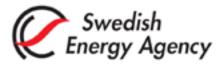


"DYNAMIC GLASS CONTRIBUTING TO GLOBAL ENVIRONMENTAL GAINS"

ChromoGenics AB was founded in 2003 following almost twenty years of research by Professor Claes-Göran Granqvist and his colleagues through a spin-off from the Ångström Laboratory at Uppsala University. The company was founded together with Uppsala Universitets Utvecklings AB (UUAB) and Innovationsbron i Uppsala (thereafter acquired by Almi Invest AB). Investments have been made since 2003 to develop ChromoGenics' dynamic glass, production processes and the establishment of production facilities, which were also co-financed by a conditional loan from the Swedish Energy Agency.

Co-financed by

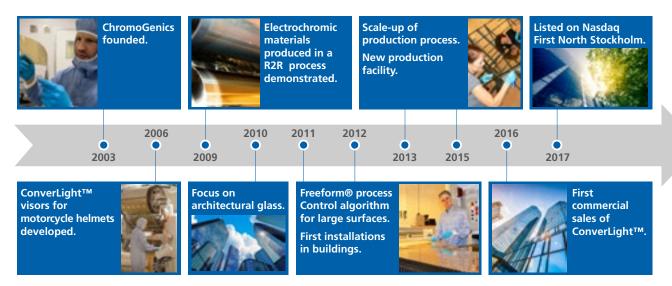


ANNUAL GENERAL MEETING 2017

The Annual General Meeting for ChromoGenics AB (publ), 556630-1809, will take place on May 10th 2017 at 14.00 CET at Advokatfirman Lindahls offices at Vaksalagatan 10 in Uppsala. See more information on page 18.

Every care has been taken in the translation of this Annual report. In the event of discrepancies, the Swedish original will supersede the English translation.

MILESTONES





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CHROMOGENICS IN BRIEF

2016 IN BRIEF

Revenue amounted to SEK 3.0 (0.0) million.

> Net income for the year after tax amounted to SEK -49.5 (-43.5) million.

The company was transformed from a development company to a sales

and production company for the ConverLight™ product targeting real estate projects in the Scandinavian market.

Six staff members were made redundant in November, and two staff members decided to leave the company on their own accord after September 30. The savings will be realized progressively during the first six months of 2017.

On November 21, Micael Hamberg took the positions as Chief Operation Officer (COO) and joined the management team.

JANUARY-MARCH 2017 IN BRIEF

On February 8, 2017, ChromoGenics applied for listing on Nasdag First North and published a prospectus about a new share issue of SEK 117.3 million.

On March 3, 2017, ChromoGenics announced that the new share issue of SEK 117.3 million had been oversubscribed.

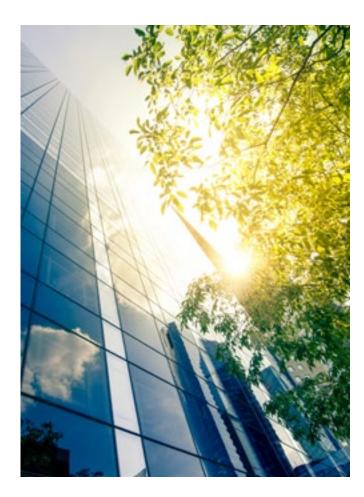
> On March 23, 2017, ChromoGenics was listed on Nasdaq First North.

hromoGenics is a leader in dynamic glass with controllable heat and light transmission. The company's unique electrochromic technology, ConverLightTM, provides sustainable solar control with increased indoor comfort and energy efficiency. In 2016 the company started sales and deliveries to real estate projects in Scandinavia. ChromoGenics is located in Uppsala and has approximately 20 employees. The company is listed on Nasdaq First North since March 23, 2017. www.chromogenics.com

ChromoGenics' business idea is to develop, produce and market ConverLight[™] – dynamic glass featuring controllable optic characteristics that improve energy efficiency, indoor comfort and architectural freedom of buildings.

ChromoGenics' electrochromic glass offers the real estate market highly technical, sustainable solar control that can save up to 20-40 percent of a commercial building's energy consumption for cooling by preventing heat transmission and thus sharply reducing the need for air conditioning.

The analysis firm n-tech Research in the USA has forecast that the market for smart glass containing electrochromic technology will grow from USD 200 million to USD 8 million over the next 10 years.



COMMENTS FROM THE CEO



fter successful development of technology, products and production processes, ChromoGenics is now fully committed to a commercialization, and as a public company, as well. We are pleased that there has been so much interest in subscribing to shares in our company in conjunction with the new share issue of SEK 117 million, which was completed in the beginning of March and was oversubscribed. On March 23, ChromoGenics was listed on Nasdaq First North – an important milestone in the company's continued development. It is a great feeling to start this next phase for ChromoGenics.

We make buildings more attractive! Our dynamic glass offers property owners, architects, construction companies and players in the glass industry cost-efficient solar protection. Our product, ConverLightTM, improves energy efficiency, indoor comfort and the architectural freedom of buildings. It also improves cost efficiency in that it requires lower maintenance costs compared to traditional external solar protection, which becomes faded, is worn down by the wind and must be regularly replaced. Our technology and business model also facilitate efficient and sustainable deliveries around the world.

If we were to truly maximize a building's energy efficiency, the building would not have windows, glass facades or glass ceilings. But what we are seeing today is movement in the opposite direction – toward more windows and glass. People need daylight and contact with their surroundings to feel good and be productive, and property owners and project developers want to offer attractive properties. ChromoGenics' dynamic glass offers cost-efficient control of light and heat transmission, which means that energy consumption for cooling can be reduced while at the same time enabling architectural freedom and maintaining contact with the building's surroundings.

If the EU is to be able to meet its climate target of a 20-percent reduction in energy consumption and greenhouse gas emissions by 2020, it will be necessary to make buildings more energy-efficient. Since a large part of energy consumption as a whole is related to the warming up and cooling down of buildings, we believe the construction sector will play a crucial role in meeting climate targets. ConverLightTM also helps buildings obtain environmental certification, such as Miljöbyggnad, LEED and BREEAM. Market surveys indicate that the market for dynamic glass will increase sharply in the next few years due to the focus on energy efficiency and new technological advancements, such as connected windows. ChromoGenics is in a very interesting position with good opportunities to establish the company as a leader in the market.

We have already begun production and sales of our dynamic ConverLightTM glass in the Nordic market. The glass has been installed in both Sweden and Norway, and we have received confirmation that our production process functions all the way to final installation at the customer site. These installations have also taught us a lot about how we must manage the processes practically and also provided us with valuable experience that we can use for future production and deliveries.

Since ChromoGenics was founded in 2003, we have invested extensive resources and time into reaching the position we are at today. A recent reorganization of the operations to more clearly focus on sales and production is creating good conditions for continued commercialization and future profitability. We will now target our resources to achieve a rapid expansion by continuing to invest in sales and production at the same time as we optimize our capacity utilization in our market establishment. The products we are producing and delivering from our facilities to projects in the Nordic region will be important reference objects for us in the future. Proven quality, delivery accuracy and customer satisfaction are at the top of our agenda as we commit to becoming a trusted business partner in important real estate projects.

Thomas Almesjö, CEO

ANNUAL REPORT 2016



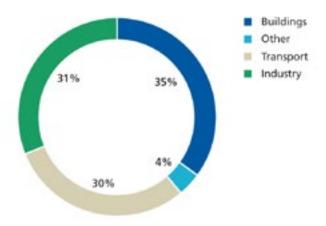
MARKET

LARGE MARKET POTENTIAL FOR CHROMOGENICS' ENVIRONMENTALLY DYNAMIC GLASS

hromoGenics' strategy is to work closely with different glass manufacturers in each local geographic market. The company is thus affected by developments on the glass market as a whole and not just by the market for dynamic glass. The global glass market is largely driven by developments in the construction industry. This industry in turn is largely driven by the GDP, government decisions and investments, population growth and the rate of urbanization. The market for energy-efficient construction solutions is being pushed forward by a policy-driven environmental and energy safety perspective as well issues related to energy efficiency from a pure cost and investment perspective. Environmental aspects have been, and are expected to be in the future, very important for the building sector.

Heating and cooling of buildings together with the heating up of water are estimated to represent approximately 60% of the global energy consumption in buildings. This area represents one of the single largest areas for global energy efficiency improvement and thus the reduction of greenhouse gas emissions. Architects, construction companies and property owners/real estate companies are continuously evaluating new technologies that facilitate energy savings and improve indoor environments. In addition, there are a number of standards for environmental certification of buildings, such as Miljöbyggnad, LEED and BREEAM.

GLOBAL ENERGY CONSUMPTION BY SECTOR



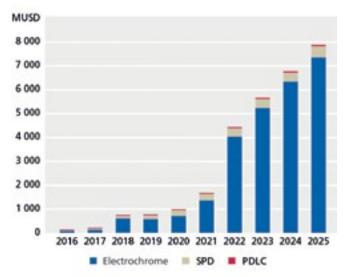
Source: International Energy Agency. Transition to Sustainable Buildings, Executive Summary, 2013

ChromoGenics believes that the dynamic glass segment (windows, facades and ceilings) in commercial properties and service properties (schools, health care facilities, etc.) demonstrate the greatest potential and ability to generate growth and profitability. This means that, despite the many application areas for the technology, commercial building projects represent the strategic direction for and greatest focus of dynamic glass.

The market for active dynamic glass for buildings is usually included in the wider market for "architectural glass". The greatest possibility for dynamic glass in the future is judged to be the opportunities for control flexibility that will be crucial for broad market growth. Even if one of the major drivers behind using dynamic glass is energy efficiency, comfort is equally important. The positive effects of a higher degree of comfort can be seen relatively quickly, while the decrease in energy consumption has a more long-term effect, both on the environment and the yield on the investment that is made in the building.

Primary competition consists of older technologies (blinds, awnings, solar film, etc.) and other similar electrochromic solutions. Since the market for electrochromic glass is relatively new and ChromoGenics is the only company on the Nordic market, the primary, identified competitors are SageGlass in the USA, View in the USA and EControl-Glas in Germany. However, there are other potential competitors that use different technologies, such as mechanical solar protection, electrochromic SPD and PDLC technologies, passive technologies and thermochromic solutions. With regard to the older technologies, the market is fragmented and there are many companies at the local level.

ESTIMATED GLOBAL MARKET BY TECHNOLOGY



Source: n-tech Research, Nov 2016

PRODUCT AND TECHNOLOGIES

DELIVERY ACCURACY A TOP PRIORITY

or a new company on a relatively new market, it is naturally important for both the product itself to demonstrate sufficient sustainability and lifespan as well as its control functions and control units. It is also key for the insulated glass on which ChromoGenics' products are mounted to be of high quality and have a long lifespan. ChromoGenics has therefore chosen to certify selected insulated glass manufacturers.

In general, the building process often means large investments, long planning periods and a large number of suppliers. The risk of delays and cost increases must always be eliminated. Therefore, delivery accuracy is one of ChromoGenics' top priorities. Because ChromoGenics is able to produce a large amount of foil without needing to know the final size or shape of the glass, it is possible to minimize the lead time from order to finished window and orders can be filled in a short period of time. The production of insulated glass in closer proximity to the customer can also have a positive effect on delivery accuracy. Replacement glass can also be delivered faster if a window were to break during transport or installation or be broken after completed installation.

ConverLight™ is an electrochromic glass with dynamic solar protection characteristics. It can be used in all types of glass solutions, for simple glass to insulated glass with multi-functional features. Dynamic glass normally includes not only insulated glass but also the same functionality that is found in exterior solar protection, such as exterior slats, curtains and awnings. Dynamic glass offers customers the advantages of exterior solar protection, such as higher comfort levels and energy efficiency, without the disadvantages of an obstructed view and maintenance costs resulting from damage repair due to wind. Dynamic glass is best suited for the market segment that is characterized by a willingness to pay as a result of a greater focus on and demand for energy efficiency and higher comfort.

The control system that controls the smart functions is easy to handle, and the user can regulate the system either automatically via standardized and established building automation systems or manually via, for example, a computer, cell phone or tablet.

ChromoGenics' focus will be on sales and production, but development work will continue with a focus on commercially attractive areas: the simplification of commissioning of control system, e.g. Plug and Play; windows connected to the Internet (Internet of Things, IoT), where, for example, an alarm system can be added; solar cell-driven transitions between dark and light conditions; and achieving more color neutrality in the glass.

FACTORS FOR SUCCESS

- Reduced heat transmission improves energy efficiency.
- Higher comfort and greater flexibility.
- · Greater architectural freedom.
- Contributes to environmental certification.
- Greater flexibility in the production chain.
- Focus on foil enables scalable production.
- Foil is easier to store and transport.
- ChromoGenics enhances the product portfolios of insulated glass manufacturers and fits into their value chain.
- FreeForm® hubs promote more efficient distribution and reduced transport costs.

STRUCTURED WORK WITH PATENTS AND VALUABLE KNOW-HOW

hromoGenics is at the forefront of the development of dynamic glass that use electrochromic technology, which is backed by roughly 30 years of research and development. The management of intellectual property (IP) is a very important part of the general business strategy and ChromoGenics has been working with IP in a structured manner since the start. During the years of development work, ChromoGenics has built up extensive know-how as well as a patent portfolio that is considered to cover significant materials, processes and applications in eighteen patent families. The assessment of whether to apply for a patent or keep the know-how in the organization is influenced by the potential competitive advantages that can be achieved and not the extent of the technological advancements that were made. The technology behind ConverLightTM is covered by a broad patent base that can be adapted and used with considerable flexibility in a number of different areas, for example with regard to size and form.

ChromoGenics has also built up know-how about production processes that are further enhanced by strategic partnerships that have been established. The in-house production facilities that were established in Uppsala cover approximately 3,000 m² and include production lines for ConverLight™ foil and glass laminate, climate-stabilizing clean rooms, test facilities, etc. The production process that ChromoGenics has

developed enables the production of foil and glass laminate that covers up to 90% of the estimated volume the market will require. ChromoGenics is today the only company that produces an electrochromic layer on foil for a commercial product in what is called a roll-to-roll process. The aim of the development of this know-how is to create conditions for the manufacture of electrochromic glass laminate in an industrially efficient manner.

Heating and cooling are two of the most energy-intensive functions of a building. The ConverLight™ technology makes it possible to reduce the consumption of energy for the cooling of buildings by up to 50%. In reverse, the technology also offers the advantage of being able to let in the light and heat of the sun on colder days. By reducing the need for cooling and heating in buildings, it is possible to realize significant savings in the operating costs of the building as well as considerable environmental gains in the form of reduced energy consumption and thus also reduced emission of greenhouse gases. An additional advantage of ConverLight™ is that it does not require continuous streams of electricity, but rather only requires electricity when adjusting the amount of light that is let in. The required voltage is also very low, only 2 volts. Energy consumption to control the transparency is also very low, and lower than in most of the alternative technologies.

THE GLOBAL GLASS MARKET
IS EXPECTED TO GROW TO
APPROXIMATELY 10 BILLION M²
BY 2018 WITH TURNOVER OF
USD 100 BILLION.¹⁾

¹⁾ according to a study by The Freedonia Group, Inc.

A FEW QUESTIONS TO CLAES-GÖRAN GRANQVIST AND GREGER GREGARD

laes-Göran Granqvist and Greger Gregard founded ChromoGenics together with four researchers in 2003. It all started at the Ångström Laboratory in 2001, when Greger completed his thesis work with Professor Granqvist at Uppsala University. Through support from the university's holding company, UUAB, the company was able to start operations.

Claes-Göran, you and your research team were pioneers in the area of smart windows – how did it all begin?

In the mid-1980s, the idea emerged of varying the amount of light and solar energy that came through windows. Only a few researchers around the world were working with this type of research, and I think we wrote the first article, says Claes-Göran Granqvist. We understood fairly early the greatness about keeping the heat and cold outside in order to reduce energy consumption. After the oil rations at the beginning of the 1970s, energy had landed at the top of the agenda. And soon our term "smart windows" became an accepted term.

When did you first realize what advantages were associated with the technology?

Regulated light and heat transmission through glass has been an interesting area of research for a long time. There are countless areas of application. The main focus is currently on glass for buildings, but we initially started with glass for vehicles, and we continue to believe there is a market for vehicle glass or visors for motorcycle helmets.

Energy efficiency measures in buildings have been relevant for many decades, in particular reducing energy consumption for both heating and cooling. Putting small windows into new buildings would solve the energy problem, but people need visual contact with the surroundings and daylight. Another problem is that the light coming through big windows can be blinding, and we can solve that, too. It is about both energy and comfort.

Greger, tell us how it feels now that your research is turning out to be useful both commercially and in society at large?

Inspirational that Swedish, world-leading research is being commercialized in Sweden. It is about trusting your instincts, daring to re-think and establish collaborations with relevant partners at an early phase. It is also inspirational to hear the positive feedback from customers and other stakeholders.

When innovations can make it all the way to a commercial phase, this shows other research teams that it is worth continuing, even if you meet challenges along the way.

Our technology makes it possible to use the Earth's resources more efficiently, reduce emissions and help keep our planet functional for future generations.

Any advice for other researchers/innovators?

Claes-Göran: Sweden's prosperity has been built upon not only the exploitation of natural resources, but also innovation. This means that Sweden offers a very good environment for research, and there are different types of clusters that help support one another. Taking an active role in these environments is fantastic – not just for your own research but also for society as a whole. And, of course. All innovations that help make it possible to realize the global environmental targets have a bright future.

Greger: The key is to never give up and always believe in yourself. Be humble enough to take good advice along the journey from idea to solution. The road is often longer than you think, with unexpected obstacles that must be overcome. But the journey will always be worth the investment.



OFFER/BUSINESS MODEL

STRATEGIC FOCUS ON COMMERCIAL BUILDINGS

n order to succeed with its market establishment and transformation from a development company to a commercial actor, ChromoGenics has a clear and defined focus on dynamic glass for commercial buildings. It is in this area that the greatest potential has been identified for the initial market establishment.

ChromoGenics has also made a strategic choice of focusing on the sale and in-house production of ConverLight™ glass laminate in order to be able to maintain the necessary quality controls during the production and delivery process. Glass laminate is delivered to various manufacturers of insulated glass (IGU), which in turn deliver the final glass product for installation. This cooperation with glass manufacturers should be viewed as an integral part of the marketing, production and distribution strategy.

Currently, all glass laminate is produced at ChromoGenics' production facilities in Uppsala. ChromoGenics' in-house production process can be summarized as building up necessary nano-layers of active material on plastic foil (PET). The process results in a foil from which the individual units can be cut to the desired shape and then laminated between two panes of glass.

The greatest advantage is that the production process creates a flexible foil, which means that it is not necessary to know the final window's size or shape from the start. The foil is cut to the desired shape and laminated between panes of glass in accordance with the customer's order. This glass is then sent to a manufacturer of insulated glass.

ChromoGenics has also taken steps to prepare in the long-term for being able to establish FreeForm™ hubs, i.e. facilities for the cutting of foil and glass lamination that will be established on various main markets with the aim of coming geographically closer to final production and installation and thus reducing distribution and logistics costs. The benefit of delivering foil is that the transport cost can be kept to a minimum, since glass in comparison is heavy, bulky, fragile and thus expensive to transport and handle.

ChromoGenics is today the only company that produces an electrochromic layer on foil for a commercial product in what is called a roll-to-roll process. Other companies treat the glass in the early steps of the production process when the final size and shape of the window have already been decided



Fabege's project Grand Central Sundbyberg, Stockholm

In the spring of 2017, ChromoGenics will deliver ConverLight[™] dynamic glass to Fabege's project Grand Central Sundbyberg, in Stockholm.

ConverLight[™] will provide the building with efficient solar control. The building is planned to open in late 2018.

"ConverLight™ dynamic glass was chosen for its flexible design and advantages with regard to energy efficiency and indoor comfort. This is a perfect solution since the environment and sustainability are high on our agenda. We are proud of being the first in Sweden to offer dynamic glass that makes a positive contribution to the environmental targets," says Per Lindfors, Project Manager Fabege.



OPTIMIZED MARKET ESTABLISHMENT

hromoGenics' initial focus is to take a clear position in Sweden and the Nordic region and thereafter expand to Europe and other markets. This optimizes the use of existing capacity for both sales and production.

However, this does not prevent sales on other markets. A major advantage of the ConverLightTM foil is that it weighs only approximately 500 grams per m² and can quickly and relatively cheaply be transported to companies already established in the distribution chain, such as insulated glass manufacturers and local window and facade manufacturers, which means that, compared to competitors, ChromoGenics will find it easier to expand into new markets.

In addition to targeting property owners and manufacturers of insulated glass, sales will also primarily focus on the actors in the market that are considered to have the greatest influence in the decision processes that ultimately result in a building being equipped with electrochromic glass. In many cases, this may not be the direct orderer (the customer) of a new construction project or renovation project, but rather could be the party or parties that have a major influence on the project's design and parameters ("influencers"). By also focusing on influencers, ChromoGenics believes it can reach a significantly wider market than simply targeting individual contractors or project developers.

The market for insulated glass in many cases is relatively fragmented, with a large number of local companies and manufacturers delivering to local customers. This is primarily because glass and finished glass products are relatively expensive to ship. The market therefore has not demonstrated the same consolidation trend as other industries where the shipping cost is less of a factor and fewer production units can thus supply a larger geographical area.

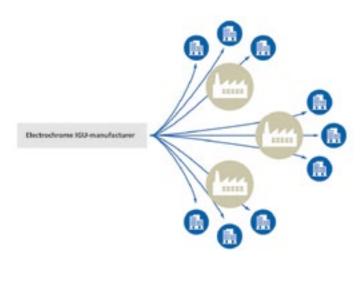
Cooperation with various partners in production, distribution and installation processes is an integral part of ChromoGenics' operations and business model. These collaborations are established with partners chosen by ChromoGenics that are judged to meet the quality requirements considered necessary to be able to maintain ChromoGenics' requirements on quality and delivery accuracy.

By working together with companies and logistics chains that are already established, ChromoGenics can focus on offering its strength, i.e. competitive dynamic glass that also enhances that offer of the insulated glass manufacturer. Such collaboration also makes it possible to speed up the process of establishing a presence on a local market and improve scalability in production. In the long run, the goal is also to establish FreeFormTM hubs, i.e. facilities for cutting and glass lamination, on all main markets in order to come geographically closer to final production.

CHROMOGENICS' DISTRIBUTION MODEL

ChromoGenics ChromoGenics

COMPETITOR'S DISTRIBUTION MODEL



Source: ChromoGenics

ANNUAL REPORT 2016

ADMINISTRATION REPORT

INFORMATION ABOUT THE BUSINESS OPERATIONS

ChromoGenics was founded in 2003 as a spin-off from the Ångström Laboratory at Uppsala University by its founders, Uppsala universitets utveckling AB (UUAB) and Innovationsbron i Uppsala (acquired by Almi invest AB). The company has its head office in Uppsala with approximately 20 employees.

ChromoGenic's dynamic ConverLightTM glass offers property owners, architects, construction companies and players in the glass industry cost-efficient solar control solutions. Daylight and contact with the surroundings raise the level of comfort and well-being. ConverLightTM controls how much heat and light is let in while still offering daylight and a full view of the surroundings. With ConverLightTM, customers are able to lower their costs more than with traditional exterior solar protection, which is exposed to sun and wind and thus requires maintenance. The investment not only results in lower maintenance costs, but ConverLightTM also improves energy efficiency and indoor comfort. ChromoGenic's technology and business model can also facilitate efficient, sustainable deliveries around the world.

If you want to maximize a building's energy efficiency, it should not have windows, glass facades or glass ceilings. But what we are seeing today is that the trend in architecture is moving in the opposite direction, toward more windows and glass. People need daylight and contact with their surroundings to feel good, and property owners and project developers want to offer attractive properties. ChromoGenic's dynamic glass offers cost-efficient control of light and heat transmission, which means that energy consumption for cooling can be reduced by up to 50% while at the same time enabling architectural freedom and contact with the surroundings.

Market surveys show that the market for dynamic glass could dramatically increase in the next few years due to the focus on energy efficiency and new opportunities such as the Internet of Things (IoT). ChromoGenics finds itself in a very interesting position in that the company is facing good conditions for establishing itself as a leader in the market.

Following the successful development of technology, products and production processes, ChromoGenics has entered into a new phase as the company undergoes a transition from a development company into a sales and production company. During the 2016 business year, ChromoGenics fully committed to a commercialization. Its ConverLightTM glass laminate product, including control systems, was finalized for commercialization during the first six months of the year. The first orders of ConverLightTM glass laminate were delivered to customers in Norway and Sweden.

Sales projects have consisted of deliveries to hotels, factories, office buildings and schools, both in the form of new constructions and "retro-fit", i.e. the replacement of windows on existing buildings. Toward the end of the 2016 business year, the control system was taken into operation in the majority of these projects. Total sales amounted to SEK 3.0 (0.0) million. Costs for goods sold amounted to SEK 15.0 (0.0) million. Costs are initially high since it has not yet been possible to negotiate volume discounts, and material consumption and process costs will be high until the production process has been optimized. Re-deliveries were required for some customer projects and initial costs were thus significantly higher.

During the third quarter, a plan was prepared for a company reorganization. At the beginning of October, the reduction of a large number of employees in the company was announced and negotiations began with local unions. The negotiations were concluded at the beginning of November and six people were let go, primarily within process development. Two employees who had resigned earlier left the company during the fourth quarter. The company is planning to employ staff within sales and production. Work continues on product development. In November, Micael Hamberg became COO and has primary responsibility for the company's supply chain. Hamberg is a member of the management team and focuses on customers, quality and delivery precision.

EARNINGS

Revenue amounted to SEK 3.0 (0.0) million. ConverLightTM was commercialized during the year and is still in its initial sales stage.

Costs for goods sold amounted to SEK 15.0 (0.0) million. Costs are initially high since it has not yet been possible to negotiate volume discounts, and material consumption and process costs will be high until the production process has been optimized. Re-deliveries were required for some customer projects and initial costs were thus significantly higher.

Depreciation/amortization and impairment amounted to SEK 7.3 (5.2) million. This increase is primarily due to an impairment loss of SEK 1.0 million for capitalized expenditure in R&D related to a test system where the company chose a different solution.

Selling and administrative expenses amounted to SEK 11.8 (6.7) million. The increase is primarily due to the establishment of a sales and marketing unit and its activities to commercialize ConverLightTM.

Development expenditure amounted to SEK 26.1 (37.1) million. The decrease is primarily due to the completion of the commercialization of ConverLightTM during the year, but product development work continues.

The company's operating income amounted to SEK -49.3 (-43.5) million.

Net financial items amounted to SEK -0.2 (0.0) million. Income tax paid during the period amounted to (SEK 0.0 million).

CASH FLOW AND FINANCIAL POSITION

Cash flow from the operating activities including change in working capital amounted to SEK -39.9 (-42.9) million.

Net cash flow from investing activities amounted to SEK -0.5 (-13.7) million. The decrease is primarily due to a liquidity shortfall in 2016 from increased production and selling expenses.

Net cash flow from financing activities amounted to SEK 38.0 (32.6) million. The following financing was arranged during the year:

- During the first six months of the year a new issue was completed that brought in SEK 13.8 million in cash to the company.
- In July, a loan was raised totaling SEK 5.0 million from K-svets Venture AB at an interest rate of 5% and maturity on December 31, 2016. In conjunction with the loan, a floating charge of SEK 5.0 million was pledged to the lender. In December, the due date for the repayment of the loan was postponed until February 28, 2017. The lender opted to convert the loan and the interest to shares within the framework of the new issue that was announced on February 8, 2017.
- During the second half of the year a new issue was completed that brought in SEK 7.9 million in cash.
- In October, several shareholders decided to exercise options from three different warrant programs for a total of SEK 2.7 million.
- In December, short-term financing was arranged from the principal owners totaling SEK 18.0 million, of which SEK 9.0 million was paid in December and SEK 9.0 million was paid in January 2017 to cover the financing need until the conclusion of the new issue of SEK 117.3 million, when the loan was set off against shares.

Cash and cash equivalents amounted to SEK 8.5 million on December 31, 2016, compared to SEK 10.9 million on December 31, 2015.

On the closing date, the company did not have sufficient liquidity to cover its needs for the next 12 months. The company has initial income in its current commercialization phase, but this revenue does not yet cover the company's total costs. More information is available under the section, Significant risks and uncertainty factors.

Long-term interest-bearing liabilities amounted to SEK 50.0 (50.0) million at December 31, 2016. The loan is a conditional loan from the Swedish Energy Agency. See Note 17 for more information.

At the end of the period, equity amounted to SEK -36.0 million, compared to SEK -10.5 million on December 31, 2015.

The Board of Directors prepared a balance sheet for liquidation purposes on July 31, 2014, since the reported equity was negative. Among the company's liabilities is a conditional loan from the Swedish Energy Agency which, according to the loan agreement and the regulations set out in the Companies Act, may be eliminated upon preparation of a balance sheet for liquidation purposes. As at December 31, 2016, reported equity amounted to SEK -36.0 million. The utilized conditional loan from the Swedish Energy Agency amounted to SEK 48.8 million of the total credit line of SEK 63.8 million. Due to a change in the business plan, it will not be possible to utilize additional funds. The Board of Directors has made the assessment given the terms and conditions of the loan, which are described above, that adjusted equity amounts to SEK 12.7 million, and no balance sheet for liquidity purposes is thus required as at December 31, 2016.

On March 3, 2017, ChromoGenics announced that the new issue was oversubscribed, bringing in approximately SEK 119 million to the company, of which SEK 117.3 million refers to the basic offer. The cash was paid to the company on March 8, 2017, excluding issue expenses and settlements of shareholder loans and guarantee fees. The amount in excess of SEK 117.3 million may be subject to normal market stabilization and/or involve the use of the over-allotment option.

The new issue brought more than 2,000 new shareholders. The number of outstanding shares in ChromoGenics increased through the basic offer from 9,414,326 to 23,214,326.

The company has thereby secured cash for at least the next 12 months. The completed new issue will give the company positive reported equity during the first quarter 2017.

INVESTMENTS

The company's investments are primarily in machinery for production and capitalization of R&D expenditure and patents. Because the company had not secured long-term financing in 2016, only smaller investments were made. Net investments amounted to SEK -0.5 (-13.7) million.

RESEARCH & DEVELOPMENT

ChromoGenics is at the forefront of the development of dynamic windows that use electrochromic technology, which is backed by roughly 30 years of research and development. The management of intellectual property (IP) is a very important part of the general business strategy and ChromoGenics has been working with IP in a structured manner since the start. During the many years of development work, a patent portfolio has been built up that is considered to cover significant materials, processes and applications in eighteen patent families.

ANNUAL REPORT 2016

The development work in 2016 has primarily focused on securing the production process in the reference facilities in conjunction with the first customer deliveries in 2016.

ENVIRONMENTAL IMPACT

In 2016, the company continued with its environment work in the form of self-controls without any remarks.

EMPLOYEES

On average, there were 18 (17) employees during the period January-December 2016. There were 21 (21) employees as at December 31, 2016, of which temporary staffing consisted of 0 (0). Six employees were let go in November due to the extensive reorganization. The last day of employment falls during the first six months of 2017.

BOARD OF DIRECTORS

The Board of Directors has had 19 recorded meetings during the year, of which six were per capsulam. The work of the Board of Directors has primarily targeted the company's operations and the financing of the company's business plan.

MATERIAL EVENTS DURING THE FINANCIAL YEAR

- Following a resolution by an extraordinary general meeting in December 2015, a 27:1 reverse split was registered in January 2016, after which the number of registered shares amounted to 9,820,478.
- During the first six months of the year a new issue was completed that contributed SEK 13.8 million in cash to the company.
- At the Annual General Meeting on June 20, 2016, Anders Brännström was re-elected Chair of the Board and Poul Erik Schou-Pedersen and Claes-Göran Granqvist were re-elected members of the Board. Jerker Lundgren was elected member of the Board. The Meeting resolved to release the Board of Directors and the CEO from liability for the 2015 financial year.
- In July, a loan was raised totaling SEK 5.0 million from K-svets Venture AB at an interest rate of 5% and maturity on December 31, 2016. In conjunction with the loan, a floating charge of SEK 5.0 million was pledged to the lender. In December, the due date for the repayment of the loan was delayed until February 28, 2017. The lender opted to convert the loan and the interest to shares within the framework of the new issue that was announced on February 8, 2017.
- During the second half of the year a new issue was completed that brought in SEK 7.9 million in cash.
- In October, several shareholders decided to exercise options from three different warrant programs for a total of SEK 2.7 million.

- During the second half of the year, a proposal was prepared for a company reorganization. At the beginning of October, the reduction of a large number of employees in the company was announced and negotiations began with local unions. The negotiations were concluded at the beginning of November and six people were let go, primarily within process development. Two employees who had resigned earlier left the company during the fourth quarter. The company is planning to employ staff within sales and production. Work continues on product development.
- In November, Micael Hamberg became COO and has primary responsibility for the company's supply chain. Hamberg is a member of the management team and focuses on customers, quality and delivery precision.
- In December, short-term financing was arranged from the principal owners totaling SEK 18.0 million, of which SEK 9.0 million was paid in December and SEK 9.0 million was paid in January 2017, to cover the financing need until the conclusion of the new issue of SEK 117.3 million, when the loan was set off against shares.

MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

- At an extraordinary general meeting held on January 12, 2017, resolution was passed on the following:
 - Change in company category from a private to a public limited liability company
 - 2:1 reverse split The total number of shares after the reverse split is 9,414,326 with a share capital of SEK 1,882,865.30.
 - New Articles of Association
- On February 8, 2017, the company announced that it
 was applying for a listing on Nasdaq First North and
 published a prospectus with the intention of conducting
 a new share issue for institutional investors and the
 general public in Sweden of SEK 117.3 million,
 excluding a potential over-allocation option of SEK 12.7
 million. In conjunction with this announcement,
 subscription commitments from principal owners and
 guarantees via a guarantee consortium corresponding
 to 82 percent of the issue, or SEK 96 million, had been
 received.
- On February 21, 2017, it was announced that a large order had been received to provide dynamic glass to Fabege's project Grand Central Sundbyberg in Stockholm.
- On February 22, 2017, it was announced that a Supplement to the Prospectus dated February 8, 2017 was published.

- On March 3, 2017, ChromoGenics announced that the new issue was oversubscribed and brought in approximately SEK 119 million to the company, of which SEK 117.3 million corresponds to the basic offer. The cash was paid to the company on March 8, 2017, excluding issue expenses and settlements of shareholder loans and guarantee fees. The amount in excess of SEK 117.3 million may be subject to normal market stabilization and/or involve the use of the over-allotment option. No allocation has thus been made to the consortium, which guaranteed the issue with approximately SEK 41 million, in addition to subscription commitments, up to a 90 percent subscription rate.
 - The new issue brought more than 2,000 new shareholders to the company. The number of outstanding shares in ChromoGenics increased through the basic offer from 9,414,326 to 23,214,326.
 - Trading of the share and warrants started on March 23, 2017, on Nasdaq First North Stockholm.

EXPECTED FUTURE DEVELOPMENT

The market has shown considerable interest in ConverLightTM. Market surveys show that the market for dynamic glass could dramatically increase in the next few years due to the focus on energy efficiency and new opportunities, such as the Internet of Things (IoT).

In 2017, sales are expected to increase, which will contribute positively to the company's financing, but since the company is at the start of a commercialization phase, income is not expected to cover the company's expenses/costs in 2017. In the long term, material costs will decrease once volume increases in production and sales.

In March 2017, a new issue was completed for SEK 117.3 million. The cash was paid to the company on March 8, 2017, excluding issue expenses and settlements of shareholder loans and guarantee fees. The company has thereby secured cash for at least the next 12 months. The completed new issue will give the company positive equity for the coming reporting period.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

The company is exposed to a number of financial risks: liquidity risk, credit risk and currency risk. The Board of Directors and the company's management team are trying to manage these risks by identifying, evaluating and where appropriate mitigating them. Risk factors and important conditions that are judged to be of significance for the company's future development are described below in no particular order and with no claim of the list being comprehensive.

Technology and product development

The technological development is continuously progressing in the area in which ChromoGenics is conducting business. There is a risk that dynamic glass of the type developed by the company may be subject to technological development that cannot be foreseen today, and that the company's products, production processes, know-how and/or market position, in full or in part, may be negatively affected. It is very important that the company have sufficient financial resources to invest in required technological and production development with the aim of even in the future being able to provide an attractive offering and range of products to customers. The company makes the assessment that it is to a large extent possible to adapt the existing products and production processes in the event new types of products were to be introduced. However, there is a risk that this type of change would have a more negative effect on the company's operations that what the company expects today.

Dependence on suppliers and installers

ChromoGenics uses a number of suppliers who are important for the company's ability to produce products in sufficient scope and with sufficient quality and delivery accuracy. ChromoGenics is also dependent on ordered products being delivered and installed with sufficient reliability and quality with the aim of maintaining developed customer relationships, achieving sufficient profitability in each project and creating a reputation as a stable supplier that is able to delivery quality products. This is particularly important during the build-up and market establishment phase in which the company currently finds itself. In this respect, the installers hired by the company play an important role. If one or several of these companies were not to discharge their duties with sufficient reliability, this would have a negative impact on the business through re-deliveries, higher costs, warranty commitments or impaired reputation on the market. This could also have a negative impact on the company's ability to be profitable, and also could create requirements for additional future capital infusion through, for example, new share issues.

Purchasing production material

ChromoGenics' operations require that the company produce adequate forecasts of expected sales and order volumes. Should these forecasts be deficient, based on improper assumptions or influenced by changes in the external environment, there is a risk that the company will buy in production material for a greater number of products than what the company will be able to sell to its customers. There is also a risk that the company will purchase to little material, which could make it difficult to deliver. The financial position can thus be influenced negatively by greater capital tied up and costs for obsolescence or loss of revenue. The company could also be affected by claims for non-delivery or delayed deliveries. If the company misjudges its order volumes, or if it fails to make deliveries to customers or experiences delays in deliveries, the company's relationships with its customers and the company's operations, earnings and financial position may be affected negatively.

Risks related to protection of intellectual property rights

There is a risk that the company's current intellectual property rights protection and the assessment of the possibilities and

need for additional intellectual property rights protection are insufficient. Other companies in the sector could also be considered to hold intellectual property rights upon which ChromoGenics' business may be claimed is encroaching. Defense of the company's rights or remuneration to third parties for infringement and/or use of a third party's intellectual property rights may result in lower revenue or higher costs until the breach is settled, the licensing fees paid or permission obtained to use the third party's intellectual property rights. Uncertainty as a result of patent lawsuits or other processes that have been started and are being carried out may have a significant negative impact on ChromoGenics' competitiveness, profitability and capital need.

ChromoGenics could also lose a case regarding infringement on a third party's intellectual property rights, which would mean that the company's right to the intellectual property right ceases. In addition, the infringement of one or more of the company's intellectual property rights may damage the company's reputation on the market. All of these factors may have a significant impact on the company's operations, earnings and financial position.

Ownership of the intellectual property rights generated by employees within the framework of the company's business as a rule flows to the company in accordance with applicable legislation and existing agreements. In the event the company does not succeed in the future to claim its intellectual property rights, this may have negative effects on the company's operations, earnings and financial position.

What distinguishes ChromoGenics' products from others' products consists not insignificantly to know-how. There is a risk that such information will be disclosed to external parties or used by previous employees or engaged consultants in operations that compete with the company's. There is furthermore a risk that know-how corresponding to that of ChromoGenics may be developed independently by a third party and used in a competing business. This could have a negative impact on the company's operations, earnings and financial position.

Product responsibility and warranties

ChromoGenics' products are subject to both product liability and warranty commitments. Suppliers and installers in general have limited compensation obligation to ChromoGenics in the event of errors in delivered and installed products. Compensation claims can be targeted to ChromoGenics by both the company's customers and independent persons suffering damages from production, handling or use of the company's products. There is a risk that the company will incur this compensation liability but not be able to transfer the claim in full to a third party. There is thus a risk that ChromoGenics' earnings and financial position would be negatively affected by warranty claims or the actualization of product liability and that such is not fully covered by the company's insurance or recourse options.

Product development

ChromoGenics develops its technology, production processes and production using in-house resources. If the company's development activities would not achieve acceptable

results or if other circumstances were to arise that would significantly affect the development, this could have a negative impact on the company's business. Acceptance of new products or applications may take longer than expected, which could also have a negative impact on the business.

Delivery accuracy as volume grows

ChromoGenics is currently in a market establishment phase and is planning for extensive volume growth in the next few years. However, its current ability to produce and deliver is limited and the company is in a build-up phase. Higher sales and delivery volumes will place considerable demands on the organization, the capability of subcontractors, the need for working capital, etc. A sudden increase in demand could create problems related to delivery times and quality levels. There is thus a risk that the company will not be able to sufficiently meet its delivery commitments, which could lead to impaired relationships with customers. In financial terms, there is a risk that growth would be so capital-intensive that the company would suffer liquidity problems. As a whole, there is thus a risk that a rapid increase in volume could cause problems for the company, which could have a negative impact on the development of the company.

Risks related to marking and certification

ChromoGenics' products are subject to various requirements on mandatory marking and must meet industry standards and certifications. The company is also required to prepare technological documentation for its products and issue various declarations regarding agreement with the criteria for marking, certification, etc. If ChromoGenics cannot meet the requirements for receiving the necessary marking or certification, this could have a negative effect on the company's operations, earnings and financial position.

Insurance and product liability

ChromoGenics carries corporate insurance that includes property damage and interruptions losses, legal protection and production liability as well as general liability. Even if the company makes the assessment that its operations are adequately covered, the insurance cover's scope and compensation are limited. The company's corporate insurance also includes product liability, but there is a risk that ChromoGenics will incur losses or claims for damages that are not covered in full or in part by the insurance, which could have a negative impact on the operations, earnings and financial position.

Disputes

The company may become involved in disputes within the framework of its normal operations, and it may be subject to claims regarding contract issues, product liability and alleged errors in deliveries of the company's products. Such disputes and claims can be time-intensive, disrupt normal operations, relate to large amounts and introduce significant costs. Furthermore, the outcome of complex disputes can be difficult to predict. As a result, serious disputes could have a significant impact on the company's operations, earnings and financial position.

Legislative and legal risks

New laws or rules or changes in the application of existing laws or rules may have a negative effect on the company, its customers or its suppliers.

Third-party risks

It is conceivable that third parties or independent persons may be harmed by production, handling or use of the company's products or equipment related thereto. There is a risk that any such claims will not be fully covered by the insurance and thus will have negative economic consequences for the company.

Partners

Cooperation with various partners in production, distribution and installation processes is an integral part of ChromoGenics' operations and business model. These collaborations are established with partners chosen by ChromoGenics that are judged to meet the quality requirements considered necessary to be able to maintain ChromoGenics' requirements on quality and delivery accuracy. However, there is a risk that these parties will not fulfill their commitments in the required manner or that other external factors will affect their ability to maintain quality and delivery commitments. If this were to happen, this would have a negative impact on ChromoGenics' operations and ability to report a profit and thus even on the company's financial situation.

Competition

ChromoGenics is and may be exposed to additional competition from existing or new companies with operations in the area of dynamic glass or other products and technologies where the function of the product directly or indirectly competes with the function that dynamic glass is intended to achieve for the customer. In the future, competition may also come from other companies that decide to target a broader group in the segment or expand their existing customer offer to include products or solutions that compete with ChromoGenics. These companies may also have significantly deeper financial resources than ChromoGenics. Tougher competition could mean that the company would not reach its growth targets due to price pressure or lower order intake. There is a risk that this could have a negative impact on the company's operations, earnings and financial position.

Customer dependence

During its initial market establishment phase, ChromoGenics' revenue will most likely derive from a limited number of customers. Future sales during this phase could thus be affected to a relatively large extent by one or several customers becoming insolvent, selecting another supplier or in any other way being affected such that they must cease making payments to the company.

Confidentiality

ChromoGenics strives to protect such information that is central for the company's products and success through, for example, confidentiality agreements with employees, consultants and partners. However, there is no assurance that such agreements sufficiently protect against the disclosure of confidential information and the rights of employees, consultants and partners to intellectual property rights or that agreements provide sufficient penalties in the event of a breach of contract. The company's business secrets may also in another way become known to or developed independently by competitors. If ChromoGenics' internal information and knowledge cannot be protected, the operations will be negatively affected.

Changes in the industry could make the company's products obsolete

The industry is characterized by rapid technological changes, new scientific and technological achievements and constant improvements in industrial know-how. As a result, future success will largely depend on ChromoGenics' ability to adapt to such external factors, to adapt its offers and to develop new and competitively priced products that meet the amended requirements from customers and the competition that may arise from new technologies or businesses.

Dependence on key personnel

ChromoGenics is highly dependent on a number of key staff members. If one or several of these staff members were to leave the company, this could delay and/or complicate continued development. ChromoGenics' success is also dependent on being able to attract and keep qualified employees. Furthermore, there is a risk that the company will not successfully attract and keep qualified personnel or that this cannot occur at terms beneficial to the company. If it were not possible for this to occur, this would have a negative impact on the company's earnings and its possibilities to carry out the commercialization and market establishment required to achieve sufficient profitability.

Operational risk factors

ChromoGenics is exposed to different risks in its day-to-day operations. The management team is primarily responsible for managing operational risks. In addition to operational, financial and insurable risks, there is also a risk that management, the Board of Directors or the shareholders do not receive the correct information that enables them to make proper decisions in various situations or that they will not receive information on time.

FINANCIAL OPERATIONAL RISKS

Earnings capacity and future capital needs

The company to date has been operating at a loss and is still missing sufficient income to be profitable. There is a risk that it will take longer than expected for the company to achieve the earnings and cash flows that are required. There is a risk that the company will not successfully generate substantial and recurrent income, and there is also a risk that the company will not achieve a profit in the future. A failure to generate sufficient profits could have a negative effect on the company's market value. The company has used its capital in the past, which resulted in the preparation of a

number of balance sheets for liquidation purposes. There is a risk that the company will not be able to generate sufficient funds through its activities to finance continued operations, and there is thus a risk that the company will once again find itself in a financial situation where it must prepare a balance sheet for liquidation purposes. As a result, there is also a risk that ChromoGenics may need to seek new, external capital even in the future. Future financing measures may dilute ownership in the company for the shareholders who choose not to participate in any future new issues. There is a risk that company will not be able to obtain the necessary funding or that such funding cannot be obtained at beneficial terms for existing shareholders. A failure to obtain additional financing at the right point in time may result in the company needing to postpone, reduce or terminate activities.

Financing risk

The company did not have the necessary long-term financing at the end of the reporting period. There is a risk that the financing agreement in place for various reasons may be terminated. The company has been entirely dependent on shareholders and other external financiers for its financing. Some shareholders, by subscribing to shares in preferential issues and new issues, financed the company at the rate that was needed to prevent a capital shortage from arising. It cannot be assumed that shareholders in the company will contribute to the company's financing in the same manner going forward.

The now completed issue of SEK 117.3 million is expected to cover the company's financing needs for at least the next 12 months. The Board of Directors' overall assessment is that the company's financing has been secured.

If the company's capital contribution from the completed new issue does not cover the financing need up until the company achieves a positive cash flow from the operating activities and the company cannot obtain additional capital contributions, there is a risk that a liquidity deficit may arise. There is then a risk that the company could be wound down.

Credit risks

There is a risk that the company may suffer credit losses. This could occur following the improper assessment of a counterparty, a counterparty's changed circumstances or impaired financial situation, etc. This could have a negative effect on the company's financial position.

Exchange rate changes

The company is currently in a development and market establishment phase and at the time of this prospectus the majority of the company's sales are in SEK. A significant percentage of the material and process costs currently occur in USD and EUR, which are translated into SEK on each payment day. If these currencies appreciate against SEK, this could have a negative impact on the company's earnings and future capital need. In conjunction with the company's future development and establishment of sales in markets other than just the Swedish market, a larger portion of sales

could occur in currencies other than SEK. If these currencies depreciate against SEK, this could have a negative impact on the company's sales and earnings. The company is primarily dependent on the exchange rate changes for USD and EUR in respect of SEK.

Tax-related risks

ChromoGenics has an accumulated tax deficit. A change in ownership of the company may entail changes in the entitlement to utilize this deficit, in part or in full. Such a change in ownership and the tax rules that then become applicable must be taken into consideration by the company. These rules are also important to consider in income declarations to avoid improper handling of the deficit. There is also a risk that there will be future changes to the tax legislation that may affect the possibility to utilize the accumulated tax deficit in the company.

ANNUAL GENERAL MEETING 2017

The Annual General Meeting will be held on May 10, 2017, at 2:00 PM CET, at the offices of Advokatfirman Lindahls on Vaksalagatan 10 in Uppsala, Sweden. Information about the Annual General Meeting will be available at, for example, www.chromogenics.com

PROPOSED DIVIDEND

Given the company's earnings, financial position and need for capital to grow, the Board of Directors is not proposing a dividend for the 2016 financial year.

SHARE CAPITAL

As at December 31, 2016, the share capital amounted to SEK 1,882,865 represented by 18,828,653 shares, each with a quotient value of SEK 0.1. At an extraordinary general meeting held on January 12, 2017, a resolution was passed on a 2:1 reverse split. After the reverse split, share capital amounted to SEK 1,882,865 represented by 9,414,326 shares, each with a quotient value of SEK 0.2.

PROPOSED APPROPRIATION OF LOSSES

The following funds are at the disposal of the Annual General Meeting (*amounts in SEK*):

Share premium reserve	223,619,859
Accumulated profit/loss	-212,324,400
Net income for the year	-49,485,986
	-38,190,527
_, _ ,	

The Board proposes to carry forward -38,190,527

MULTI-YEAR OVERVIEW

The information in the multi-year overview has not affected the valuation during the transition to the K3 regulation in the 2013 financial year.

all amounts in TSEK	2016	2015	2014	2013	2012
Net sales	3,042				
Operating income after financial items	-49,486	-43,536	-31,789	-37,403	-31,662
Balance sheet total	34,717	45,023	58,091	68,639	105,750
Number of employees	18	17	17	16	13
Equity/assets ratio, %	neg	neg	13.6	41.4	62.2

The key performance indicators are defined in Note 1.

The company delivered its first orders in 2016.

OWNERSHIP

As at December 31, 2016, there were 45 shareholders in ChromoGenics. The largest shareholders in the company are presented in the following table.

Shareholders as per December 31, 2016	Number of shares	Holdings %
Ksvets Venture AB	6,872,103	36%
New Energy Solutions II K/S	6,826,025	36%
Volvo Group Venture Capital AB	1,008,933	5%
Bengt Josefsson Utveckling AB	1,000,000	5%
Castab AB	709,109	4%
Fastighets AB Thuleskär	555,556	3%
Bengt Josefsson	405,556	2%
Ergonor AB	358,149	2%
Uppsala Universitet Holding AB	245,771	1%
Other	847,451	5%
Total amount	18,828,653	100%

Source: ChromoGenics AB (publ)

THE SHARE

In the rights issue (the "Offering") that was completed in March 2017, a total of 13,800,000 shares and 13,921,312 TO1 were issued. The number of shares may be increased by a maximum of 121 312 for the event that it decided allotment option would be fully utilized. The price per "Unit" in the Offering consisting of one share and one TO1 amounted to SEK 8.50, corresponding to issue proceeds of SEK 117.3 million before issue costs.

After completion of the Offer, the number of outstanding shares in ChromoGenics is 23,214,326 shares, prior to exercise of the over-allotment option. Shares in the Offer thus comprises approximately 59.4 percent of the total shares of the Company and the market value of the Company's shares is approximately 197.3 MSEK.

The share is listed on Nasdaq First North Stockholm. The share's ticker name is CHRO, ISIN code: SE0009496268. The warrant's ticker name is CHRO TO1, ISIN code: SE0009554470. The company's Legal Entity Identifier (LEI) number is 49300ULKN252K60BG25

Conditions for CHRO TO1 is that possession of four (4) TO1 entitles the holder to subscribe for one (1) new share in ChromoGenics at the rate of SEK 10.20 during the period 1 to 31 May 2018. The last trading day with TO1 is May 29, 2018.

G&W Fondkommission was the financial advisor to ChromoGenics in connection with the transaction and is appointed as Certified Adviser.

FINANCIAL REPORTS

INCOME STATEMENT

all amounts in TSEK	Note	2016	2015
Net sales	3	3,042	0
Costs of goods and services sold		-14,974	0
Selling expenses		-5,548	-1,767
Administrative expenses		-6,202	-4,919
R&D expenditure		-26,053	-37,050
Other operating income and expenses	3, 4	441	215
Operating income	5, 6, 7, 8	-49,293	-43,521
Operating income from financial items			
Interest income		0	0
Interest expenses		-193	-15
Total operating income from financial items		-193	-15
Operating income after financial items		-49,486	-43,536
Net income for the year		-49,486	-43,536
Average number of shares, basic	9	13,023,208	4,935,970
Outstanding shares, basic	9	18,828,653	9,820,478
Options outstanding	5	31,241	1,182,402
Earnings per share, basic, SEK	9	-4	-9

BALANCE SHEET

all amounts in TSEK	Note	12/31/2016	12/31/2015
Assets			
Fixed Assets			
Intangible fixed assets			
Patents and similar rights	10	3,950	3,929
Capitalized expenditure for development	11	9,149	12,897
		13,099	16,827
Property, plant and equipment			
Improvement work on third party property	12	4,332	5,479
Machinery and other plant and machinery	13	6,029	7,931
Equipment, tools, fixtures and fittings	14	292	335
		10,653	13,746
Total fixed assets		23,752	30,572
Current assets			
Inventory, etc.			
Work in progress		0	1,146
<u>Current receivables</u>			
Trade receivable		319	0
Current tax assets		308	308
Other current receivables		751	1,567
Prepaid expenses and accrued income	15	1,070	515
		2,448	2,390
		0 =	40.045
Cash and bank balances		8,516	10,915
Total current assets		10,965	14,451
Total assets		34,717	45,023

BALANCE SHEET

all amounts in TSEK	Note	12/31/2016	12/31/2015
Equity and liabilities			
Equity	5, 9, 16		
Restricted equity			
Share capital		1,883	26,515
Development expenditure reserve		298	0
		2,181	26,515
Non-restricted equity		222.520	200 524
Share premium reserve		223,620	200,534
Accumulated profit/loss		-212,324	-194,024
Net income for the year		-49,486	-43,536
		-38,191	-37,026
Total equity		-36,009	-10,510
Long-term liabilities			
Other long-term liabilities	17	49,670	49,670
Total long-term liabilities		49,670	49,670
Current liabilities			
Trade payable		2,076	1,652
Liabilities to shareholders	21	14,000	0
Other current liabilities		362	485
Accrued expenses and deferred income	18	4,617	3,727
Total current liabilities		21,056	5,863
Total equity and liabilities		34,717	45,023

CHANGES IN EQUITY

all amounts in TSEK	Share capital	Develop- ment ex- penditure reserve	Non-reg. share capital	Statutory reserve	Share premium reserve	Accumulated profit/loss and profit/ loss for the year	Total equity
Equity 12/31/2014	11,166	-	1,125	17,254	189,615	-211,277	7,883
Appropriation of profit 2014	-	-	-	-17,254	-	17,254	-
New share issue	15,349	-	-1,125	-	10,920	-	25,144
Loss for the year	-	-	-	-	-	-43,536	-43,536
Equity 12/31/2015	26,515	0	0	0	200,535	-237,559	-10,509
Reduction of share capital	-25,533	-	-	-	-	25,533	-
New share issues	900	-	-	-	23,120	-	24,020
Reversed registration of options	-	-	-	-	-35	-	-35
Development expenditure reserve	-	298	-	-	-	-298	-
Loss for the year	-	-	-	-	-	-49,485	-49,485
Equity 12/31/2016	1,882	298	0	0	223,620	-261,809	-36,009

CASH FLOW STATEMENT

all amounts in TSEK	2016	2015
Operating activities		
Operating income before financial items	-49,293	-43,521
Financial income and expenses	-193	-15
Depreciation/amortization and impairment	7,300	5,157
Capitalization of R&D expenditure	0	-880
Cash flow from operating activities before changes in working capital	-42,186	-39,258
Increase/decrease inventories	1,146	-1,146
Increase/decrease trade receivable	-319	0
Increase/decrease other current receivables	260	-303
Increase/decrease trade payable	424	-1,537
Increase/decrease other current liabilities	768	-639
Cash flow from operating activities	-39,906	-42,883
Investing activities		
Investments in intangible fixed assets	-313	-273
Investments in tangible fixed assets	-166	-13,639
Divested tangible fixed assets	0	190
Cash flow from investing activities	-480	-13,722
Financing activities		
New share issue	24,022	25,144
Borrowings	14,000	7,500
Reversed registration of options	-35	0
Cash flow from financing activities	37,987	32,644
Cash flow for the year	-2,399	-23,961
Cash and cash equivalents at the start of the year	10,915	34,876
Cash and cash equivalents at the end of the year	8,516	10,915

NOTES

Note 1 Accounting principles

ChromoGenics has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board set out in BFNAR 2012:1, Annual Accounts and Consolidated Accounts (K3).

The accounting principles have not changed compared to the previous year.

The income statement is classified by function.

Foreign currencies

Assets and liabilities in foreign currency are measured at the exchange rate on the balance sheet date. Transactions in foreign currency are translated in accordance with the spot price on the transaction date.

Income

The sale of goods is reported when products are delivered to the customer in accordance with the terms and conditions of the sale. The sale is reported net after VAT, discounts and exchange rate differences following sales in foreign currency.

Interest income earned is recognized as revenue in accordance with effective yield.

Borrowing costs

The company reports all borrowing costs as costs in the period to which they refer.

Income tax

Reported income tax includes tax that must be paid or received for the current year, adjustments for the current tax from previous years and the share in the tax of associated companies.

Tax liabilities/assets are measured at what in the assessment of the company will be paid to or received from the Swedish Tax Agency. This assessment is based on the tax rules and tax rates that have been decided or announced and with considerable assurance will be decided.

For items reported in the income statement, related tax effects are also reported in the income statement. Tax effects of items that are reported directly to equity are reported to equity.

Given that the company historically has not reported a taxable surplus and that there is some uncertainty that arises in the presence of a taxable surplus, no deferred tax asset attributable to the deficit deductions in the income statements and balance sheet will be reported.

The total unutilized deficit amounts to SEK -327,498 thousand (-278,038).

Intangible assets

Research & Development

Research expenditure is expensed immediately. Expenditure for development projects (attributable to construction and tests of new or improved products) is capitalized in the company as intangible assets to the extent that this expenditure is expected to generate future economic benefits. Other development expenditure is expensed as it is incurred. Development expenditure that was previously expensed is not capitalized as an asset in later periods.

Developmental expenditure that has been capitalized is amortized on a straight-line basis over the period that the expected benefits are expected to flow to the company and from the date on which commercial production began. The amortization period is five years.

Patents and similar rights

Expenditure for acquired patents is capitalized and amortized on a straight-line basis over the contractual useful life, which is estimated at 20 years.

Property, plant and equipment

Property, plant and equipment is reported at cost less depreciation. Expenditure for improvements to the performance of assets in excess of their original level raises the asset's carrying amount. Expenditure for reparation and maintenance is reported as cost. Some borrowing costs are capitalized, see the section on borrowing costs.

The company reports all borrowing costs as costs in the period in which they are incurred.

Property, plant and equipment are depreciated systematically over the estimated useful life of the asset. When the assets' depreciable amount is determined, the asset's residual value is taken into consideration where relevant. The depreciation expense is allocated by function based on usage.

Straight-line depreciation is used for all types of fixed assets. The following depreciation schedules are applied:

Improvement work on a third party property 5 years Length of rental contract

Machinery and other plant and machinery 5 years Equipment, tools, fixtures and fittings 5 years

Impairment losses

When there is an indication that an asset or group of assets have depreciated in value, they are tested for their carrying amount. In the event the carrying amount exceeds the estimated recoverable value, the carrying amount is immediately written down to the recoverable amount.

State subsidies

State subsidies are reported at fair value when there is reasonable assurance that the subsidy will be paid and that the company will meet all related terms and conditions.

State subsidies attributable to expected costs are reported as deferred income. The subsidy is recognized as revenue in the period in which the costs that the state subsidy is intended to offset are incurred.

State subsidy for the acquisition of property, plant and equipment reduces the asset's carrying amount.

Leasing contract

All leases, regardless of whether they are finance or operating leases, are reported as rental contracts (operating leases). The leasing fee is expensed on a straight-line basis over the term of the lease.

Financial fixed assets

Financial assets that are intended for long-term holding are reported at cost. If a financial fixed asset has a lower amount on the balance sheet date than the carrying amount, the asset is written down to the lower amount if it can be assumed that the fall in value is permanent.

Financial instruments

Financial instruments reported in the balance sheet include securities, other financial receivables, accounts receivable, accounts payable, leasing liabilities and loans.

Accounts receivable

Accounts receivable are reported as current assets at the amount that is expected to be paid following deductions for individually assessed bad debts.

Securities and financial receivables

Securities and financial receivables acquired with the intent to be held in the long term are reported initially at fair value and thereafter at amortized cost less any reserves for impairment.

Securities acquired with the intent to be held in the short term are reported at the lower of cost and market value.

All transactions with securities are reported on the day of settlement.

Borrowings

Borrowings are reported initially at the amount received after deductions for transaction expenses. If the carrying amount differs from the amount that shall be repaid on the maturity date, the difference is allocated as interest expense or income over the term of the loan. In this way, at the date of maturity, the carrying amount will agree with the amount that must be repaid.

The termination of the reporting of financial liabilities occurs first when the liabilities have been settled through repayment or after the liabilities have been waived.

All transactions are reported on the day of settlement.

Transaction exposure

Accounts receivables and accounts payable in foreign currency are measured at the price on the balance sheet date.

Inventories

For work-in-progress and finished products, cost includes raw materials and direct wages. The lower of net realizable value and cost is applied.

Remuneration to employees

Pension commitments

The company only has defined-contribution pension plans.

As part of these plans, the company pays set fees to a separate legal entity and has no obligation to pay additional fees. The company's earnings are burdened by costs as the benefits are earned.

Note 2 Accounting estimates

ChromoGenics makes accounting estimates about the future. By definition, these estimates seldom correspond to the actual outcome. It is the opinion of the company's management team that none of the accounting estimates entail a significant risk of material adjustments to carrying amounts for assets and liabilities over the coming year.

Note 3 Distribution of revenue	2016	2015
all amounts in TSEK		
Net sales include revenue from:		
Goods	3,042	0
Total	3,042	0
Other operating income includes revenue from:		
Exchange differences	61	43
Other incidental revenue	0	50
Insurance compensation	381	122
Total	441	215

Note 4 Exchange differences	2016	2015
all amounts in TSEK		
Other operating income includes exchange differences for current receivables, current liabilities and investments in accordance with the following:		
Exchange differences that are operational in nature:		
Exchange gains	117	204
Exchange losses	-56	-162
Exchange differences on receivables and investments:		
Total	61	43

Note 5 Employee Warrant Plan

All of the employee warrant plans target primarily the company's principal owners, owners and key staff members.

Date of distri- bution	Date of exercise	Total number of options	Pur- chase price SEK	Redemp- tion price SEK	Options out- standing, 01/01/2016	Re- deemed	Past due	De- regis- tered	Options out- standing, 12/31/2016
05/25/2011	02/28/2016	120,412	1.08	81.00	120,412	0	120,412		0
12/21/2011	10/31/2016	157,856	0.00	2.70	149,268	149,268	0		0
04/03/2012	02/28/2016	11,111	6.21	81.00	11,111	0	11,111		0
12/12/2014	12/31/2019	416,666	0.00	2.70	416,666	416,666	0		0
02/16/2015	12/31/2019	15,315	0.00	2.70	15,315	0	0		15,315
06/11/2015	06/30/2020	416,667	0.00	2.70	416,667	416,667	0		0
06/26/2015	06/30/2020	37,037	0.95	27.00	37,037	0	0	37,037	0
07/23/2015	06/30/2020	15,926	0.00	2.70	15,926	0	0		15,926
Total					1,182,402	982,601	131,523	37,037	31,241

All options have been adjusted after a 27:1 reverse split registered in January 2016. All outstanding options are part of unit issues with the right to subscribe to one share and one warrant that targets the company's principal owners and deviates from the shareholders' preferential rights.

In October 2016, three shareholders exercised their option right under three different plans. During the year, three of the employee share-option plans matured, of which one was utilized in full and two were not utilized at all due to an unfavorable strike price.

Note 6 Depreciation/amortization	2016	2015
all amounts in TSEK		
Depreciation/amortization of property, plant and equipment and intangible fixed assets	-6,336	-5,035
Impairment of property, plant and equipment and intangible fixed assets	-964	-122
	-7,300	-5,157

Note 7 Operating lease expenses	2016	2015
all amounts in TSEK		
The nominal value of the future minimum leasing fees attributable to non-terminable leases are distributed as follows:		
Falls due for payment within one year	2,724	2,141
Falls due for payment between 1 and 5 years	7,265	9,854
	9,988	11,995
Lease expenses and lease income for operating leases amount during the year to the following:		
Lease expenses	2,179	2,704

An operating lease for the use of premises in the property Librobäck 19:2 was signed on 7/1/2015 and runs until 6/30/2020. If the contract is not terminated during the term of the agreement, the agreement is extended each time by three years. The size of the future lease fees for the rented premises are influenced by the developments on the consumer price index.

Note 8 Employees and personnel costs							
2016 all amounts in TSEK	Remunera- tions / Salaries	Short term incentives	Other benefits	Pension costs	Share-based compensations	Other compensations	Total
Chairman of the Board, Anders Brännström 1)	116						116
Board member, Claes-Göran Granqvist						180	180
CEO, Thomas Almesjö	1,646			392			2,038
Other Management team ²⁾	3,480		91	565			4,136
Other Employees	7,028			556			7,584
Total	12,303	0	91	1,513	0	180	14,054
Social security expenses							4,177
Total							18,231

¹⁾ Board of Directors are allowed to invoice via company or sole proprietor firm, including social costs. It is cost neutral for ChromoGenics no matter which approach.

The Annual General Meeting 2016 resolved to pay SEK 50,000 for ordinary board members and SEK 100,000 for the chairman, provided that the person is not:

1. Employed by the company. **2.** Founder or main owner of the company. **3.** Appointed by or a connected person to founder or main owner of the company.

2015 all amounts in TSEK	Remunera- tions / Salaries	Short term incentives	Other benefits	Pension costs	Share-based compensations	Other compensations	Total
Chairman of the Board, Anders Brännström 1)	110						110
Board member, Claes-Göran Granqvist						180	180
CEO, Thomas Almesjö	1,710			394			2,104
Other Management team ²⁾	2,749		13	370			3,132
Other Employees	5,404			516			5,920
Total	9,973	0	13	1,280	0	180	11,446
Social security expenses							2,903
Total							14,349

¹⁾ Board of Directors are allowed to invoice via company or sole proprietor firm, including social costs. It is cost neutral for ChromoGenics no matter which approach.

The Annual General Meeting 2015 resolved to pay SEK 50,000 for ordinary board members and SEK 100,000 for the chairman, provided that the person is not:

1. Employed by the company. **2.** Founder or main owner of the company. **3.** Appointed by or a connected person to founder or main owner of the company.

²⁾ A new Management team was appointed in November 2016, which is presented on page 41.

Note 8 Employees and personnel costs							
Board of Directors and Manage	Board of Directors and Management team						
Number of Board of Directors	2016	2015	Number of CEO and Management team	2016	2015		
Men	4	3	Men	5	5		
Women	0	0	Women	1	1		
Total	4	3	Total	6	6		

A new Management team was formed in November 2016. Two people left the Management team and one joined. At the end of the year, the Managment team was represented by 4 men and 1 woman. They are presented on page 41.

Averge number of Employees	2016	2015
Men	13	12
Women	5	5
Total	18	17

Note 9 Earnings per share

Average number of shares and options have been translated after a 27:1 reverse split registered in January 2016.

Average number of shares in 2015: 4,935,970. Average number of shares in 2016: 13,023,208. Outstanding options see Note 5.

	Newly issued shares	Number of shares	Record date
01/01/2015		4,135,533	
	416,666	4,552,199	2015-04-02
	15,315	4,567,514	2015-04-02
	15,926	4,583,440	2015-09-11
	416,667	5,000,107	2015-10-30
	4,814,814	9,814,921	2015-12-07
	5,557	9,820,478	2015-12-22
12/31/2015		9,820,478	2015-12-31
	3,703,704	13,524,182	2016-06-10
	1,400,397	14,924,579	2016-06-15
	2,921,472	17,846,051	2016-11-16
	982,602	18,828,653	2016-11-17
12/31/2016		18,828,653	2016-12-31

Note 10 Patents and similar rights	2016	2015
all amounts in TSEK		
Cost, opening balance	5,564	5,290
Capitalized expenditure for the year, purchasing	313	273
Accumulated cost, closing balance	5,877	5,564
Depreciation/amortization, opening balance	-1,634	-1,364
Depreciation/amortization for the year	-293	-271
Accumulated depreciation/amortization, closing balance	-1,927	-1,634
Residual value according to plan, closing balance	3,950	3,929

Note 11 Capitalized expenditure for development	2016	2015
all amounts in TSEK		
Cost, opening balance	14,885	14,005
Capitalized expenditure for the year, purchasing	0	880
Accumulated cost, closing balance	14,885	14,885
Depreciation/amortization, opening balance	-1,987	0
Depreciation/amortization for the year	-2,784	-1,987
Accumulated depreciation/amortization, closing balance	-4,776	-1,987
Impairment losses for the year	-964	0
Accumulated impairment losses, closing balance	-964	0
Residual value according to plan, closing balance	9,149	12,897

Note 12 Improvement work on third party property	2016	2015
all amounts in TSEK		
Cost, opening balance	7,922	2,217
Capitalized expenditure for the year	37	5,863
Sales and disposals	0	-158
Accumulated cost, closing balance	7,959	7,922
Depreciation/amortization, opening balance	-2,372	-2,099
Sales and disposals	0	158
Depreciation/amortization for the year	-1,185	-431
Accumulated depreciation/amortization, closing balance	-3,557	-2,372
Impairment losses, opening balance	-70	0
Impairment losses for the year	0	-70
Residual value according to plan, closing balance	4,332	5,479

Note 13 Machinery and other plant and machinery	2016	2015
all amounts in TSEK		
Cost, opening balance	33,500	26,223
Purchasing for the year	51	7,525
– Sales and disposals	0	-249
Accumulated cost, closing balance	33,551	33,500
Depreciation/amortization, opening balance	-24,820	-22,007
– Sales and disposals	0	59
Depreciation/amortization for the year	-1,953	-2,261
– Reclassifications	0	-612
Accumulated depreciation/amortization, closing balance	-26,773	-24,820
Impairment losses, opening balance	-748	-1,308
Reclassification	0	612
Impairment losses for the year	0	-52
Accumulated impairment losses, closing balance	-748	-748
Residual value according to plan, closing balance	6,029	7,931

Note 14 Equipment, tools, fixtures and fittings	2016	2015
all amounts in TSEK		
Cost, opening balance	1,073	822
Purchasing for the year	77	251
Accumulated cost, closing balance	1,150	1,073
Depreciation/amortization, opening balance	-738	-652
Depreciation/amortization for the year	-121	-85
Accumulated depreciation/amortization, closing balance	-859	-738
Residual value according to plan, closing balance	292	335

Note 15 Prepaid expenses and accrued income	12/31/2016	12/31/2015
all amounts in TSEK		
Prepaid rent	655	0
Prepaid insurance premiums	213	1
Other items	202	514
	1,070	515

Note 16 Share capital

Share capital consisted of 18,828,653 shares with a quotient value of SEK 0.1.

As at January 1, 2016, there were 265,152,906 shares. In January, a 27:1 reverse split was registered following a resolution by an extraordinary general meeting in December 2015. The number of shares as at January 31 totaled 9,820,478. In February, a decision was made to conduct a new issue to the company's principal owners for a total of SEK 3,703,704 shares, which was completed in March. A resolution was also passed to conduct a new share issue targeting the company's other shareholders, which was carried out in April and May. Both of the new share issues were registered in June 2016. As at June 30, there were 14,924,579 shares.

A resolution on a new share issue was passed in October for a total of SEK 2,921,472 shares. The primary owners made a prepayment in September of SEK 4 million. In October, the primary owners and one additional owner decided to exercise various employee share-option plans. In total, they exercised 982,602 options, corresponding to 982,602 new shares. The new share issue and the exercised options were registered in November 2016. As at Saturday, December 31, 2016, the total number of shares amounted to 18,828,653, corresponding to share capital of SEK 1,882,865.30 with a quotient value of SEK 0.1.

Warrants

For more information about outstanding employee warrant plans, refer to Note 5.

Conditional shareholders' contributions

The shareholders have paid conditional shareholders' contributions totaling SEK 660,000 (660,000).

Note 17 Interest-bearing liabilities	12/31/2016	12/31/2015
all amounts in TSEK		
Long-term liabilities		
IUC Södertälje i Mälardalen AB ¹⁾	120	120
Swedish Energy Agency 2)	800	800
Swedish Energy Agency 3)	48,750	48,750
Total interest-bearing liabilities	49,670	49,670

Maturities

All long-term liabilities have a conditional repayment obligation.

- ¹⁾ Loan with conditional repayment obligation. The repayment occurs in the form of royalties as 5% of the capital received from the sale of business resulting from the development project less VAT, any commission and shipping costs. The maximum repayment amount is calculated as the loan at a rate of 1.5% plus the Riksbank's reference rate per year over ten years calculated from the first payment.
- ²⁾ Loan with conditional repayment obligation. Repayment occurs at 4% of the net invoiced amount upon proprietary manufacture and/or sale of goods and/or services that according to the Swedish Energy Agency are attributable to the project and its results. If revenue refers to license compensation, amortization of 19% shall apply to resulting compensation. The loan is interest-free until the final report is approved, at which time it is then subject to a rate of 6% plus the Riksbank's reference rate. Interest is paid in arrears every sixth month starting six months after the date the final report is approved. Amortization shall occur at the earliest at the start of 2008 and refer to the 2007 operations.
- ³⁾ Loan with conditional repayment obligation. Repayment occurs at 5% of the net invoiced amount upon proprietary manufacture and/or sale of goods or services (including rentals), which in the opinion of the Swedish Energy Agency is attributable to the ConverLightTM project and its results. Net invoiced amount refers to the invoiced amount excluding customs, VAT, shipping costs, etc. If revenue refers to license compensation, amortization of 35% shall apply to resulting compensation. The amortization obligation arises first when net invoicing or licensing compensation arises that is attributable to the project. Amortization shall then occur annually on the last day of the ninth month after the end of the financial year, starting the year after the financial year during which the amortization obligation arose. The loan is interest-free until the amortization of the loan has begun. The loan is then subject to a rate of 6% plus the Riksbank's reference rate. Interest is paid in arrears every third month starting three months after the amortization of the loan has begun.

The conditional loan may be eliminated given the preparation of a balance sheet for liquidation purposes according to the lending agreement and the rules in the Companies Act (25:14).

Note 18 Accrued expenses and deferred income	12/31/2016	12/31/2015
all amounts in TSEK		
Accrued salaries	742	0
Accrued pensions	81	0
Accrued vacation pay	797	692
Accrued social security expenses	779	448
Accrued special employer's contribution	353	311
Other items	1,866	2,276
Total	4,617	3,727

Note 19 Significant events at the end of the financial year

- At an extraordinary general meeting held on January 12, 2017, resolution was passed on the following:
 - · Change in company category from a private to a public limited liability company
 - 2:1 reverse split The total number of shares after the reverse split is 9,414,326 with a share capital of SEK 1,882,865.30.
 - New Articles of Association
- On February 8, 2017, the company announced that it was applying for a listing on Nasdaq First North and published a prospectus with the intention of conducting a new share issue for institutional investors and the general public in Sweden of SEK 117.3 million, excluding a potential over-allocation option of SEK 12.7 million. In conjunction with this announcement, subscription commitments from principal owners and guarantees via a guarantee consortium corresponding to 82 percent of the issue, or SEK 96 million, had been received.
- On February 21, 2017, it was announced that a larger order had been received to provide dynamic glass to Fabege's Grand Central project in Sundyberg, Stockholm.
- On February 22, 2017, it was announced that a Supplement to the Prospectus was published dated February 8, 2017.
- On March 3, 2017, ChromoGenics announced that the new issue was oversubscribed and brought in approximately SEK 119 million to the company, of which SEK 117.3 million corresponds to the basic offer. The cash was paid to the company on March 8, 2017, excluding issue expenses and settlements of shareholder loans and guarantee fees. The amount in excess of SEK 117.3 million may be subject to normal market stabilization and/or involve the use of the over-allotment option. No allocation has thus been made to the consortium, which guaranteed the issue with approximately SEK 41 million, in addition to subscription commitments, up to a 90 percent subscription rate.
 - The new issue brought more than 2,000 new shareholders to the company. The number of outstanding shares in ChromoGenics increased through the basic offer from 9,414,326 to 23,214,326.
 - Trading of the share and warrants started on March 23, 2017, on Nasdaq First North Stockholm.

Note 20 Pledged assets	12/31/2016	12/31/2015
all amounts in TSEK		
Machinery and equipment with ownership reservations	0	792
Floating charges 1)	5,000	3,000
Total pledged assets	5,000	3,792

¹⁾ As of 2016-12-31 there is a floating charge of 5 MSEK to K-Svets Venture AB.

Note 21 Transactions with related parties

Transactions between the company and the company's primary owners

In July 2016, a loan was raised totaling SEK 5 million from K-svets Venture AB at an interest rate of 5% and maturity on December 31, 2016. In December, the due date for the loan was delayed until February 28, 2017. The loan has been converted to shares in a new issue that was completed at the beginning of March 2017.

In December 2016, an agreement for a bridge loan was signed to finance the company for the period up to the planned new issue prior to a listing on Nasdaq First North. The bridge loan was financed by the principal owners K-Svets Venture AB and New Energy Solutions II K/S with SEK 9.0 million each, half of which was paid in December 2016 and the other half at the end of January 2017. The loan has an interest rate of 5%. The loans and interest have been settled for shares in the new issue that was completed in March 2017. The loan will not be repaid.

Transactions between the company and members of the Board of Directors

Board Member Claes Göran Granqvist has invoiced the company a consultancy fee of SEK 180,000.

For remunerations to the Board of Directors, see note 8.

SIGNATURES

The income statement and balance sheet will be presented to the Annual General Meeting on May 10, 2017 for adoption.

Uppsala, March 28, 2017

Anders Brännström Chair of the Board of Directors Claes-Göran Granqvist

Poul Erik Schou-Pedersen

Jerker Lundgren

Thomas Almesjö CEO

Our Audit Report was submitted on March 28, 2017. Öhrlings PricewaterhouseCoopers AB

Leonard Daun Authorized Certified Public Accountant Auditor-in-charge Niclas Bergenmo Authorized Certified Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of ChromoGenics AB, corporate identity number 556630-1809

Report on the annual accounts

Opinions

We have audited the annual accounts of ChromoGenics AB for the year 2016. The annual accounts of the company are included on pages 12-37 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 ChromoGenics AB as of 31 December 2016 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 ChromoGenics AB 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

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises page 1-11.

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 intends 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.

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 ChromoGenics AB for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt wit 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 ChromoGenics AB 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

> Our Audit Report was submitted on March 28, 2017. Öhrlings PricewaterhouseCoopers AB

Leonard Daun Authorized Certified Public Accountant Auditor-in-charge Niclas Bergenmo Authorized Certified Public Accountant

BOARD OF DIRECTORS



ANDERS BRÄNNSTRÖM Ph.D. (Born 1945)

Chairman of the Board since June 2010

Education: Ph. D from Chalmers University of Technology in Gothenburg. **Previous assignments:** CEO of Volvo Technology Transfer AB, senior management positions with SKF AB and Götaverken Energy.

Other assignments: Chairman of the Board of Icomera AB, Micvac AB, Kvarnstrands Verktyg AB, Zeropoint Technologies AB, Luxbright AB, Revibe AB, Volvos Forsknings- och Utbildningsstiftelser and Board member of Blue Mobile Systems AB and USC AB. **No of shares:** 508 163 (own and via company).



CLAES-GÖRAN GRANQVIST Prof. (Born 1946)

Board member since February 2003

Education: Ph. D and Dr. h.c.

Previous assignments: Professor of Solid State Physics at Uppsala University and one of the founders of ChromoGenics. 30+ years of experience including more than 550 scientific articles, and numerous books and a world-leading position in research on electrochromism.

Other assignments: Senior Professor of Solid State Physics at Uppsala University. Member of the Royal Swedish Academy of Science and the Royal Swedish Academy of Engineering Sciences. Fellow of the international Society of Optical Engineering, member of several learned societies, and recipient of prizes and distinctions.

No of shares: 18 038.



POUL ERIK SCHOU-PEDERSEN (Born 1953)

Board member since May 2008

Education: MSc AE Danish Technical University, Copenhagen.

Previous assignments: 20+ years of experience as CEO of international growth-companies in the electronics industry. Served as a chairman or board member of more than 30 technology and sales companies in Europe and USA.

Other assignments: Board member GPV International A/S, Baumer A/S, GreenOil ApS, NES II K/S, NES GP A/S, Atraverda Inc., Ebonex Ltd., Advisor to the Danish State Growth-Fund. **No of shares:** via New Energy Solutions II K/S 6 826 025.



JERKER LUNDGREN (Born 1964)

Board member since June 2016 (previously board member June 2010 to June 2015)

Education: M.Sc. Civil engineering, construction, Lund institute of Technology. **Previous assignments:** 20+ years of experience within the construction and glass industry, including project management. Founder and CEO of Skandinaviska Glassystem AB since 1994. **Other assignments:** MD, Hancap Façade and CEO of Hancap's subsiduary Skandinaviska Glassystem AB.

No of shares: 0.

MANAGEMENT TEAM



THOMAS ALMESJÖ (Born 1958) **CEO since February 2009**

Education: Bachelor of Business Administration.

Previous assignments: CEO of Aerocrine, 20+ years experience in international management positions in large corporations, e.g. Pfizer (Pharmacia) and Chiron, incl commercializing novel technologies.

No of shares: 160 502.



SUSANNE ANDERSSON (Born 1971)

CFO & Head of Communication since March 2016

Education: Bachelor of Business Administration.

Previous assignments: VP Head of IR PostNord, CFO/IR Nordic Mines and 15+ years of international experince of various finance and management roles within Ericsson and the telecom industry.

No of shares: 37 038.



PETER LUNDH (Born 1965)

Head of Sales and Marketing since October 2015

Education: Degree in Marketing management & economics DIHM. **Previous assignments:** 20+ years of experience in Sales & Marketing and Business development, of which past 10 years from large multinational leading corporations within the building and glass industry, Saint-Gobain and Sapa Building Systems. **No of shares:** 7 408.



GREGER GREGARD (Born 1974)

Co-founder and Development Director since February 2003

Education: M.Sc., Master Thesis on electrochromics.

Previous assignments: Dept. of Solid State Physics of Ångström laboratory where he founded ChromoGenics together with five other researchers. Since 2005 he has been working mainly with material and product development and IP at ChromoGenics.

No of shares: 19 152.



MICAEL HAMBERG (Born 1962)

COO since November 2016

Education: M.Sc. Physics, MBA international business.

Previous assignments: CEO of Protender AB, 20+ experience of management positions in international high-tech corporations mainly within Operations, e.g. Banqit AB, Medtronic Inc.,

Advanced Medical Optics, Munters AB, XCounter AB.

Antal aktier: 0.

