calmark

ANNUAL REPORT 2021

CALMARK SWEDEN AB (PUBL) 556696-0141
ACCOUNTING YEAR 2021-01-01 - 2021-12-31

CONTENTS

COMPANY INFORMATION

Calmark Sweden AB (publ)
Corporate registration number: 556696-0141
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Definition
"The Company" and "Calmark" refer to Calmark Sweden AB (publ), reg.no. 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.

THIS IS CALMARK

Calmark Sweden AB is a medical technology company developing and selling a point-of-care (POC) analysis method with easier and faster analyses 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 considerable 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 also markets 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 YEAR IN BRIEF

Q1

- 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 participated in the Swiss Nordic Bio 2021 on February 10–11 together with 300 other participants and more than 100 investors.
- 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 was one of the final elements of the process, and was estimated to last for approximately five weeks.
- On February 22, it was announced that the registration of Calmark Hong Kong Limited's wholly-owned subsidiary in Wuxi, China, had been approved by local authorities. The business name of the company is 凯曼克医疗器械（无锡）有限公司 (Calmark Med-tech (Wuxi) Limited company).
- The year-end report for 2020 and interim report for the fourth quarter of 2020 was published on February 26.
- On March 2, it was announced that the sales and marketing team was strengthened with the addition of Maria Zavodnik for the role as Sales and Marketing Coordinator.
- On March 10, Calmark signed an exclusive distributor agreement with Enox Pharma regarding five key markets in the Middle East: Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates.
- On March 17, Calmark announced that the timetable for the development project relating to the COVID19-LDH product had been updated. The CE marking was expected to take place one to two weeks later than previously disclosed.
- On March 23, Calmark announced that the board member and co-founder Mathias Karlsson, through his company Valetudor Development AB, had transferred 113,334 Series B shares to Wingefors Invest AB to settle a loan. The price per share amounted to SEK 7.50, a total of SEK 850,005 for all the shares.

Q2

- The company's Annual Report for 2020 and the corresponding Auditor's Report were released on April 9.
- On April 15, Calmark announced that the product Calmark COVID19-LDH had obtained its CE marking in accordance with the IVD directive. The product was thus ready for sale and use in healthcare, including in the EU.
- On April 21, Calmark announced that new clinical trials in cooperation with the research unit at the children's hospital Sachsska barnsjukhuset, part of Södersjukhuset AB, Stockholm, would not be able to start in the months thereafter. The reason was that resources must be re-prioritized due to the situation with COVID-19.
- On April 28, Calmark announced that the construction of the new production line had been completed and that installation had commenced.
- Calmark announced on May 6 that an order had been received from the Company's Italian distributor P.R.I.S.M.A. Srl (Prisma). The order was for demo units of the COVID19-LDH product.
- The Annual General Meeting of Calmark Sweden AB (publ) was held on May 18, 2021, by postal voting. The Annual General Meeting resolved, among other things, to implement an employee option program extending over three years. Moreover, the Board of Directors was granted authorization to increase the company's share capital by issuing not more than 5,000,000 B shares or warrants with the corresponding rights.
- On May 26, an order was received from Calmark's distributor in Jordan, Alpha Tech Est., covering Neo-Bilirubin products.
- On June 10, an exclusive distributor agreement was signed between Calmark and the company r2 Hemostasis Diagnostics India Private Ltd regarding marketing and sales of the Calmark Covid platform in the Indian market.

Q3

- On June 7, it was announced that the agreements under Calmark's employee options program, which was announced in connection with the Annual General Meeting, had been concluded.
- On July 19, an order was received from Calmark's distributor in India, r2 Hemostasis Diagnostics. The order was modest in economic value but of strategic importance as it showed that active sales operations related to the platform Calmark POC - Covid were under way.
- Calmark announced on July 22 that all the steps in the process validation of the fully automated production line had been completed and that the first batches of test cassettes had been produced with good results. As such, the lease agreement with SEB for the production line began to run as of July 2021, and the upfront lease payment was made.
- On July 29, it was announced that Calmark's instrument, used to measure LDH levels in COVID-19 patients, had been registered with the Indian authorities. The registration process for the associated tests was still ongoing.
- On August 3, an order was received from Calmark's distributor in Iraq, Enox Pharma AB, covering Neo-Bilirubin products.
- On August 19, an order was received from Calmark's distributor in Egypt, Enox Pharma, covering Neo-Bilirubin products.
- The half-yearly report Q2 2021 for Calmark Sweden AB (publ) was released on August 27.
- On September 9, it was announced that a new clinical study regarding Neo-Bilirubin had been started in cooperation with the research unit at children's hospital Sachsska barnsjukhuset, part of Södersjukhuset AB, Stockholm.

Q4

- The company received its first order from the distributor in Switzerland, LabForce, on October 7. The order was modest in economic value but of strategic importance as it showed that active sales operations were under way.
- On October 18, the company announced that the market launch in India had been intensified, and that the potential was considered to be significant. The company has supplied India with instruments and COVID19-LDH tests in view of a possible procurement.
- On October 22, the Board of Directors of Calmark Sweden AB (publ) resolved to carry out a rights issue of approximately MSEK 24.9 and a directed issue of approximately MSEK 2.1, and to bring forward the interim report for the third quarter of 2021 to November 5.
- On October 27, it was announced that the publication of the interim report for the third quarter of 2021 would be brought further forward, to October 29.
- On October 27, Calmark's CEO Anna Söderlund appeared at Direkt Studios to give a status update, which was recorded and published the same day.
- The interim report Q3 2021 for Calmark Sweden AB (publ) was released on October 29.
- Analyst firm Redeye published a reviewed assessment of Calmark on November 1. Redeye hiked its fair value range owing to a more optimistic take on the company.
- The information memorandum in view of the previously announced rights issue was published on November 8. The rights issue was covered by subscription commitments and guarantee undertakings corresponding to 53.6 percent and 26.4 percent of the full amount, respectively, and was thus guaranteed to approximately 80 percent overall.
- On November 10, it was announced that the employment of the company's CFO, Marielle Bos, had been terminated at her own request.
- Calmark participated in the virtual event Redeye Life Science Day 2021, which was broadcast digitally. CEO Anna Söderlund presented the company's recent developments and future outlook.
- On November 23, it was announced that the directed issue to Gainbridge Capital had been registered. The issue was carried out at a price of SEK 5.40 per B share and raised approximately MSEK 2.1 before issuance costs.
- The subscription rate in Calmark's rights issue was 137.3 percent, as disclosed on November 26. The rights issue was thus oversubscribed, and the guarantee undertakings were not utilized. The rights issue provided the company proceeds of approximately MSEK 24.9 before issuance costs.
- On December 1, it was announced that Calmark had contracted Firyal Kryou as interim CFO and member of the management team. She took up the role the same day.
- On December 8, Calmark received a Notice of Allowance from the US Patent Office ("USPTO") informing that a patent would be granted in the United States.
- On December 10, it was announced that Calmark's rights issue had been registered with the Swedish Companies Registration Office and that the record date for conversion of BTA B to B shares would be December 17.
- On December 14, Calmark announced that logistics and order management had been strengthened through the recruitment of Liana Rikberg for the role as Supply Chain Coordinator.

CEO COMMENTS

Dear Readers,

When I wrote the CEO comment for the annual report last year, I found the year 2020 difficult to summarize; I suppose I envisioned that 2021 would be easier. At the time of writing, however, I cannot say that running a startup in medtech has become any easier or less challenging – and probably not in other industries either. In many parts of the world, the pandemic rages on, even though things have calmed down somewhat on the domestic front while an ongoing war in Europe is giving rise to new challenges.

During the year, Calmark still managed to achieve many important milestones in the company's development, at a steady pace continuing its journey towards becoming a global company.

The automated production line 'Daniella' entered into service during the year, resulting in a 13-fold capacity increase in the production of single-use cassettes and a reduction by three quarters in production costs. This investment is absolutely necessary to cope with the major markets in Asia and the Middle East on which Calmark is focusing. For us, it is important to enter markets with large populations, many births, and an opportunity to make an actual difference.

The distributor network is expanded continuously, and there is a high level of acceptance for Calmark's products among the final customers.

Today, we have products introduced in India, Iran, Jordan, Switzerland, Italy, Sweden and Finland. We are eagerly awaiting what the partnership with VIA Global will result in this year.

In early 2021, our COVID-19 product for triage of patients received its CE marking. We have signed distributor agreements relating to this product in a number of countries, including India. The procurement procedure for a new pandemic product is at times, however, both challenging and time-consuming. We will see how the pandemic develops going forward; a sizable proportion of the world's population remains unvaccinated, which likely implies that new outbreaks will occur in some regions of the world. Either way, the development of a COVID-19 LDH test has also greatly benefited the development of our test for newborns, Neo-LDH.

Pandemics, lockdowns, wars and sanctions have all impacted the supply of electronic components on a global scale. Calmark uses the same semiconductors in its instruments as Intel, Samsung and car manufacturers. Securing the supply of components for our instruments has involved a major effort, and I am very pleased that we now have manufactured instruments to get us through 2022 and are building inventories of instruments as well as sought-after components in view of 2023. Our constructive cooperation with Note and Frohe is critical to our success.

Work on the launch in China has been progressing during the year. For us, it is essential to find a good partner to cooperate with on the Chinese launch. Efforts have now been intensified and we hope to finalize a joint venture during the year.

At this moment, Calmark is on the brink of becoming a company with products in the farthest reaches of the globe. Products that will make actual difference for children, parents and professionals. I would like to thank the Board of Directors and my wonderful colleagues, who each day together accomplish great things to continue to drive this incredible company forward.

Anna Söderlund
CEO, Calmark Sweden AB

DEVELOP PRODUCTS

POINT-OF-CARE TESTS

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 construction of chemically impregnated filters. When the lid of the instrument is closed, the test is activated and the blood sample is filtered. Reacting with the chemistry, it changes color depending on the particular biomarker. The change in color is then converted into 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 2021, Calmark also obtained CE marking for a POC test for assessment of COVID-19 disease severity in adult patients, COVID19-LDH. Consequently, Calmark is currently marketing two product portfolios.

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 in the same year. Development of POC tests for glucose and LDH is ongoing.

These three markers can be used to detect common conditions that are 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.

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. When levels are low, diagnosis can be established based on a measurement of skin color, but at higher levels, an additional blood sample is required. On average, a bilirubin blood sample is required in about 20 percent of all newborns, making it one of the most common blood tests taken in infants. The bilirubin test was CE marked in April 2020, and it is the product that has the greatest market potential.

Neo-LDH - asphyxia

The LDH test is central to Calmark, as the research surrounding it laid the basis for the company's formation. Lactate dehydrogenase (LDH) 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.

Measuring LDH immediately after the birth provides an important test result, which facilitates the decision to quickly initiate treatment. Cooling therapy, also known as hypothermia thermapy, can reduce the risk of a severe outcome such as permanent brain damage or, at worst, death. It has been demonstrated that cooling reduces mortality without increasing the risk of major disability in those who survive. If moderate to severe oxygen starvation is identified before a full-term or premature infant is six hours of age, it is recommended that cooling therapy be instituted.[1]

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.

1 *Jacobs, S.E., Berg, M., Hunt, R., Tarnow-Mordi, WO., Inder, T.E., Davis, P.G. (2013). Cooling for newborns with hypoxic ischaemic encephalopathy. Cochrane Database of Systematic Reviews, 2013(1). DOI 10.1002/14651858.CD003311.pub3*

CALMARK COVID

Around the time of the outbreak of the coronavirus pandemic in spring 2020, a large number of research studies identified LDH as an important biomarker for predicting how serious the disease progression would be in an infected patient. 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 is included in the IFCC guidelines for monitoring of COVID-19 patients.[2]

As Calmark at this time was already pursuing a project to develop a point-of-care LDH test for newborn infants, the Board of Directors resolved in June 2020 to expand the scope of the project to include the development of a diagnostic point-of-care LDH test for adult patients with COVID-19.

The Covid platform 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.

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. Elevated 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 – for example in an emergency room. This test was CE marked in April 2021.

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 Information Guide on COVID-19: 5. Biochemical Monitoring of COVID-19 Patients (IFCC - The International Federation of Clinical Chemistry and Laboratory Medicine)*

EXPAND PRODUCTION

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. During 2021 and early 2022, production capacity was ramped up for both the test cassette and the instrument.

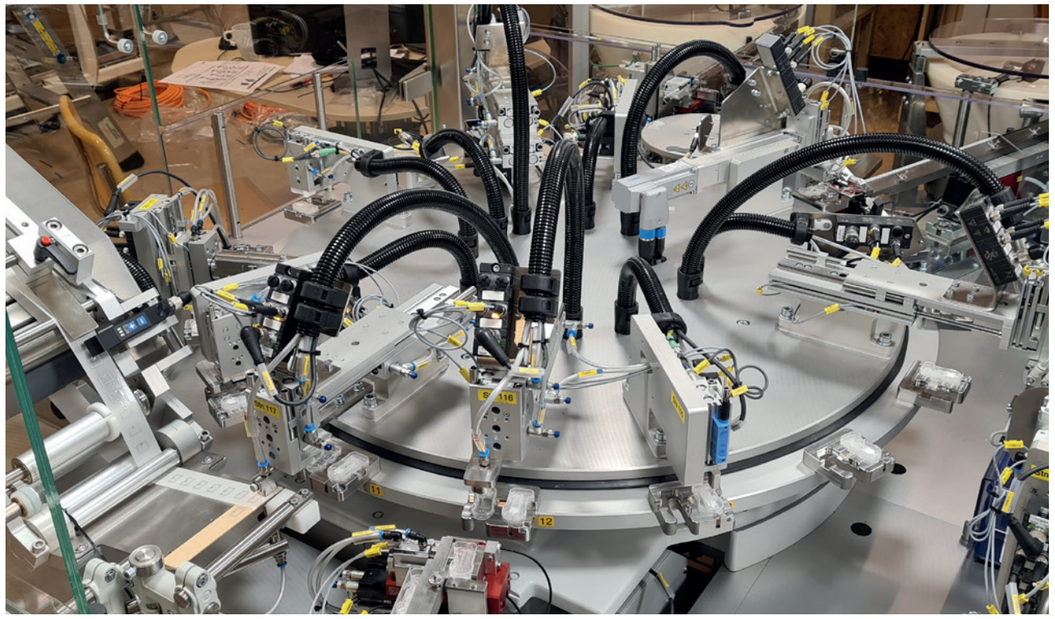
The test cassette is manufactured by Frohe AB in Tyresö, which specializes in the manufacture of complex and advanced plastic components with very high precision requirements. The company holds ISO 13485 certification, which is required to manufacture Calmark's products.

To reduce manufacturing costs of the tests and ensure the ability to meet the demand even from volume markets, Calmark invested in a fully automated production line, which was installed at Frohe and brought into operation in July 2021. Following its deployment, capacity increased to 24 test cassettes per minute and cost per unit decreased by about 3/4.

The production equipment is covered by a lease agreement with SEB, Skandinaviska Enskilda Banken AB (publ), extending for 5 years.

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 also holds ISO 13485 certification, which is required to manufacture Calmark's products.

Calmark has started launch processes in Europe and major volume markets in Asia and the Middle East whilst also stepping up cooperation with VIA Global in 2021. To succeed with the launch in all these countries in parallel, the company will also need to expand the instrument production capacity. As a consequence of the pandemic, however, a shortage of componentry emerged in 2021. Calmark has devoted a lot of attention to securing components in sufficient quantities to ensure production in 2022 and is now involved in a further effort to secure the supply for production in 2023 while investing in sustainable supply chains.



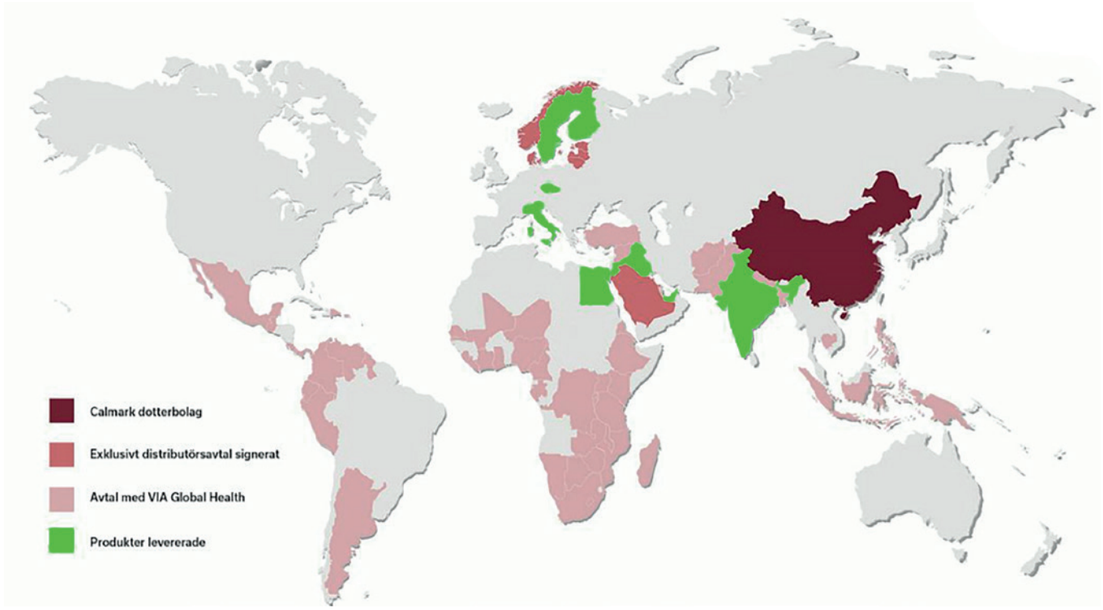
BUILD A DREAM TEAM

Many of the key roles that are necessary in Calmark's organization were filled in 2020, and the focus for 2021 has been to strengthen, establish clear structures, and streamline processes to enable large-scale production and global sales.

On February 4, Annika Kaisdotter Andersson was recruited for the role as International Quality Manager in order to strengthen QA/RA capabilities. On March 2, the sales and marketing team was strengthened with the addition of Maria Zavodnik in the role as Sales and Marketing Coordinator, and on December 14, Liana Rikberg was hired as Supply Chain Coordinator to bring additional resources to logistics and order management.

Today, Calmark has twelve employees and a few contracted consultants, together representing more than 120 years of medtech-industry experience. Of the employees, nine are women and three are men. The company has a senior management team with previous experience of start-up journeys and global launches.

LAUNCH GLOBALLY



LAUNCH

Calmark intensified its sales and marketing efforts in 2021. At the beginning of the year, the company had concluded exclusive distributor agreements covering 16 countries: Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Switzerland, Italy, Jordan, Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates. On June 10, 2021, an additional exclusive distributor agreement was signed between Calmark and the company r2 Hemostasis Diagnostics India Private Ltd regarding marketing and sales of the Calmark Covid platform in the Indian market.

During the year, Calmark received first orders from distributors relating to the Italian, Jordan, Indian, Iraqi, Egyptian and Swiss markets. While the orders were modest in economic value, their strategic significance is considerable as they show that distributors have made a start on active sales operations. After the end of the year, additional orders were received from the company's distributor in the United Arab Emirates.

The cooperation with VIA Global Health has also been intensified during the year. Calmark's products are available from the organization's online store, and requests have started to come in.

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 is facilitating the care processes for the youngest 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, where access to hospital laboratories is limited, Calmark's product offers an opportunity to diagnose common medical conditions and thus makes it possible to reduce disease and save lives.

Calmark generates revenue through the sale of readers and single-use products. 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.

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.

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 is projected to reach USD 72.0 billion by 2027, up from approximately USD 43.2 billion in 2022 at a CAGR of 10.8 percent between 2022 and 2027.[1]

MARKET POTENTIAL CALMARK COVID

At the time of writing, more than 482 million people have been confirmed infected with COVID-19 and 6.2 million have died. Of the total world population, 64.3 percent have now received at least one dose of a COVID-19 vaccine, but the figure is only 14.5 percent for low-income countries. Globally, 11.19 billion doses of vaccine have been administered, and mortality rates are declining. It is too early to say, however, how the pandemic will develop and whether new variants will emerge to cause new outbreaks.

Calmark's 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 for monitoring of COVID-19 patients.[2] Calmark's market potential consists of the patients that seek treatment for a COVID-19 infection.

1 *Markets and Markets: Point of Care & Rapid Diagnostics Market Published Date: Mar 2022 | Report Code: MD 2702*

2 *IFCC Information Guide on COVID-19: 5. Biochemical Monitoring of COVID-19 Patients (IFCC - The International Federation of Clinical Chemistry and Laboratory Medicine)*

LOOK TO THE FUTURE

During 2022, Calmark will focus on the worldwide launch of the products Neo-Bilirubin and COVID19-LDH. A range of distributor agreements are in place, and more are intended to follow. Registration of these products is already under way in a number of countries outside the EU, and will commence in additional countries and be finalized in others during 2022. The Neo-LDH development project is expected to be completed, with the product being CE marked under the new IVDR regulation. The development of Neo-Glucose will proceed.

CHINESE MARKET ENTRY

Calmark resolved on July 16, 2020, 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. A wholly-owned subsidiary was registered in Hong Kong on October 6, 2020, and this company has subsequently registered a subsidiary of its own in mainland China, in Wuxi right outside Shanghai. Calmark Medtech (Wuxi) limited company was registered on February 22, 2021, under the business name 凯曼克医疗器械（无锡）有限公司.

Negotiations with interested investors will be intensified and, hopefully, concluded in 2022. The ambition is to establish a joint venture and register products, recruit personnel and sign distributor agreements through Calmark Wuxi.

BOARD OF DIRECTORS

Kjersti Berg Marthinsen – Chairman of the Board since 2020, member 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 & management and governance. In recent years, she held various senior positions at Värmland County Council, with responsibilities including 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

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. Mathias 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 assurance 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.

MANAGEMENT

Calmark's management team consists of: Michael Lundh – Quality Assurance and Regulatory Affairs Director, Camilla Arneving – Marketing Director, Jim Hansson – Director of Production & Logistics, Anna Söderlund – CEO, Magdalena Tharaldsen – Director International Business Development, Catarina Pinho – Project Manager, Firyal Kryou – CFO

DIRECTOR'S REPORT

The Board of Directors and CEO of Calmark Sweden AB hereby submit the following annual report for the financial year 2021. 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 considerable 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 also markets 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 and to market and sell products and services in the same area, as well as to 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

Development of products

An important milestone was reached on April 15, when Calmark's product for assessment of COVID-19 disease severity, COVID19-LDH, 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 LDH development project then resumed its focus on assessment of asphyxia in newborns, which was intensified during the fall and in the beginning of 2022. On March 22, 2022, it was announced that the project had reached as far as the verification and validation phases, which were estimated to extend for about two months. On April 13, however, a decision was made to change priorities and re-allocate resources to focus on sales of existing products. Since the new regulatory framework for IVD products enters into force on May 26, this entails that the CE marking of Neo-LDH will be pursued under the new regulations, and the timetable therefore remains unclear.

The Neo-Glucose development project was ongoing in parallel during the year, albeit at a reduced pace due to the pandemic and the focus on the LDH biomarker.

On September 9, it was announced that a new clinical study regarding Neo-Bilirubin had been started in cooperation with the research unit at children's hospital Sachsska barnsjukhuset, part of Södersjukhuset AB, Stockholm.

Production development

To reduce manufacturing costs of the tests and ensure the ability to meet the demand even from volume markets, Calmark invested in a fully automated production line, which was installed at the company's manufacturing partner Frohe during 2021. On July 22, it was announced all the steps in the process validation of the production line had been completed and that the first batches of test cassettes had been produced with good results. The lease agreement with SEB for the production line thus began to run as of July 2021. The new facility has a capacity to produce 6 million tests on an annual basis.

To succeed with the launch in volume markets, the company will also need to expand the instrument production capacity. As a consequence of the pandemic, however, a shortage of componentry emerged in 2021. Calmark has devoted a lot of attention to securing components in sufficient quantities to ensure production in 2022 and is now working to secure the supply for production in 2023.

Organization

Many of the key roles that are necessary in Calmark's organization were filled in 2020, and the focus for 2021 has been to strengthen, establish clear structures, and streamline processes to enable large-scale production and global sales.

Annika Kaisdotter Andersson was recruited for the role as International Quality Manager on February 4, in order to strengthen QA/RA capabilities. On March 2, the sales and marketing team was strengthened with the addition of Maria Zavodnik in the role as Sales and Marketing Coordinator, and on December 14, Liana Rikberg was hired as Supply Chain Coordinator to bring additional resources to logistics and order management.

Marketing, sales and distributor agreements

Calmark intensified its sales and marketing efforts in 2021. At the beginning of the year, the company had concluded exclusive distributor agreements covering 16 countries: Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, Switzerland, Italy, Jordan, Egypt, Iraq, Bahrain, Saudi Arabia and the United Arab Emirates. On June 10, 2021, an additional exclusive distributor agreement was signed between Calmark and the company r2 Hemostasis Diagnostics India Private Ltd regarding marketing and sales of the Calmark Covid platform in the Indian market.

During the year, Calmark received first orders from distributors relating to the Italian, Jordan, Indian, Iraqi, Egyptian and Swiss markets. While the orders were modest in economic value, their strategic significance is considerable as they show that distributors have made a start on active sales operations. After the end of the year, additional orders were received from the company's distributor in the United Arab Emirates.

Chinese market entry

Calmark resolved on July 16, 2020, 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. A wholly-owned subsidiary was registered in Hong Kong on October 6, 2020, and this company has subsequently registered an additional subsidiary in mainland China, in Wuxi right outside Shanghai. Calmark Med-tech (Wuxi) limited company was registered on February 22, 2021, under the business name 凯曼克医疗器械（无锡）有限公司.

Negotiations with interested investors will be intensified and, hopefully, concluded in 2022. The ambition is to establish a joint venture through which to register products, recruit personnel and sign distributor agreements.

Patents and intellectual property rights

On December 8, Calmark received a Notice of Allowance from the US Patent Office ("USPTO") informing that a patent would be granted in the United States.

Capital and financing

The Annual General Meeting on May 18, 2021, held via postal voting only, resolved to implement an employee options program extending over three years. It was further resolved to authorize the Board of Directors to decide on an increase of the company's share capital by issuing not more than 5,000,000 B shares or warrants with the corresponding rights.

On June 7, it was announced that the agreements under Calmark's employee options program, which was announced in connection with the Annual General Meeting, had been concluded.

On October 22, the Board of Directors of Calmark resolved, on the authority of the Annual General Meeting, on a rights issue of approximately MSEK 24.9 and a directed issue of approximately MSEK 2.1, which both were carried out during November. The directed issue was subscribed by Gainbridge Capital, a wholly-owned subsidiary of Spotlight Group AB which has introduced the fund "Gainbridge Novus Nordic". The directed issue was carried out at a price of SEK 5.40 per B share and raised approximately MSEK 2.1 before issuance costs.

The rights issue was carried out at the same price as the directed issue, SEK 5.40 per share, with a subscription rate of 137 percent. Prior to the rights issue, subscription commitments corresponding to 53.6 percent had been received from major owners, as well as commitments from a guarantee consortium corresponding to 25.4 percent. The rights issue provided the company approximately MSEK 24.9 in proceeds before issuance costs.

Expected future development

In 2022, 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 is already under way in a number of countries outside the EU, and will both commence and hopefully be finalized during 2022. The Neo-LDH development project is expected to be completed, with the product being CE marked in accordance with the new IVDR regulation. The development of Neo-Glucose will proceed.

Recruitments will be made to Calmark's subsidiary in Hong Kong and its subsidiary in mainland China, and negotiations with interested investors will intensify and hopefully reach a conclusion.

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.

Over the course of 2022, the company may need to raise additional capital through partnering or by new issuance.

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.

Calmark is in part a development company

The company has continued to pursue product development, and one product for COVID-19 was CE marked in 2021. While product development is in progress, it is uncertain whether there will be any market for the products when they are fully developed, how large that market might be, or which competing products may 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

At present, the war between Ukraine and Russia and its impact on the economy and society constitutes a risk and uncertainty factor that affects all companies, more or less. The COVID-19 pandemic and potential new outbreaks and lockdowns is also a risk and uncertainty factor. 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 AS OF DECEMBER 31, 2021

Owner's name	"Number of A shares"	"Number of B shares"	Total number of shares	% of capital	% of votes
WINGEFORS INVEST AB	129,300	6,194,270	6,323,570	19.36	20.27
CREADES AB	0	3,855,646	3,855,646	11.80	10.44
OLCON ENGINEERING AKTIEBOLAG	51,000	2,511,914	2,562,914	7.85	8.18
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	0	1,373,008	1,373,008	4.20	3.72
MATHIAS KARLSSON*	92,700	960,164	1,052,864	3.22	5.11
TEF INVEST AS	0	915,473	915,473	2.80	2.48
MILLENNIUM FALCON AS	0	866,757	866,757	2.65	2.35
GAINBRIDGE NOVUS NORDIC	0	504,723	504,723	1.55	1.37
BENGT BRAUN FÖRVALTNINGS AB	18,600	447,995	466,595	1.43	1.72
INSTITUTE FOR DIAGNOSTICS DEVELOPMENT	31,950	365,539	397,489	1.22	1.85
OTHER OWNERS (3,010)	150,900	14,196,448	14,347,348	43.92	42.51
TOTAL	**474,450**	**32,191,937**	**32,666,387**	**100.00**	**100.00**

** Private and via company*

MULTI-YEAR OVERVIEW (KSEK)

	2021	2020	2019	2018	2017
Profit/loss after financial items (KSEK)	-22,225	-10,784	-7,792	-5,363	-2,935
Balance sheet total (KSEK)	89,081	84,827	61,977	36,089	18,837
Equity/assets ratio (%)	92.53	94.38	89.54	81.29	72.45
Quick ratio (%)	390.57	822.71	500.21	312.56	87.43
Adjusted cash flow after investments (KSEK/month)	-2,883	-1,935	-1,715	-876	-438
Number of outstanding shares at the balance sheet date	32,666,387	27,666,387	20,258,382	10,404,500	5,404,500
Earnings per share (SEK)	-0.68	-0.39	-0.38	-0.52	-0.54

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	2,766,639	30,781,462	126,745,417	-69,449,034	-10,783,713	**80,060,771**
Appropriation of profit/loss				-10,783,713	10,783,713	**0**
New share issue	500,000		23,955,865			**24,455,865**
Employee share options			136,660			**136,660**
Fund for development expenditures		8,541,696		-8,541,696		**0**
Net profit/loss for the year					-22,224,855	**-22,224,855**
Amount at end of year	**3,266,639**	**39,323,158**	**150,837,942**	**-88,774,443**	**-22,224,855**	**82,428,441**

PROPOSED APPROPRIATION OF PROFITS

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

Available to the General Meeting:

Accumulated loss	-88,774,443
Share premium reserve	150,837,942
Loss for the year	-22,224,855
Total	***39,838,644***

Proposed appropriation:

To be carried forward	39,838,644
Total	***39,838,644***

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

INCOME STATEMENT

	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales		220,833	0
Other operating income		14,719	0
Capitalized work on own account		8,541,696	9,921,675
		8,777,248	**9,921,675**
Operating expenses			
Cost of goods sold		-756,875	0
Other external expenses		-13,114,266	-11,418,841
Personnel costs	2	-14,923,822	-9,050,896
Depreciation/amortization and impairment of tangible and intangible non-current assets	3, 4	-2,162,692	-120,860
Other operating expenses		-3,606	-12,290
		-30,961,261	**-20,602,886**
Operating profit/loss		**-22,184,013**	**-10,681,211**
Profit/loss from financial items			
Interest expenses and similar items		-40,842	-102,502
		-40,842	**-102,502**
Profit/loss after financial items		**-22,224,855**	**-10,783,713**
Profit/loss before tax		**-22,224,855**	**-10,783,713**
NET PROFIT/LOSS FOR THE YEAR		**-22,224,855**	**-10,783,713**

BALANCE SHEET

	Note	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized expenditures for development work and similar work	3	51,769,404	43,227,708
Total intangible fixed assets		***51,769,404***	***43,227,708***
Property, plant and equipment			
Equipment, tools, fixtures and fittings	4	5,608,249	1,440,332
Construction in progress and advance payments for property, plant and equipment	5	0	2,987,380
Total property plant and equipment		***5,608,249***	***4,427,712***
Non-current financial assets			
Participations in Group companies	6	18,463	18,463
Other long-term receivables	7	2,723,202	0
Total non-current financial assets		***60,119,318***	***47,673,884***
Total non-current assets		**60,119,318**	**47,673,884**
Current assets			
Inventories, etc.			
Finished goods and merchandise		3,150,950	0
Total inventories, etc.		***3,150,950***	***0***
Current receivables			
Accounts receivable		176,108	0
Other receivables		991,415	500,073
Prepaid expenses and accrued income		1,404,729	291,550
Total current receivables		***2,572,252***	***791,623***
Cash and bank balances		23,237,986	36,361,171
Total cash and bank balances		***23,237,986***	***36,361,171***
Total current assets		**28,961,188**	**37,152,795**
TOTAL ASSETS		**89,080,507**	**84,826,678**

BALANCE SHEET

	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	8		
Restricted equity			
Share capital		3,266,639	2,766,639
Fund for development expenses		39,323,158	30,781,462
Total restricted equity		***42,589,797***	***33,548,101***
Non-restricted equity			
Share premium reserve		150,837,942	126,745,417
Profit/loss carried forward		-88,774,443	-69,449,034
Net profit/loss for the period		-22,224,855	-10,783,713
Total non-restricted equity		***39,838,644***	***46,512,670***
Total equity		**82,428,441**	**80,060,770**
Provisions			
Other provisions		43,742	0
Total provisions		***43,742***	***0***
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	9	0	250,000
Total long-term liabilities		***0***	***250,000***
Current liabilities			
Liabilities to credit institutions	9	333,333	1,000,000
Accounts payable		2,771,516	1,784,824
Other liabilities		1,265,996	372,835
Accrued expenses and deferred incomer		2,237,479	1,358,248
Total current liabilities		***6,608,324***	***4,515,908***
Total liabilities		**6,608,324**	**4,765,908**
TOTAL EQUITY AND LIABILITIES		**89,080,507**	**84,826,678**

CASH FLOW STATEMENT

	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Operating activities			
Operating profit/loss		-22,184,013	-10,681,211
Interest paid		-40,842	-102,502
Adjustment for non-cash items		2,248,614	120,860
Cash flow from operating activities before changes in working capital		**-19,976,241**	**-10,662,853**
Cash flow from changes in working capital			
Changes in inventories		-3,150,950	0
Changes in operating receivables		-1,780,629	793,108
Changes in operating liabilities		2,759,083	-579,295
Cash flow from operating activities		**-22,148,737**	**-10,449,041**
Investing activities			
Investments in intangible fixed assets		-9,799,696	-9,921,675
Investments in property, plant and equipment		-2,085,229	-2,614,683
Investments in financial assets		-2,723,202	-18,463
Cash flow from investing activities		**-14,608,127**	**-12,554,821**
Financing activities			
New share issue		24,550,346	35,350,072
Repayment of debt		-916,667	-1,137,500
Cash flow from financing activities		**23,633,679**	**34,212,572**
Cash flow for the year		**-13,123,185**	**11,208,710**
Cash and cash equivalents at the start of the period		36,361,171	25,152,461
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**23,237,986**	**36,361,171**

Cash and cash equivalents 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
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 amortization is recognized as an expense in the income statement.

Type	Useful life	Percent
Intangible assets	10 years	10%

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.

Inventories
The inventory is measured at the lower of cost and net realizable value, taking the risk of inventory obsolescence into account. The cost is determined using the first-in, first-out (FIFO) method. Cost includes expenses incurred in bringing the inventories to their present location and condition.

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Measurement has taken normal capacity utilization into account.

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 49,565,404 and at the end of the year to SEK 70,909,776.

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
In cases where pension obligations depend solely on the value of an owned asset, the pension obligation is recognized as a provision equal to the carrying amount of the asset.

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 capital (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

	2021	2020
Wages, salaries and other remuneration		
Board of Directors and CEO	1,688,901	1,554,172
Other employees	8,193,610	4,489,153
Total wages, salaries and other remuneration	**9,882,512**	**6,043,325**
Social security contributions and pension costs		
Social security contributions	4,753,979	2,819,622
(of which pension costs for the board and CEO, and equivalents)	401,310	537,026
(of which pension costs for other employees)	1,304,203	596,647
Total salaries, other remuneration, social security contributions and pension costs	**14,636,491**	**8,862,947**
Average number of employees		
Men	3	1
Women	9	6
Average number of employees	***12***	***7***
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	2
Women	4	4

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

	2021-12-31	2020-12-31
Cost		
Cost, opening balance	43,227,708	33,306,033
Purchases and capitalizations	9,799,696	9,921,675
Cost, closing balance	*53,027,404*	*43,227,708*
Accumulated amortization		
Amortization, opening balance	*0*	*0*
Amortization for the year	-1,258,000	*0*
Amortization, closing balance	*-1,258,000*	*0*
Carrying amount	**51,769,404**	**43,227,708**

Note 4 - Equipment, tools, fixtures and fittings

	2021-12-31	2020-12-31
Cost		
Cost, opening balance	1,709,502	144,592
Purchases during the year	2,085,229	40,000
Reclassifications	2,987,380	1,524,910
Cost, closing balance	*6,782,111*	*1,709,502*
Accumulated depreciation		
Depreciation, opening balance	-269,170	-144,592
Depreciation for the year	-904,692	-120,860
Reclassifications	0	-3,718
Depreciation, closing balance	*-1,173,862*	*-269,170*
Carrying amount	**5,608,249**	**1,440,332**

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

	2021-12-31	2020-12-31
Opening balance	*2,987,380*	*1,933,890*
Investments for the year	0	2,574,682
Reclassifications for the year	-2,987,380	-1,521,192
Closing balance	***0***	***2,987,380***

Note 6 - Participations in Group companies

	2021-12-31	2020-12-31
Subsidiary:		
Calmark Hong Kong Limited		
Corporate registration number 2979765		
Registered office: Hong Kong, China		
1,000 shares, ownership interest 100%		
Cost, opening balance	18,463	*0*
Changes in cost		
Acquisitions	0	18,463
Cost, closing balance	18,463	18,463
Carrying amount	***18,463***	***18,463***

Note 7 - Other long-term receivables

	2021-12-31	2020-12-31
Endowment insurance	35,202	0
Upfront lease payment	2,688,000	0
Carrying amount	***2,723,202***	***0***

Note 8 - Equity

As of 2021-12-31, the share capital, including the rights issue and the directed issue of 5,000,000 B shares carried out during 2021, consisted of a total of 32,666,387 shares, of which 474,450 were A shares and 32,191,937 were B shares. After the end of the financial year, 55,050 A shares were converted to B shares.

Share issues
The Board of Directors resolved on October 22, 2021, to carry out a rights issue and a directed issue comprising 5,000,000 B shares overall.

Shareholders that on the record date, November 5, 2021, were registered as shareholders in Calmark received one (1) subscription right for each share held, irrespective of class. Six (6) subscription rights entitled the holder to subscribe for one (1) new B share. The subscription price per B share was SEK 5.40. The subscription rate in the issues was 137 percent.

On November 23, it was announced that the directed issue to Gainbridge Capital had been registered. The issue was carried out at a price of SEK 5.40 per B share.

Employee options program
During 2021, an options program was implemented comprising 444,000 subscription rights based on the period of employment. The options are exercisable in June 2024 at a price of SEK 21.21.

Note 9 - Liabilities to credit institutions

	2021-12-31	2020-12-31
Liabilities that fall due within 12 months	333,333	1,000,000
Liabilities that fall due within 1-5 years	0	250,000

Note 10 - 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 11 - 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 2020, a lease agreement of SEK 12,835,000 was concluded with SEB relating to the new, automated production line. Lease payments commenced during the second quarter of 2021. The lease agreement's date of expiry is 2025-06-30. Expenses related to the lease are expensed on a straight-line basis over the lease period.

Note 12 - Pledged assets

	2021-12-31	2020-12-31
Business mortgage	4,000,000	4,000,000
Total pledged assets	***4,000,000***	***4,000,000***

Note 13 - Group information

The company is the parent company of a group, which includes the wholly-owned subsidiary Calmark Hong Kong Limited (see Note 6) and the subsidiary's subsidiary, Calmark Med-tech Wuxi Limited.

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

Note 14 - Significant events after the end of the financial year

On February 3, Calmark announced that a first order had been received from the company's distributor in the United Arab Emirates, Enox Pharma AB. The order covered both the Calmark Neo platform and the Calmark Covid platform. While modest in economic value, the order was of strategic importance as it showed that active sales operations were under way.

The development project for the company's second test for newborns, Neo-LDH, entered verification and validation on March 22. This phase is one of the final elements of the process, and was estimated to last for approximately two months. On April 13, however, it was announced that a decision had been made to re-prioritize resources to focus on sales of existing products. Since the new regulatory framework for IVD products enters into force on May 26, this entails that the CE marking of Neo-LDH will be pursued under the new regulations, and the new timetable therefore remains unclear.

On April 12, it was announced that Calmarks distributor in Italy, P.R.I.S.M.A. Srl (Prisma) had signed an exclusive agreement regarding Calmark's test for newborns.

The Annual Report was approved for publication by the Board of Directors and the CEO on April 14, 2022, and will be subject to approval at the Annual General Meeting on May 17, 2022.

Karlstad, April 14, 2022

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 14, 2022
KPMG AB

Mattias Eriksson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of shareholders of Calmark Sweden AB (publ), corp. id 556696-0141

Report on the annual accounts

Opinions
We have audited the annual accounts of Calmark Sweden AB (publ) for the year 2021. 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 2021 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 34-36. 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.

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.

AUDITOR'S REPORT

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 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of 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 14 2022
KPMG AB

Mattias Eriksson
Authorized Public Accountant

INFORMATION TO SHAREHOLDERS

Notice of 2022 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 Tuesday, May 17, 2022, at 01.00 p.m. at Karlstad Innovation Park, lokal Manegen, Sommargatan 101A, 656 37 Karlstad, Sweden.

Right to attend the Annual General Meeting

Shareholders who wish to participate in the general meeting must:

- be registered in the share register kept by Euroclear Sweden AB on May 9, 2022, and
- by May 11, 2022, at the latest, have notified the Company by sending notice in writing to Calmark Sweden AB, Teknikringen 38A, 114 28, Stockholm, Sweden, by telephone at +46 (0)70 214 98 93, or by emailing anna.soderlund@calmark.se.

The notification shall include the shareholder's full name, personal identification number or corporate registration number, number of shares, address, daytime telephone number, and, if applicable, details of at most two deputies or assistants. Where appropriate, the notification should have powers of attorney, certificates of registration and other relevant identification attached.

Nominee-registered shares

To be entitled to participate in the General Meeting, shareholders whose shares are registered in the name of a bank or other nominee must temporarily re-register their shares in their own names with Euroclear Sweden AB so that the shareholders are registered in the share register in respect of the circumstances on May 9, 2022. Such registration may be temporary (registration for voting rights) and shall be requested from the respective nominee in accordance with the instructions of said nominee at such time in advance as determined by the nominee. Registrations for voting rights effected by the nominee not later than on the second business day after May 9, 2022, will be taken into account in the preparation of the share register.

Proxies, etc.

If a shareholder is to be represented by proxy, the proxy must bring a dated and signed power of attorney, issued by the shareholder in writing to the proxy, to the general meeting. 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, the proxy must also bring a current certificate of registration or equivalent authority document for the legal entity. A copy of the power of attorney and, if applicable, other relevant documentation should be enclosed with the notification of participation in order to facilitate entrance.

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.

Number of shares and votes in the Company

The number of shares outstanding in the Company amounted to 32,666,387 at the time of this notice, 419,400 of which being A shares and 32,246,987 B shares, corresponding to a total of 36,440,987 votes.

Future financial statements

May 24, 2022 – Interim accounts for the first quarter 2022
August 23, 2022 – Interim accounts for the first half year 2022
November 22, 2022 – Interim accounts for the third quarter 2022
February 21, 2023 – Interim accounts for the fourth quarter 2022 and full year 2022

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.

calmark

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