

## Interim Report January – June 2018

### Launch of action plan with focus on process quality and growth

#### Q2 2018

- Net sales for the period amounted to SEK 2.5 (1.7) million.
- Earnings for the period amounted to SEK -16.7 (-10.5) million, which corresponds to earnings per share of SEK -0.40 (-0.46). During the quarter, a provision was made for SEK 4.4 million related to additional challenges in establishing new business, including replacement deliveries. Total provisions in the balance sheet amount to SEK 7.3 million.
- Cash and cash equivalents as at June 30 amounted to SEK 29.4 million.
- The Board of Directors has intensified the work to secure the company's long-term financial position.
- Jerker Lundgren took over as the new CEO on May 1.
- Launch of action plan, including a cost savings program of SEK 7 million yearly.
- ChromoGenics received its first reference order from Vasakronan, which was delivered during the quarter.
- Vinnova awarded a grant for the "Smart Multifunctional Glass" project that is being led by RISE, Research Institutes of Sweden, and is a partnership including ChromoGenics, Inwido Sverige AB, Hancap AB, Solibro Research AB, Vasakronan AB and Volvo Personvagnar AB.
- ChromoGenics has reinforced the sales initiatives in Norway.

SEK million	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	2,5	1,7	4,4	2,8	6,9
EBITDA	-15,5	-9,0	-54,5	-46,4	-51,0
Net income	-16,7	-10,5	-57,2	-49,5	-57,2
EPS before dilution, SEK	-0,40	-0,46	-1,01	-1,39	-3,17
EPS after dilution, SEK	-0,40	-0,46	-1,01	-1,39	-3,17
Cash and cash equivalents at end of the period	29,4	67,0	29,4	67,0	38,5

#### About ChromoGenics

ChromoGenics offers dynamic glass with controllable heat- and light transmission. The company's unique technology ConverLight® provides sustainable solar control for increased indoor comfort and energy efficiency. ConverLight® also contributes to Green Building certifications. In 2016 the company started commercial sales to real estate projects in Scandinavia.

ChromoGenics is located in Uppsala, Sweden, and the technology is derived from the world leading research center at Ångström Laboratory at Uppsala University. The plant has been partly financed by a conditional loan from the Swedish Energy Agency. ChromoGenics share (CHRO) is listed on Nasdaq First North Stockholm with G&W Fondkommission as Certified Adviser.

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# ChromoGenics

***“My first impression – the market is showing strong interest in dynamic glass! We identified and addressed additional challenges to establishing the business. We launched an action plan with a focus on improved product and process quality. We restructured the sales process and modified the customer focus.”***

## **Comments from the CEO**

I have had very intense and interesting months since starting on May 1. There is a lot to take in and a lot has changed.

I can confirm that there is considerable interest in dynamic glass and ConverLight®. This interest can be found at all levels of the glass and construction industry – and globally. However, like with all new products, there is a trust barrier to overcome. We will therefore take a more active role and work more closely with our customers in Scandinavia to learn but also to create an understanding and the right expectation. We will focus more on energy savings as a whole and create simplicity in our interaction with customers. Only during June we have increased the number of leads significantly and reached closer to deals in a few interesting projects.

Unfortunately, one of my first impressions has also been that we have faced additional challenges establishing the business, which results in replacement deliveries that burdens the company’s finances. Commercializing a new technology takes time, but we have identified and rectified the errors and our tests show 100% reliability after the measures. We are taking responsibility and maintaining a close dialogue with our customers. This has burdened earnings during the quarter through additional provisions of SEK 4.4 million.

As a result of these challenges, we are launching an action plan to achieve yearly savings of SEK 7 million. The savings are related to staffing, improved product and process quality and renegotiated supplier agreements and are expected to gradually go into effect during the fall of 2018 and be fully realized in the spring of 2019.

We are proud to have been awarded a grant from Vinnova for the “Improved Performance for Electrochromic Foils” innovation project and to be part of the “Smart Multifunctional Glass” project to which Vinnova has also awarded a grant. This project is led by Research Institutes of Sweden (RISE).

During the quarter, ChromoGenics delivered glass for skylights to AB Uppsala Kommuns Industrihus (IHUS). This order also entails retrofit construction work. The project is interesting since ConverLight® will be installed in one of two identical buildings, and the energy efficiency and indoor comfort of both buildings will be measured starting in the late summer. This will be a fantastic reference where we will be able to show that our product makes a difference.

I look forward with a certain degree of humility to the task of leading the company into the next phase of its growth journey with a continued focus on innovative and sustainable customer solutions. There is a high level of activity in the office and out at our customers. The team we have assembled is committed and working hard to establish the platform of the future.

The five-year vision of achieving annual deliveries of 100,000 sqm of ConverLight® remains. We are working methodically to achieve this goal and taking the actions necessary to gradually upscale sales and production.

I have also noted that ConverLight® resolves a highly relevant problem, and its timing is impeccable. This has been clearly demonstrated by the hot summer in the Nordic region this year.



Jerker Lundgren, CEO

# ChromoGenics

*This report comments on the development for the period April-June 2018 compared to the same period in 2017 unless otherwise stated.*

## Earnings

Revenue amounted to SEK 2.5 (1.7) million for Q2 2018 and SEK 4.4 (2.8) million for the period January to June. ConverLight® is still in its initial phase of sales and production.

Costs of goods sold amounted to SEK 8.2 (4.7) million in the second quarter and SEK 17.4 (12.4) million for the period January to June. Costs continue to be high during the initial phase since material consumption and processes have not yet been fully optimized, and negotiated volume discounts from suppliers are expected to be realized first during the second half of 2018. During the quarter, a provision was made for SEK 4.4 million related to replacement deliveries for additional projects, of which SEK 4.1 was recorded under Costs for goods sold and SEK 0.3 million was recorded under Selling and marketing costs for replacement deliveries of demonstration glass. During the quarter, the warehouse inventory process improved, whereupon material corresponding to SEK 1.8 million was brought back to stock in the roll lamination process. Including a currency effect of SEK 0.4 million, costs for goods sold had a positive impact by SEK 2.2 million in total.

Depreciation/amortization and impairment amounted to SEK 1.2 (1.5) million for the second quarter and SEK 2.8 (3.1) million for the period January to June.

Selling costs amounted to SEK 4.8 (2.0) million in the second quarter and SEK 9.0 (4.0) million for the period January to June. The increase is primarily due to the establishment of a sales and marketing unit and increased activity, such as trade shows, sales activities and advertising. During the quarter, the above-mentioned provision of SEK 0.3 million related to replacement deliveries was made as well as a provision of SEK 0.3 million related to the restructured sales process that is part of the action plan. Costs also increased in the quarter due to a modernized website platform.

Administrative costs amounted to SEK 2.3 (2.5) million in the second quarter and SEK 8.3 (4.1) million for the period January to June. The reduction in the second quarter year-on-year is due to lower consulting fees. The increase in the first quarter year-on-year consisted of a provision of SEK 3.2 million related to the change in CEO. The remaining increase consisted of additional fees related to the IPO.

Development costs amounted to SEK 4.5 (3.0) million in the second quarter and SEK 7.8 (5.9) million for the period January to June. This increase is primarily due to intensified product development and quality assurance.

The company's operating income amounted to SEK -16.7 (-10.5) million in the second quarter and SEK -38.0 (-23.6) million for the period January to June. The company is still in an initial commercialization phase and transforming itself from a development company into a sales and production company. Sales are initially low and are not expected to cover the company's total expenses for 2018.

Net financial items amounted to SEK 0.0 (0.0) million in the second quarter and for the period January to June. No income tax was paid during the period SEK (0.0) million.

## Cash flow and financial position

Cash flow from operating activities including the change in working capital amounted to SEK -17.9 (-13.3) million in the second quarter and SEK -30.7 (-27.9) million for the period January to June.

Net cash flow from investing activities amounted to SEK -1.3 (-0.3) million in the second quarter and SEK -3.6 (-0.4) million for the period January to June. The investment is related to the replacement and modernization of the laser in the freeform process step, during which the electrochromic foil is cut. Through the investment, the company will streamline and automate this step of the process.

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Net cash flow from financing activities amounted to SEK 0.4 (-2.0) million in the second quarter related to the previous financing at the beginning of the year.

Long-term interest-bearing liabilities of SEK 49.3 million and current interest-bearing liabilities of SEK 0.3 million refer to a soft loan from the Swedish Energy Agency.

Cash and cash equivalents amounted to SEK 29.4 million on June 30, 2018, compared to SEK 38.5 million on December 31, 2017, and SEK 67.0 million on June 30, 2017. In January 2018, the company raised SEK 25 million net via a preferential rights issue.

At June 30, 2018, reported equity amounted to SEK -5.3 million, compared to SEK 7.5 million on December 31, 2017, and SEK 40.9 million on June 30, 2017.

Due to legal reasons, the Board of Directors prepared a balance sheet for liquidation purposes on May 31, 2018, since the reported equity was less than half of the share capital. Among the company's liabilities is a soft loan from the Swedish Energy Agency which, according to the loan agreement and the regulations set out in the Swedish Companies Act (25:14), may be eliminated upon preparation of a balance sheet for liquidation purposes. The utilized soft loan from the Swedish Energy Agency amounted to SEK 49.7 million. Equity taking into account the soft loan, i.e. adjusted equity, amounted to SEK 52.4 million as per May 31, 2018 and SEK 44.4 million as per June 30, 2018. This is a relatively common procedure among development companies that have not yet reached a positive cash flow.

## Investments

The company's investments are primarily in production equipment and capitalization of R&D expenditure and patents. The investments in Q2 2018 amounted to net SEK -1.3 (-0.3) million and were related to a laser for cutting electrochromic foil. Earlier in the year, an autoclave (a pressure and temperature chamber) was taken into operation. This step was previously outsourced. The company has thus strengthened its production quality and shortened delivery lead times and also has the option of bringing in external work when there is surplus capacity. During the quarter, the company sold a drum coater used for coating (sputtering) that is no longer needed for SEK 0.4 m.

## Employees

The average number of employees (FTE) in the second quarter amounted to 18 (13). There were on average 29 employees (FTE), including temporary staffing and consultants, in the second quarter. There were 22 employees on June 30, 2018, compared to 15 employees on December 31, 2017, and 15 employees on June 30, 2017. During the quarter, a number of positions were eliminated due to the action plan, which will generate savings in the fall of 2018. Production staff is currently contracted from an employment agency. Key staff within production have been employed as of August, and other production staff will be contracted from an employment agency.

## Share capital

In January 2018, a preferential rights issue was completed that raised approximately SEK 33 million for the company before issue expenses and approximately SEK 25 million after issue expenses. Following the issue, the company gained 18,974,669 shares and 18,974,669 warrants (TO2).

One (1) warrant (TO2) entitles the holder to the subscription of one (1) new share at SEK 3.50 during the period January 10-31, 2020. The warrants (TO1) from the IPO in March 2017 with a subscription price of SEK 9.87 during the period May 1-31, 2018 matured. Since the share price was below the subscription price, no one exercised the right and all options matured unexercised.

As at June 30, 2018, the share capital amounts to SEK 8,437,799 represented by 42,188,995 shares, each with a quotient value of SEK 0.2. Reported equity amounted to SEK -5.3 million on June 30, 2018, compared to SEK 40.9 million on June 30, 2017. See the above comments regarding the balance sheet for liquidation purposes and adjusted equity.

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## Shareholders

Since March 23, 2017, ChromoGenics' shares and warrants have been traded on Nasdaq First North Stockholm with G&W Fondkommission as Certified Adviser. On June 29, 2018, the largest shareholders in the company were:

Shareholder per 2018-06-29	Ordinary shares	Votes and capital
K-SVETS VENTURE AB	5 112 350	12,1%
NEW ENERGY SOLUTIONS II K/S	4 606 746	10,9%
NORDNET PENSIONS FÖRSÄKRING AB	1 558 669	3,7%
DANSKE BANK INTERNATIONAL S.A.	1 551 225	3,7%
FÖRSÄKRINGS AKTIEBOLAGET, AVANZA PENSION	1 219 937	2,9%
ULTI AB	1 200 000	2,8%
CASTAB AB	709 110	1,7%
SANDBERG, DAN	663 760	1,6%
BRÄNNSTRÖM, ANDERS	555 146	1,3%
ALMESJÖ, HANS	530 626	1,3%
OTHERS	24 481 426	58,0%
<b>TOTAL</b>	<b>42 188 995</b>	<b>100,0%</b>

Source: Euroclear AB

## 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 strive to manage these risks by identifying, evaluating and where appropriate mitigating them. For more information, see [2017 Annual Report](#)

### Liquidity risk

On the closing date, the company did not have sufficient liquidity to cover its needs for the next 12 months. Cash and cash equivalents amounted to SEK 29.4 million on June 30, 2018. ChromoGenics' future capital needs are determined by a large number of factors, such as the planned rate of expansion, product and process development, and the company's actual ongoing sales development and achieved gross margins. The Board of Directors has intensified the work to secure the company's long-term financial position and reviewing several conceivable scenarios, which will result in different financing needs. Financing in turn can be raised from different sources and carried out in different ways depending on the current market conditions.

Since the company is still in an initial phase of commercialization, income is not expected to cover the company's expenses/costs in 2018.

If the company's cash and cash equivalents do not cover the financing need until the company achieves a positive cash flow from its operating activities, and the company cannot obtain additional capital contributions, there is a risk that a liquidity deficit may arise, which may result in the company being wound down.

### Currency risk

Most of the sales are currently in SEK. If there are sales in USD and/or EUR, and these currencies appreciate against SEK, this will have a positive effect. A significant percentage of the material and process costs currently occur in USD and EUR and are translated/reported into SEK on payment days. If USD and/or EUR appreciates against SEK, this will have a negative effect on costs. The company is thus directly dependent on the exchange rates of these currencies.

### Employees

ChromoGenics currently has a small organization of approximately 30 employees, including temporary staff, and is dependent on a number of key staff members. A weak financial position and weak profitability during the company's growth phase can limit the possibility of recruiting and keeping key staff members.

# ChromoGenics

## Calendar

October 26, 2018

Interim Report January-September 2018

This interim report has not been audited by the company's auditor.

The Board of Directors and CEO hereby confirm that the interim report provides a fair and accurate view of the company's operations, position and performance and describes the significant risks and uncertainty factors facing the company.

Uppsala, July 20, 2018 CHROMOGENICS AB (publ) CIN 556630-1809

Anders Brännström  
Chair of the Board

Peter Gustafson  
Board Member

Claes-Göran Granqvist  
Board Member

Christer Simrén  
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Mari Broman  
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Jerker Lundgren  
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Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation.

## About ChromoGenics

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# Income Statement

KSEK	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	2 532	1 744	4 403	2 759	6 857
Costs of goods and services sold	-8 214	-4 748	-17 357	-12 373	-29 375
<b>Gross operating income</b>	<b>-5 682</b>	<b>-3 004</b>	<b>-12 954</b>	<b>-9 614</b>	<b>-22 518</b>
Selling expenses	-4 769	-2 010	-9 031	-3 968	-11 033
Administrative expenses	-2 257	-2 519	-8 318	-4 135	-9 506
R&D expenses	-4 457	-3 004	-7 832	-5 909	-14 147
Other operating income and expenses	443	26	119	15	194
<b>Total operating expenses</b>	<b>-11 040</b>	<b>-7 507</b>	<b>-25 062</b>	<b>-13 997</b>	<b>-34 492</b>
<b>Operating income</b>	<b>-16 722</b>	<b>-10 511</b>	<b>-38 016</b>	<b>-23 611</b>	<b>-57 010</b>
Financial income	0	0	18	0	0
Financial expenses	0	-18	0	-211	-211
<b>Operating income after financial items</b>	<b>-16 722</b>	<b>-10 529</b>	<b>-37 998</b>	<b>-23 822</b>	<b>-57 221</b>
Tax	0	0	0	0	0
<b>Net income</b>	<b>-16 722</b>	<b>-10 529</b>	<b>-37 998</b>	<b>-23 822</b>	<b>-57 221</b>

Average number of shares before dilution <sup>1)</sup>	42 188 995	23 127 944	37 652 550	17 079 446	18 067 042
Average number of shares after dilution <sup>1)</sup>	42 188 995	23 127 944	37 652 550	17 079 446	18 067 042
Outstanding shares at the end of the reporting period before dilution <sup>1)</sup>	42 188 995	23 214 326	42 188 995	23 214 326	23 214 326
Outstanding shares at the end of the reporting period after dilution at full utilization. <sup>1) 2)</sup>	61 179 284	37 151 258	61 179 284	35 906 987	37 151 258
Outstanding warrants at the end of the reporting period <sup>1) 2)</sup>	18 990 289	13 936 932	18 990 289	12 692 661	13 936 932
Earnings per share before dilution, SEK <sup>1)</sup>	-0,40	-0,46	-1,01	-1,39	-3,17
Earnings per share after dilution, SEK <sup>1)</sup>	-0,40	-0,46	-1,01	-1,39	-3,17

<sup>1)</sup> During the first quarter of 2018, a rights issue was issued which added 18 974 669 new shares and 18 974 669 warrants registered with the Swedish Companies Registration Office on 21 February 2018.

<sup>2)</sup> On May 31, 2018 the TO1 warrants matured. No warrant of the total 13 921 312 warrants was exercised.



# Balance Sheet

KSEK	2017 30-jun	2017 30-sep	2017 31-dec	2018 31-mar	2018 30-jun
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Intangible assets	11 853	11 115	10 061	9 353	8 658
Property, plant and equipment	9 209	8 446	8 825	10 263	11 036
<b>Total non-current assets</b>	<b>21 062</b>	<b>19 561</b>	<b>18 886</b>	<b>19 616</b>	<b>19 694</b>
<b>Current Assets</b>					
Inventories and work in progress	3 910	1 592	6 124	5 233	9 831
Trade receivables	3 768	3 750	1 981	3 818	2 424
Other current receivables	4 713	3 163	5 957	2 624	3 865
Cash and cash equivalents	66 961	56 701	38 462	48 269	29 423
<b>Total current assets</b>	<b>79 352</b>	<b>65 206</b>	<b>52 524</b>	<b>59 944</b>	<b>45 543</b>
<b>TOTAL ASSETS</b>	<b>100 414</b>	<b>84 767</b>	<b>71 410</b>	<b>79 560</b>	<b>65 237</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital <sup>1)</sup>	4 643	4 643	4 643	8 438	8 438
Fund, development expenses	298	298	298	298	298
<i>Non-restricted equity</i>					
Share premium reserve	321 582	321 582	321 582	342 672	343 022
Accumulated profit/loss	-261 810	-261 810	-261 810	-319 031	-319 031
Operating income for the period	-23 822	-37 358	-57 221	-21 276	-37 998
<b>Total equity <sup>2)</sup></b>	<b>40 891</b>	<b>27 355</b>	<b>7 492</b>	<b>11 101</b>	<b>-5 271</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current interest-bearing liabilities <sup>1)</sup>	49 670	49 670	49 327	49 327	49 327
<b>Total non-current liabilities</b>	<b>49 670</b>	<b>49 670</b>	<b>49 327</b>	<b>49 327</b>	<b>49 327</b>
<b>Current liabilities</b>					
Current interest-bearing liabilities <sup>1)</sup>	0	0	343	343	343
Trade payables	2 744	4 492	7 427	8 216	6 553
Other current liabilities	7 109	3 250	6 821	10 573	14 285
<b>Total current liabilities</b>	<b>9 853</b>	<b>7 742</b>	<b>14 591</b>	<b>19 132</b>	<b>21 181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100 414</b>	<b>84 767</b>	<b>71 410</b>	<b>79 560</b>	<b>65 237</b>

<sup>1)</sup> Refers to soft loans from the Swedish Energy Agency.

<sup>2)</sup> The Board of Directors prepared a balance sheet for liquidation purposes on May 31, 2018, since the reported equity was less than half of the share capital. Among the company's liabilities is a soft loan from the Swedish Energy Agency which, according to the loan agreement and the regulations set out in the Swedish Companies Act (25:14), may be eliminated upon preparation of a balance sheet for liquidation purposes. The utilized soft loan from the Swedish Energy Agency amounted to SEK 49.7 million. Equity taking into account the soft loan, i.e. adjusted equity, amounted to SEK 52.4 million as per May 31, 2018 and SEK 44.4 million as per June 30, 2018.

# Statement of Cash Flows

KSEK	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<b>OPERATING ACTIVITIES</b>					
Profit/loss before tax	-16 722	-10 511	-38 016	-23 611	-57 010
Financial income and expenses	0	-18	18	-211	-211
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and impairment	1 228	1 544	2 767	3 103	6 178
<b>Cash flow from operating activities before changes in working capital</b>	<b>-15 494</b>	<b>-8 985</b>	<b>-35 231</b>	<b>-20 719</b>	<b>-51 043</b>
<i>Cash flow from changes in working capital</i>					
Increase(-)/decrease(+) inventories	-4 598	-3 628	-3 707	-3 910	-6 123
Increase(-)/decrease(+) trade receivables	1 394	-2 180	-442	-3 449	-1 662
Increase(-)/decrease(+) current receivables	-1 241	-1 266	2 091	-2 416	-3 828
Increase(+)/decrease(-) trade payables	-1 664	148	-874	676	5 351
Increase(+)/decrease(-) current liabilities	3 713	2 623	7 464	1 954	1 841
<b>Cash flow from changes in working capital</b>	<b>-2 396</b>	<b>-4 303</b>	<b>4 532</b>	<b>-7 145</b>	<b>-4 421</b>
<b>Cash flow from operating activities</b>	<b>-17 890</b>	<b>-13 288</b>	<b>-30 699</b>	<b>-27 864</b>	<b>-55 464</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of property, plant and equipment and intangible assets	-1 717	-295	-3 986	-414	-1 313
Sale of property, plant and equipment	411	0	411	0	0
<b>Cash flow from investing activities</b>	<b>-1 306</b>	<b>-295</b>	<b>-3 575</b>	<b>-414</b>	<b>-1 313</b>
<b>FINANCING ACTIVITIES</b>					
New share issue	350	-1 970	25 235	77 723	77 723
Borrowings	0	0	0	9 000	9 000
Repayment of debt	0	0	0	0	0
<b>Cash flow from financing activities</b>	<b>350</b>	<b>-1 970</b>	<b>25 235</b>	<b>86 723</b>	<b>86 723</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-18 846</b>	<b>-15 553</b>	<b>-9 039</b>	<b>58 445</b>	<b>29 946</b>
<b>CASH AND CASH EQUIVALENTS AT START OF THE PERIOD</b>	<b>48 269</b>	<b>82 514</b>	<b>38 462</b>	<b>8 516</b>	<b>8 516</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>29 423</b>	<b>66 961</b>	<b>29 423</b>	<b>66 961</b>	<b>38 462</b>

# Statement of changes in equity

KSEK	Share capital	Fund, development expenses	Share premium reserve	Accumulated profit/loss	Total equity
Equity 1 Jan 2017	1 882	298	223 619	-261 809	-36 010
New share issues	2 761		114 839		117 600
New share issue fees			-16 877		-16 877
Operating income for the period				-57 221	-57 221
<b>Equity 31 Dec 2017</b>	<b>4 643</b>	<b>298</b>	<b>321 582</b>	<b>-319 031</b>	<b>7 492</b>

KSEK	Share capital	Fund, development expenses	Share premium reserve	Accumulated profit/loss	Total equity
Equity 1 Jan 2018	4 643	298	321 582	-319 031	7 492
New share issues	3 795		29 411		33 206
New share issue fees			-7 971		-7 971
Operating income for the period				-37 998	-37 998
<b>Equity 31 Jun 2018</b>	<b>8 438</b>	<b>298</b>	<b>343 022</b>	<b>-357 029</b>	<b>-5 271</b>

# Notes

## Note 1, Accounting principles

ChromoGenics prepares 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.

## Note 2, Warrant programs

Allocation date	Maturity date	Total number of warrants	Purchase price SEK	Redemption price SEK	Open. balance no of warrants 2018-01-01	Redeemed	Matured	Close. Bal. no of warrants 2018-06-30
2015-02-16	2019-12-31	7 657	0,00	5,22	7 657	0	0	7 657
2015-07-23	2020-06-30	7 963	0,00	5,22	7 963	0	0	7 963
<b>Total</b>					<b>15 620</b>	<b>0</b>	<b>0</b>	<b>15 620</b>

Both warrant programs are part of a unit issue with the right to subscribe to one share and one warrant that targets key staff and some owners and deviates from the shareholders' preferential rights.

As a result of the rights issue in January 2018, the warrants have been recalculated so that each warrant entitles to subscription of 1,03 share to a redemption price of 5,22 SEK before the respective maturity dates. (earlier 1 share to redemption price of 5,40 SEK)

Allocation date	Maturity date	Total number of warrants	Purchase price SEK	Redemption price SEK	Open. balance no of warrants 2018-01-01	Redeemed	Matured	Close. Bal. no of warrants 2018-06-30
2017-03-02 <sup>1)</sup>	2018-05-31	13 921 312	0,00	9,87	0	0	13 921 312	0
2018-01-26 <sup>2)</sup>	2020-01-31	18 974 669	0,00	3,50	0	0	0	18 974 669
<b>Total 2018-03-31</b>					<b>0</b>	<b>0</b>	<b>13 921 312</b>	<b>0</b>

<sup>1)</sup> The warrants are traded at Nasdaq First North Stockholm since March 23, 2017. As a result of the rights issue performed in January 2018, the warrants (TO1) has been recalculated so that each warrant entitles to subscription of 0,26 shares at a redemption price of 9,87 SEK during the period May 1-31 2018. On May 31, 2018, the warrants TO1 matured. No warrant of the total 13 921 312 warrants was exercised.

<sup>2)</sup> Warrants were issued in combination with a rights issue performed during January 2018. 18,974,669 warrants (TO2) were registered at the Swedish Companies Registration Office on February 21, 2018. One (1) warrant (TO2) entitles to subscription of one (1) new share to the price of 3,50 SEK during the period January 10-31, 2020.

## Not 3, Shares

Year	Event	No of shares	Total no of shares	Nominal value, SEK	Share capital SEK	Share premium reserve	Statutory reserve	Record date
2016	New share issue	3 703 704	13 524 182	0,1	1 352 418	9 629 631		2016-06-10
2016	New share issue	1 400 397	14 924 579	0,1	1 492 458	3 641 032		2016-06-15
2016	New share issue	2 921 472	17 846 051	0,1	1 784 605	7 595 827		2016-11-16
2016	Exercising of warrants	982 602	18 828 653	0,1	1 882 865	2 554 765		2016-11-17
2017	2:1 reversed split	-9 414 327	9 414 326	0,2	1 882 865			2017-01-20
2017	New share issue	12 677 040	22 091 366	0,2	4 418 273	105 219 432		2017-03-20
2017	New share issue	1 122 960	23 214 326	0,2	4 642 865	9 320 568		2017-04-07
2018	Rights issue	18 974 669	42 188 995	0,2	8 437 799	29 410 737		2018-02-21
<b>Total</b>			<b>42 188 995</b>	<b>0,2</b>	<b>8 437 799</b>	<b>350 993 510</b>		

### Share development during the year

In January 2018, a rights issue was performed on a 1-1 basis to a unit price of 1,75 SEK/unit. The rights issue brought 18,974,669 new shares to the company. The rights issue was registered on February 21, 2018. After registration, total amount of outstanding shares amounted to 42,188,995 equivalent to a share capital of 8,437,799 SEK with a nominal value of 0,2 SEK.

## Note 4, Transactions with related parties

### Transactions between the company and members of the Board of Directors

Claes-Göran Granqvist is invoicing the company a consulting fee of SEK 15,000 per month, totaling SEK 90,000 for the period Jan-Jun 2018.

### Transactions between the company and the company's primary owners

Nothing to report for the period Jan-Jun 2018.

## Note 5, Pledged assets and contingent liabilities

KSEK Event	Holder	2017 30-jun	2017 30-sep	2017 31-dec	2018 31-mar	2018 30-jun
Floating charge		0	0	0	0	0
Restricted cash	Euroclear	50	50	50	50	50
<b>Total</b>		<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

# Income Statement per isolated quarter

KSEK	2017	2017	2017	2017	2018	2018
	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3	Iso. Kv.4	Iso. Kv.1	Iso. Kv.2
Net sales	1 015	1 744	3 334	764	1 872	2 532
Costs of goods and services sold	-7 625	-4 748	-8 338	-8 664	-9 143	-8 214
<b>Gross operating income</b>	<b>-6 610</b>	<b>-3 004</b>	<b>-5 004</b>	<b>-7 900</b>	<b>-7 271</b>	<b>-5 682</b>
Selling expenses	-1 958	-2 010	-2 985	-4 080	-4 262	-4 769
Administrative expenses	-1 616	-2 519	-2 248	-3 123	-6 061	-2 257
R&D expenses	-2 905	-3 004	-3 549	-4 689	-3 376	-4 457
Other operating income and expenses	-11	26	250	-71	-324	443
<b>Total operating expenses</b>	<b>-6 490</b>	<b>-7 507</b>	<b>-8 532</b>	<b>-11 963</b>	<b>-14 023</b>	<b>-11 040</b>
<b>Operating income</b>	<b>-13 100</b>	<b>-10 511</b>	<b>-13 536</b>	<b>-19 863</b>	<b>-21 294</b>	<b>-16 722</b>
Financial income	0	0	0	0	18	0
Financial expenses	-193	-18	0	0	0	0
<b>Operating income after financial items</b>	<b>-13 293</b>	<b>-10 529</b>	<b>-13 536</b>	<b>-19 863</b>	<b>-21 276</b>	<b>-16 722</b>
Tax	0	0	0	0	0	0
<b>Net income</b>	<b>-13 293</b>	<b>-10 529</b>	<b>-13 536</b>	<b>-19 863</b>	<b>-21 276</b>	<b>-16 722</b>

Average number of shares before dilution <sup>1)</sup>	10 963 743	23 127 944	23 214 326	23 214 326	33 116 106	42 188 995
Average number of shares after dilution <sup>1)</sup>	10 963 743	23 127 944	23 214 326	23 214 326	33 116 106	42 188 995
Outstanding shares at the end of the reporting period before dilution <sup>1)</sup>	22 091 366	23 214 326	23 214 326	23 214 326	42 188 995	42 188 995
Outstanding shares at the end of the reporting period after dilution at full utilization. <sup>1)2)</sup>	34 784 027	37 151 258	37 151 258	37 151 258	75 084 976	61 179 284
Outstanding warrants at the end of the reporting period <sup>1)2)</sup>	12 692 661	13 936 932	13 936 932	13 936 932	32 895 981	18 990 289
Earnings per share before dilution, SEK <sup>1)</sup>	-1,21	-0,46	-0,58	-0,86	-0,64	-0,40
Earnings per share after dilution, SEK <sup>1)</sup>	-1,21	-0,46	-0,58	-0,86	-0,64	-0,40

<sup>1)</sup> During the first quarter of 2018, a rights issue was issued which added 18 974 669 new shares and 18 974 669 warrants registered with the Swedish Companies Registration Office on 21 February 2018.

<sup>2)</sup> On May 31, 2018 the TO1 warrants matured. No warrant of the total 13 921 312 warrants was exercised.

# Statement of Cash Flows isolated quarters

KSEK	2017				2018	
	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3	Iso. Kv.4	Iso. Kv.1	Iso. Kv.2
<b>OPERATING ACTIVITIES</b>						
Profit/loss before tax	-13 101	-10 511	-13 536	-19 863	-21 294	-16 722
<i>Adjustments for non-cash items:</i>	-193	-18	0	0	18	0
Financial income and expenses						
Depreciation/amortization and impairment	1 559	1 544	1 537	1 538	1 539	1 228
Capitalization of R&D expenditure	0	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-11 735</b>	<b>-8 985</b>	<b>-11 999</b>	<b>-18 325</b>	<b>-19 737</b>	<b>-15 494</b>
<i>Cash flow from changes in working capital</i>						
Increase(-)/decrease(+) inventories	-282	-3 628	2 318	-4 531	891	-4 598
Increase(-)/decrease(+) trade receivables	-1 269	-2 180	18	1 768	-1 836	1 394
Increase(-)/decrease(+) current receivables	-1 149	-1 266	1 550	-2 794	3 332	-1 241
Increase(+)/decrease(-) trade payables	528	148	1 748	2 935	789	-1 664
Increase(+)/decrease(-) current liabilities	-669	2 623	-3 859	3 571	3 751	3 713
<b>Cash flow from changes in working capital</b>	<b>-2 841</b>	<b>-4 303</b>	<b>1 775</b>	<b>949</b>	<b>6 927</b>	<b>-2 396</b>
<b>Cash flow from operating activities</b>	<b>-14 576</b>	<b>-13 288</b>	<b>-10 224</b>	<b>-17 376</b>	<b>-12 810</b>	<b>-17 890</b>
<b>INVESTING ACTIVITIES</b>						
Acquisition of property, plant and equipment and intangible assets	-119	-295	-36	-863	-2 268	-1 717
Sale of property, plant and equipment	0	0	0	0	0	411
<b>Cash flow from investing activities</b>	<b>-119</b>	<b>-295</b>	<b>-36</b>	<b>-863</b>	<b>-2 268</b>	<b>-1 306</b>
<b>FINANCING ACTIVITIES</b>						
New share issue	79 693	-1 970	0	0	24 885	350
Borrowings	9 000	0	0	0	0	0
Repayment of debt	0	0	0	0	0	0
<b>Cash flow from financing activities</b>	<b>88 693</b>	<b>-1 970</b>	<b>0</b>	<b>0</b>	<b>24 885</b>	<b>350</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>73 998</b>	<b>-15 553</b>	<b>-10 260</b>	<b>-18 239</b>	<b>9 807</b>	<b>-18 846</b>
<b>CASH AND CASH EQUIVALENTS AT START OF THE PERIOD</b>	<b>8 516</b>	<b>82 514</b>	<b>66 961</b>	<b>56 701</b>	<b>38 462</b>	<b>48 269</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>82 514</b>	<b>66 961</b>	<b>56 701</b>	<b>38 462</b>	<b>48 269</b>	<b>29 423</b>