting"). To qualify as notification, the completed form must reach the company by Monday, May 17, 2021 at the latest.

If a shareholder is to be represented by proxy, a dated and signed power of attorney issued by the shareholder in writing to the proxy must be enclosed to the advance voting form. The power of attorney may not be older than one year, unless the power of attorney according to its wording is valid for a longer period (not more than five years). If the power of attorney is issued by a legal entity, a registration certificate or an equivalent authority document for the legal entity must also be enclosed.

A proxy form is available on the Company's website, www.calmark.se, and will also upon request be sent by post to shareholders who inform the Company of their postal address.

For issues related to the Annual General Meeting and the postal voting, please contact Anna Söderlund by email at anna.soderlund@calmark.se.

Number of shares and votes in the Company

The number of shares outstanding in the Company amounted to 27,666,387 at the time of this notice, 474,450 of which being A shares and 27,191,937 B shares, corresponding to a total of 31,936,437 votes.

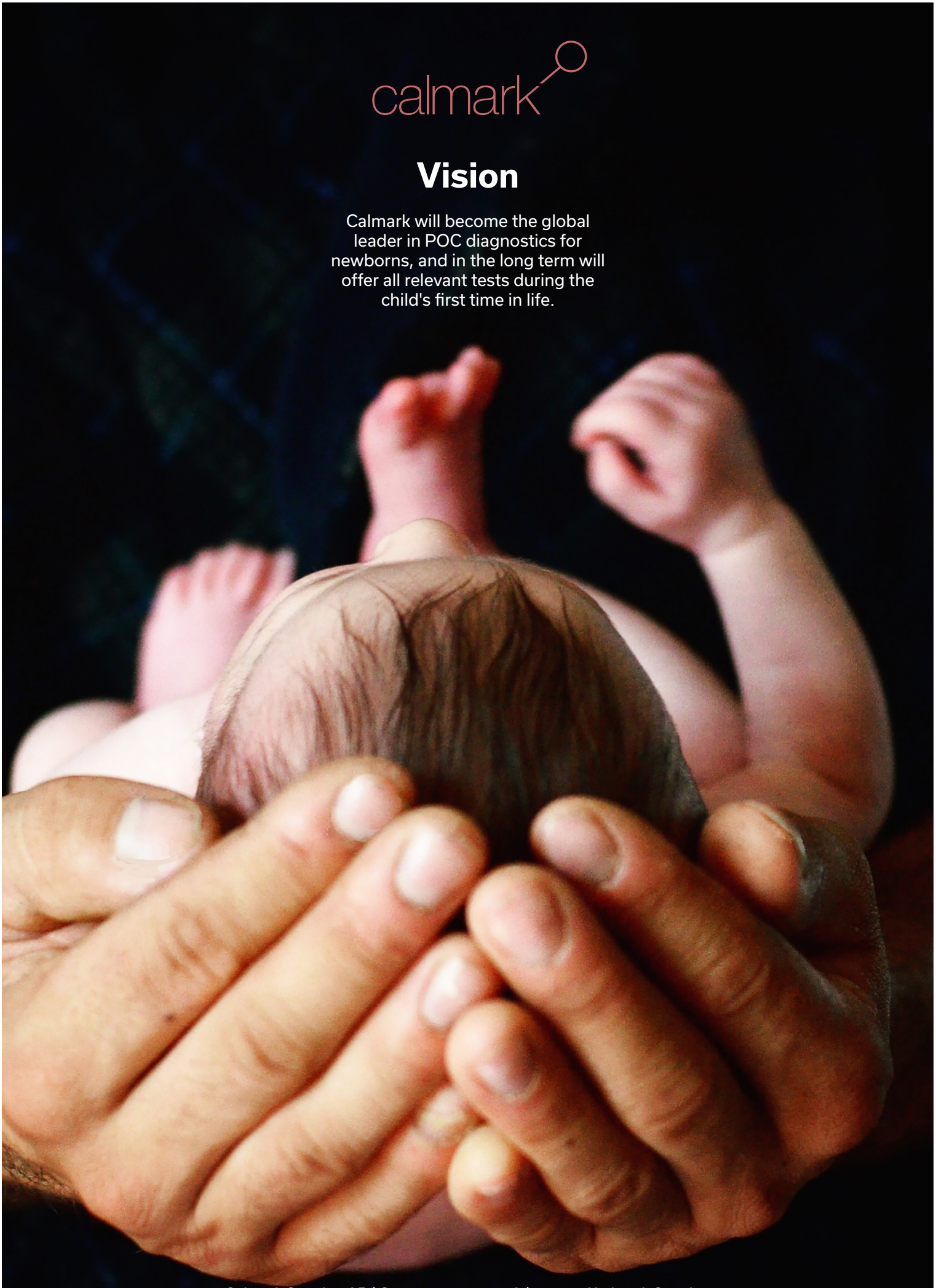
Future financial statements

May 28, 2021 – Interim report, first quarter
August 27, 2021 – Interim report, first half year
November 26, 2021 – Interim report, third quarter

calmark

Vision

Calmark will become the global leader in POC diagnostics for newborns, and in the long term will offer all relevant tests during the child's first time in life.



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