

Interim Report January–June 2019

Major investment in production facilities secures quality and capacity for the future

Q2 2019

- Net sales for the period amounted to SEK 12.5 (2.5) million and earnings to SEK -18.3 (-16.7) million, which corresponds to earnings per share of SEK -0.11 (-0.40).
- Gross profit amounted to SEK -1.4 million, which is an improvement of SEK 4.3 million compared to the corresponding period in 2018 and SEK 1.2 million compared to Q1 2019.
- Cash and cash equivalents as at June 30 amounted to SEK 14.9 (29.2) million.
- An investment decision was made to acquire sputtering machines for around SEK 85 million to reduce ChromoGenics' production costs for its dynamic products.
- On June 26, a preferential share issue was started to finance the acquisition of the sputtering machines. The new share issue would provide a capital contribution of SEK 86.4 million and from the start was guaranteed at 85 percent. Each existing share entitled the holder to the subscription of one new share.
- In April, a new order for SEK 1.4 million was received from Fabege in Stockholm.
- A new framework agreement was signed in May with Humlegården Fastigheter in Stockholm for deliveries.
- An order of SEK 1.4 million from Vasakronan was received in May.
- Order intake amounted to SEK 7.6 million during the second quarter. The total quote stock amounts to SEK 340 million on the reporting date. We are entering Q3 2019 with an order volume of SEK 25.4 million, and we see continued positive and growing customer interest for ChromoGenics' products and services.

SEK million	2019		2018		2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	
Net sales	12,5	2,5	23,2	4,4	11,2
EBITDA	-15,6	-15,1	-29,2	-34,8	-66,5
Net income	-18,3	-16,7	-34,6	-38,0	-73,4
Earning per share , SEK	-0,11	-0,40	-0,29	-1,01	-1,83
Cash and cash equivalents at end of the period	14,9	29,4	14,9	29,4	7,5

Events after the end of the period

- The preferential share issue was fully subscribed at 180 percent.
- The new share issue period was extended by one day to July 15, 2019 by reason of the board of director's decision to issue shares to two guarantors in the preferential share issue. A supplement to the prospectus was established and notice to extra-ordinary general meeting announced in order to decide upon subsequent approval of the board of director's decision of share issue.
- The extraordinary general meeting on August 7 resolved to conduct a directed share issue of SEK 10 million to two investors at a subscription price of SEK 0.53. The extra-ordinary general meeting decided also to adopt new articles of association by setting new boundaries of number of shares and share capital in the company.
- On August 19, the Board decided through the authorization of the extraordinary general meeting to conduct a new directed share issue by offsetting claims for reimbursement of around SEK 5.5 million that the guarantors received in conjunction with the preferential share issue for shares at a price of SEK 0.50.

ChromoGenics offers dynamic glass with controllable heat- and light transmission and static glass with world leading performance. 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, e-mail: ca@qwkapital.se, tel.: +46 (0) 8 503 000 50. www.chromogenics.com

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Growing interest from the market for climate-smart glasses is met by investments to bring production resources in-house

Comments from the CEO

The acquisition of sputtering machines will enable ChromoGenics to own and control the entire production line, which creates conditions for being the natural first choice for the dynamic glass of the future. The spring months have unfortunately demonstrated the downsides of not having control over the entire production process and further confirmed the need to ensure this key function.

We are therefore convinced that we made the right decision in the spring to invest in our own sputtering machines, which will be located in Uppsala. Work is now underway to move the 135-ton machines from Germany to Uppsala. The installation will occur during the fall, with adjustments to the control system and testing. After the new year, the machines will produce sputter-deposited electrochromic film, which forms the basis of ChromoGenics' dynamic products. The whole production process and the products will be more sustainable from an environmental perspective.

The acquisition also includes two smaller sputtering machines that will be used for R&D related to sputter-deposited electrochromic film. We are hoping that access to these machines will enable us to develop our cooperation with the Ångström Laboratory in Uppsala. The investments are financed by the conducted a preferential share issue during the summer and got fully subscribed to 180 percent which was very positive for the company.

ChromoGenics' order intake for H1 2019 shows a continued positive trend, totaling SEK 26.5 million. The number of received orders increased from seven (7) in H1 2018 to fifty-seven (57) in H1 2019. In 2019, we also sold and began to deliver our unique energy-producing glass facade, ConverLight Energy, a product that we believe will be a good complement to our other dynamic and static glass.

ChromoGenics develops completely new products with unique technical features by combining different types of glass with both dynamic and static capabilities and solar panels. This process creates sustainable window glass and facades for the future. The property owners who contact us about our products out of curiosity are a sign that the market is demanding more and more sustainable and climate-smart products with less of an environmental footprint. The investment to expand our product portfolio has been clearly positive for ChromoGenics. With a broader offering, we become a more interesting partner for our customers.

During the spring and summer of 2019, we have had major problems with deliveries of sputter-deposited films from our suppliers. We have worked intensely with our suppliers to fix the problems, which unfortunately have proven to be much more time-consuming than we could have predicted. ChromoGenics has limited access to the machinery, which has resulted in long lead times. This means that failures in scheduled production have far-reaching consequences for ChromoGenics' own production and delivery, particularly given repeated failures.

The problems that arose early in the spring seemed to be temporary and according to the supplier would be easy to resolve. However, the problems continued throughout the spring and have subsequently proven themselves to be the result of insufficient process controls combined with the reconstruction of a machine that was meant to improve quality but instead created new problems. The machine has now been returned to its original set-up and improved process controls have been implemented, and we are hopeful at the time of writing that we have fixed the problems. An unfortunate consequence and impact of these problems is that we are behind in our deliveries to customers who have ordered dynamic glass. We are now doing everything in our power to produce the material and deliver to ongoing projects and remaining redeliveries in previous projects.

The vision of achieving annual deliveries of at least 100,000 m² of ConverLight® in the next few years is still in place. We are working methodically to achieve this goal and taking the actions necessary to improve the products and gradually upscale sales and production.

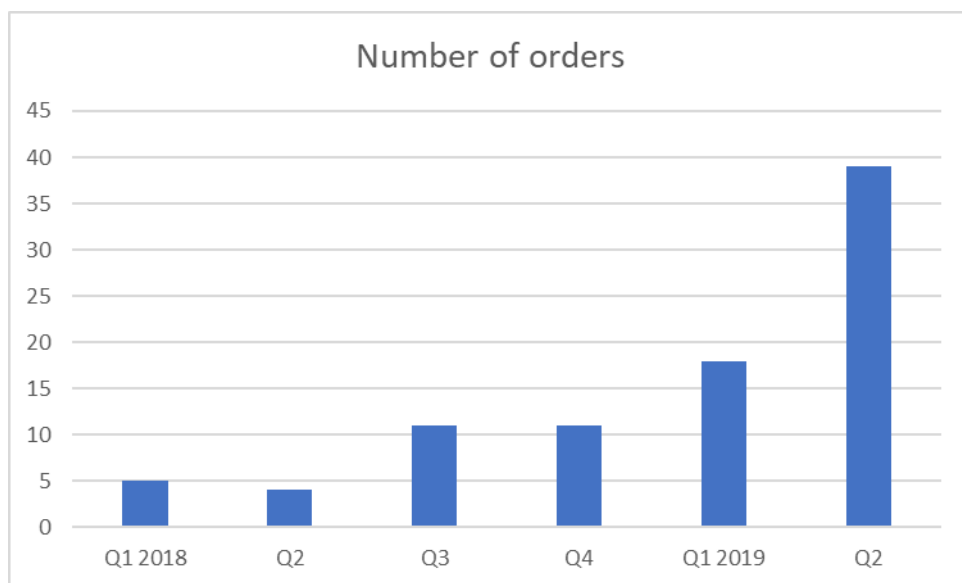
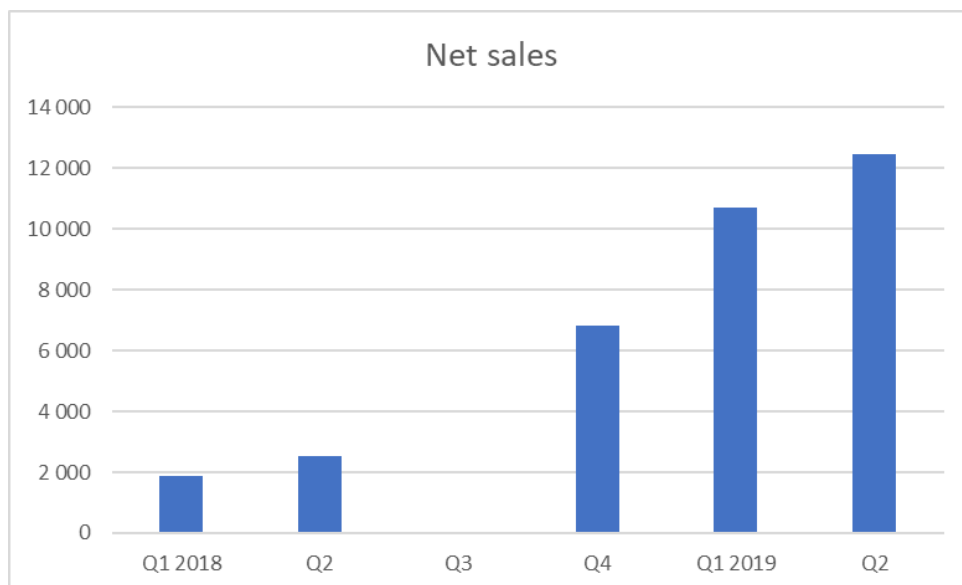
Jerker Lundgren, CEO

This report comments on the development for the period April–June 2019 compared to the same period in 2018 unless otherwise stated.

Earnings

Net sales amounted to SEK 12.5 (2.5) million in the second quarter of the year, and the Company continues to experience a rising trend in its net sales. Roughly thirty projects were in progress during the quarter, of which dynamic products represent SEK 9.3 million and static products SEK 3.2 million.

KSEK



Costs for goods and services sold amounted to SEK 13.9 (8.2) million during the second quarter of the year. The manufacturing costs during the quarter are related to material consumed in production, rented factory premises, depreciation of production equipment, staffing for the manufacturing process, and costs related to the installation services. Efforts to scale-up of production and secure delivery accuracy is ongoing, and a lot of resources are also being devoted to shortening lead times and establishing stability in production. Material consumption and process costs have been somewhat higher during the development phase of the past quarter while ChromoGenics' production process has been fully optimized. The negotiated volume discounts from our suppliers will be realized first in the coming quarters in 2019. The achievement of a more efficient manufacturing

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process and improved purchasing conditions are clear goals for the Company. During the quarter, no expenses were reserved for redeliveries in previous projects, but we continue to carry out redelivery work. SEK 0.9 million was drawn from the reserve, which amounts to SEK 9.2 (7.3) million at the end of June 2019.

Gross profit/loss for the period amounted to SEK -1.4 million and improved by SEK 4.3 million compared to the same period the previous year. This also marked an improvement of SEK 1.2 million compared to Q1 2019.

Depreciation/amortization and impairment amounted to SEK 2.0 (1.6) million in the quarter, which is the same level as in the previous quarter.

Selling expenses amounted to SEK 4.0 (4.8) million in Q2 2019. Marketing expenses were intentionally decreased during the quarter.

Administrative expenses amounted to SEK 3.4 (2.3) million in Q2 2019. This increase compared to the previous year consisted primarily of higher costs for IT and other purchased services.

Development costs increased in the second quarter and amounted to SEK 9.7 (4.6) million. The increase compared to the same quarter in 2018 and Q1 2019 is primarily due to more intensified product and process development as well as quality assurance of input items such as sputter-deposited film for the dynamic products.

ChromoGenics' operating profit for Q2 2019 amounted to SEK -17.6 (-16.7) million. Order intake slowed slightly during the quarter, which will be realized in the next two quarters when the projects are to be delivered to customers. We would like to emphasize that ChromoGenics is still in an initial commercialization phase and the development is not linear. Sales gained speed in Q4 2018 but are low during this initial phase and are judged to be insufficient for covering the Company's total costs for FY 2019.

The goal of achieving an operating profit is expected to be postponed since the major investment in sputtering machines increases the Company's annual depreciation starting in 2020.

Net financial income/expense amounted to SEK -0.7 (0.0) million in the quarter, and no income tax was paid during the period (SEK 0.0 million).

Profit/loss for the period amounted to SEK -18.3 (-16.7) million.

Cash flow and financial position

Cash flow from operating activities including a change in working capital amounted to SEK 28.2 (-17.9) million in the second quarter of the year.

Net cash flow from investing activities amounted to SEK -56.4 (-1.3) million in the first quarter. The investments are primarily related to the new sputtering machines within the production process.

Net cash flow from financing activities amounted to SEK 0.0 (0.4) million in Q2 2019.

Cash flow for the period amounted to SEK -28.2 million compared to SEK -18.8 million to corresponding period 2018.

Cash and cash equivalents amounted to SEK 14.9 million on June 30, 2019, compared to SEK 7.5 million on December 31, 2018, and SEK 29.4 million on June 30, 2018.

On June 30, 2019, equity amounted to SEK 62.1 million and includes non-registered share capital of SEK 29.4 million and SEK 44.1 million in share premium reserve which guarantees in the on-going preferential share issue had guaranteed to 85 percent. At the same time 2018 the equity amounted to SEK -17.0 million as at June 30, 2018, and SEK -39.9 million on December 31, 2018.

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Among the company's liabilities is a conditional loan on SEK 49.7 million 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.

Investments

Investments in Q2 2019 amounted to SEK -56.4 (-1.3 net) million and refer to the ongoing acquisition of two new sputtering machines for a new production line in Uppsala and two smaller similar machines that will be used for testing and development work. The Company's next stage of development is to reduce its production costs and increase its production efficiency. Sputtering is the main process in the production of the patented electrochromic film that serves as a basis for all of ChromoGenics' dynamic products.

Employees

The average number of employees (FTEs) in Q2 2019 amounted to 34 (22). There were on average 50 employees (FTE), including temporary staffing and consultants, in Q2 2019, compared to 47 in Q1 2019. There were 34 employees on June 30, 2019, compared to 28 employees on December 31, 2018, and 22 employees on June 30, 2018. Project-adapted production personnel are contracted from staffing companies to achieve flexibility.

Share capital

In January-February 2019, a preferential rights issue was completed that raised SEK 77.7 million for the Company before issue expenses and SEK 63.2 million after issue expenses. The issue brought 129,566,985 shares to the Company.

As a result of the completed new issues in February 2019 and July 2019, the conditions from the previously issued warrants (TO2) have been restated. After restatement, each warrant in the TO2 series is entitled to subscription of 2.02 shares at SEK 1.74. A maximum of 38,365,925 new shares can be issued with the support of warrants, which corresponds to a dilution of 11.1 percent. If fully subscribed, the Company will receive an additional SEK 66.7 million.

In conjunction with the acquisition of the net assets of I-Window International AB in September 2018, a directed share issue of 1,000,000 new shares was offered at a price of SEK 0.71/share for I-Window International AB. At the same time, 2,000,000 warrants were issued to I-Window International AB. The warrants may be exercised at SEK 2/share and expire on December 31, 2021.

On June 30, 2019, the registered share capital amounts to SEK 34,551,196, represented by 172,755,980 shares, each with a quotient value of SEK 0.2. Recognized equity amounted to SEK 62.1 million compared to SEK -39.9 million as at December 31, 2018, and SEK 6.9 million as at March 31, 2019.

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 March 29, 2019, the largest shareholders in the Company consisted of:

Shareholders per 2019-06-28	Ordinary shares	Votes and capital
Försäkringsaktiebolaget, Avanza Pension	9 845 493	5,70%
Nordnet Pensionsförsäkring AB	6 668 077	3,86%
Dan Sandberg	6 234 500	3,61%
Danske Bank International S.A.	5 811 119	3,36%
K-Svets Venture AB	5 112 350	2,96%
BNY Mellon SA/NV (FORMER BNY), W8IMY	4 546 468	2,63%
RGG ADM-Gruppen AB	3 572 687	2,07%
Castab AB	2 836 440	1,64%
Erik Hammarlund	2 596 260	1,50%
Staffan Falk	2 000 000	1,16%
Others	123 532 586	71,51%
TOTAL	172 755 980	100,0%

Source: Euroclear AB

According to Euroclear, there were 4,332 shareholders at the end of the 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 strive to manage these risks by identifying, evaluating and where appropriate mitigating them. For more information, see [2018 Annual Report](#)

Liquidity risk

Cash and cash equivalents amounted to SEK 14.9 million on June 30, 2019. The preferential share issue completed in February 2019 brought in net SEK 63.2 million. Immediately thereafter, the short-term bridge loan of SEK 12.6 million from November 2018 was settled. The second preferential share issue of the year was completed in August with the goal of investing in new sputtering machines, which brought in gross SEK 86.4 million. Two directed new share issues was completed in August and strengthened cash and cash equivalents with SEK 5.5 million for the set-off issue to guarantors and SEK 10 million to two independent investors.

ChromoGenics' future capital needs are determined by a large number of factors, such as the planned rate of expansion, product and process development, investment needs, and the Company's sales development and achieved gross margins.

The Board is reviewing several conceivable scenarios, each of which has a different need for financing. Financing in turn can be raised from different sources and carried out in different ways depending on prevailing market conditions. The Board sees good possibilities for successfully securing the long-term finances.

Since the Company is still in an initial phase of commercialization, income is not expected to cover expenses/costs in 2019.

If the Company's cash and cash equivalents do not cover the need for financing up until the point in time when the Company achieves a positive cash flow from its operating activities, and if the Board's continual measures to ensure long-term financing cannot be carried out, there is a risk that this could lead to the winding down of the Company.

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Currency risk

Most of the sales are currently in SEK. If there are sales in USD, EUR and/or NOK, 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 an organization of approximately 50 employees, including temporary staff and consultants, 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.

Calendar

November 22, 2019
February 21, 2020
May 14, 2020
May 14, 2020
August 27, 2019

Interim Report January–September 2019
Year-End Report 2019
Interim Report January–March 2020
Annual General Meeting 2020
Interim Report January–June 2020

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, August 28, 2019 CHROMOGENICS AB (publ) CIN 556630-1809

Anders Brännström
Board Member

Johan Hedin
Chair of Board

Peter Gustafson
Board Member

Claes-Göran Granqvist
Board Member

Mari Broman
Board Member

Peter Edelsvärd
Board Member

Jerker Lundgren
CEO

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Certified Adviser: G&W Fondkommission

About ChromoGenics

ChromoGenics offers dynamic glass that controls the conveyance of heat and light. The Company's unique ConverLight™ technology offers sustainable solar protection for increased indoor comfort and energy efficiency. ConverLight® also helps properties meet environmental certification. Commercial sales to real estate projects in Scandinavia began in 2016.

ChromoGenics is based in Uppsala and is a spin-off from the world-class research at the Ångström Laboratory at Uppsala University. The Company's production facilities have been financed in part by a conditional loan from the Swedish Energy Agency. ChromoGenics' share (CHRO) is listed on Nasdaq First North Stockholm, and G&W Fondkommission is the Certified Adviser.

www.chromogenics.com/sv/

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Income Statement

KSEK	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	12 481	2 532	23 193	4 404	11 240
Costs of goods and services sold	-13 866	-8 214	-23 980	-17 357	-33 424
Gross operating income	-1 385	-5 682	-787	-12 953	-22 184
Selling expenses	-4 036	-4 769	-9 032	-9 031	-16 476
Administrative expenses	-3 364	-2 257	-5 937	-8 318	-14 613
R&D expenses	-9 696	-4 457	-18 453	-7 833	-19 190
Other operating income and expenses	902	443	1 085	119	413
Total operating expenses	-16 194	-11 040	-32 337	-25 063	-49 866
Operating income	-17 579	-16 722	-33 124	-38 016	-72 050
Financial income	5	0	5	18	18
Financial expenses	-685	0	-1 477	0	-1 410
Operating income after financial items	-18 259	-16 722	-34 596	-37 998	-73 442
Tax	0	0	0	0	0
Net income	-18 259	-16 722	-34 596	-37 998	-73 442
Average number of shares before dilution ¹⁾	172 755 980	42 188 995	118 989 553	37 652 550	40 223 550
Average number of shares after dilution ¹⁾	172 755 980	42 188 995	118 989 553	37 652 550	40 223 550
Outstanding shares at the end of the reporting period before dilution ¹⁾	172 755 980	42 188 995	172 755 980	42 188 995	43 188 995
Outstanding shares at the end of the reporting period after dilution at full utilization. ¹⁾	193 746 269	61 179 284	193 746 269	61 179 284	64 179 284
Outstanding warrants at the end of the reporting period ¹⁾	20 990 289	18 990 289	20 990 289	18 990 289	20 990 289
Earnings per share before dilution, SEK ¹⁾	-0,11	-0,40	-0,29	-1,01	-1,83
Earnings per share after dilution, SEK ¹⁾	-0,11	-0,40	-0,29	-1,01	-1,83

¹⁾ During the first quarter of 2019, a rights issue was issued which added 129 566 985 new shares.

Balance Sheet

KSEK	2018 30-Jun	2018 30-Sep	2018 31-Dec	2019 31-Mar	2019 30-Jun
ASSETS					
Non-current Assets					
Intangible assets	8 658	12 664	11 683	10 647	9 676
Property, plant and equipment	11 036	10 451	9 476	8 529	63 920
Financial assets				150	150
Total non-current assets	19 694	23 115	21 159	19 326	73 746
Current Assets					
Inventories and work in progress	9 831	10 145	7 420	7 017	9 409
Trade receivables	2 424	3 583	3 429	6 261	9 190
Other current receivables	3 865	3 794	7 133	10 772	87 104
Cash and cash equivalents	29 423	12 484	7 521	43 024	14 850
Total current assets	45 543	30 006	25 503	67 074	120 553
TOTAL ASSETS	65 237	53 121	46 662	86 400	194 299
EQUITY AND LIABILITIES					
Equity					
<i>Restricted equity</i>					
Share capital	8 438	8 638	8 638	34 551	63 919
Fund, development expenses	298	499	795	795	795
<i>Non-restricted equity</i>					
Share premium reserve	343 022	343 635	343 635	380 874	424 927
Accumulated profit/loss	-319 031	-319 232	-319 528	-392 970	-392 970
Operating income for the period	-37 998	-50 544	-73 442	-16 337	-34 596
Total equity ²⁾	-5 271	-17 004	-39 902	6 913	62 075
Liabilities					
Non-current liabilities					
Non-current interest-bearing liabilities ¹⁾	49 327	49 327	49 327	48 641	49 327
Total non-current liabilities	49 327	49 327	49 327	48 641	49 327
Current liabilities					
Current interest-bearing liabilities ¹⁾	343	343	343	1 029	343
Trade payables	6 553	5 874	5 933	12 395	64 967
Other current liabilities	14 285	14 581	30 961	17 422	17 587
Total current liabilities	21 181	20 798	37 237	30 846	82 897
TOTAL EQUITY AND LIABILITIES	65 237	53 121	46 662	86 400	194 299

¹⁾ Refers to soft loans from the Swedish Energy Agency.

Statement of Cash Flows

KSEK	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Dec
OPERATING ACTIVITIES					
Profit/loss before tax	-17 579	-16 722	-33 124	-38 016	-72 050
Financial income and expenses	-681	0	-1 473	18	-1 392
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and impairment	1 976	1 228	3 954	2 767	6 537
Cash flow from operating activities before changes in working capital	-16 284	-15 494	-30 643	-35 231	-66 905
<i>Cash flow from changes in working capital</i>					
Increase(-)/decrease(+) inventories	-2 392	-4 598	-1 989	-3 707	-1 296
Increase(-)/decrease(+) trade receivables	-2 929	1 394	-5 761	-442	-1 448
Increase(-)/decrease(+) current receivables	-3 097	-1 241	-7 067	2 091	-1 177
Increase(+)/decrease(-) trade payables	52 557	-1 664	59 019	-875	-1 494
Increase(+)/decrease(-) current liabilities ¹⁾	366	3 713	-242	7 464	9 540
Cash flow from changes in working capital	44 505	-2 396	43 960	4 531	4 125
Cash flow from operating activities	28 221	-17 890	13 317	-30 700	-62 780
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets	-56 395	-1 717	-56 540	-3 985	-6 407
Sale of property, plant and equipment	0	411	0	411	411
Cash flow from investing activities	-56 395	-1 306	-56 540	-3 574	-5 996
FINANCING ACTIVITIES					
New share issue	0	350	63 152	25 235	25 235
Borrowings	0	0	0	0	12 600
Repayment of debt	0	0	-12 600	0	0
Cash flow from financing activities	0	350	50 552	25 235	37 835
CASH FLOW FOR THE PERIOD	-28 174	-18 846	7 329	-9 039	-30 941
CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	43 024	48 269	7 521	38 462	38 462
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14 850	29 423	14 850	29 423	7 521

Statement of changes in equity

KSEK	Share capital	Fund, development expenses	Share premium reserve	Accumulated profit/loss	Total equity
New share issues	3 995		30 024		34 019
New share issue fees			-7 971		-7 971
Fund for development expenses		497		-497	0
Operating income for the period				-73 442	-73 442
Equity 31 Dec 2018	8 638	795	343 636	-392 971	-39 902

KSEK	Share capital	Fund, development expenses	Share premium reserve	Accumulated profit/loss	Total equity
New share issues	25 913		51 827		77 740
Non-registered share issue	29 368		44 053		73 421
New share issue fees			-14 588		-14 588
Operating income for the period				-34 596	-34 596
Equity 30 Jun 2019	63 919	795	424 928	-427 567	62 075

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 111.7 million as per June 30, 2019 and SEK 9.4 million as per December 31, 2018.

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 2018-12-31
2015-02-16 ¹⁾	2019-12-31	7 657	0,00	5,22	7 657	0	0	7 657
2015-07-23 ¹⁾	2020-06-30	7 963	0,00	5,22	7 963	0	0	7 963
2018-09-03 ²⁾	2021-12-31	2 000 000	0,00	2,00	2 000 000	0	0	2 000 000
Total					2 015 620	0	0	2 015 620

¹⁾ 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.

¹⁾ 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)

²⁾ In connection with the acquisition of the net assets of I-window International AB, 2,000,000 warrants were issued to I-window International AB. The warrants can be exercised to SEK 2 per share and matures on December 31, 2021.

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 2018-12-31
2018-01-26 ¹⁾	2020-01-31	18 974 669	0,00	3,50	18 974 669	0	0	18 974 669
Total 2019-03-31					18 974 669	0	0	18 974 669

¹⁾ 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.

Note 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
2018	Directed share issue	1 000 000	43 188 995	0,2	8 637 799	613 059		2018-09-12
2019	Rights issue	129 566 985	172 755 980	0,2	34 551 196	37 238 891		2019-03-15
Total			172 755 980	0,2	34 551 196	380 873 761		

Share development during the year

In February 2019, a rights issue was performed on a 1-1 basis to a unit price of 0.6 SEK/unit. The rights issue brought 129,566,985 new shares to the company. The rights issue was registered on March 15, 2019. After registration, total amount of outstanding shares amounted to 172,755,980 equivalent to a share capital of 34,551,196 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 January-June 2019.

Transactions between the company and the company's primary owners

Nothing to report for the period January-June 2019.

Note 5, Pledged assets and contingent liabilities

KSEK		2018	2018	2018	2019	2019
Event	Holder	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun
Floating charge		0	0	0	0	0
Restricted cash	Euroclear	50	50	50	50	50
Total		50	50	50	50	50

Income Statement per isolated quarter

KSEK	2018				2019	
	Iso. Q1	Iso. Q2	Iso. Q3	Iso. Q4	Iso. Q1	Iso. Q2
Net sales	1 872	2 532	0	6 836	10 712	12 481
Costs of goods and services sold	-9 143	-8 214	-4 317	-11 750	-13 292	-13 866
Gross operating income	-7 271	-5 682	-4 317	-4 914	-2 580	-2 580
Selling expenses	-4 262	-4 769	-3 157	-4 288	-4 996	-4 036
Administrative expenses	-6 061	-2 257	-2 143	-4 152	-2 573	-3 364
R&D expenses	-3 376	-4 457	-3 036	-8 321	-5 579	-9 696
Other operating income and expenses	-324	443	107	187	183	902
Total operating expenses	-14 023	-11 040	-8 229	-16 574	-12 965	-13 016
Operating income	-21 294	-16 722	-12 546	-21 488	-15 545	-17 579
Financial income	18	0	0	0	0	5
Financial expenses	0	0	0	-1 410	-792	-685
Operating income after financial items	-21 276	-16 722	-12 546	-1 410	-16 337	-18 259
Tax	0	0	0	0	0	0
Net income	-21 276	-16 722	-12 546	-22 898	-16 337	-18 259

Average number of shares before dilution ¹⁾	33 116 106	42 188 995	43 188 995	43 188 995	65 223 126	172 755 980
Average number of shares after dilution ¹⁾	33 116 106	42 188 995	43 188 995	43 188 995	65 223 126	172 755 980
Outstanding shares at the end of the reporting period before dilution ¹⁾	42 188 995	42 188 995	43 188 995	43 188 995	65 223 126	172 755 980
Outstanding shares at the end of the reporting period after dilution at full utilization. ¹⁾	75 084 976	61 179 284	64 179 284	64 179 284	65 223 126	193 746 269
Outstanding warrants at the end of the reporting period ¹⁾	32 895 981	18 990 289	20 990 289	20 990 289	20 990 289	20 990 289
Earnings per share before dilution, SEK ¹⁾	-0,64	-0,40	-0,29	-0,53	-0,25	-0,11
Earnings per share after dilution, SEK ¹⁾	-0,64	-0,40	-0,29	-0,53	-0,25	-0,11

¹⁾ During the first quarter of 2019, a rights issue was issued which added 129 566 985 new

Statement of Cash Flows isolated quarters

KSEK	2018	2018	2018	2018	2019	2019
	Iso. Q1	Iso. Q2	Iso. Q3	Iso. Q4	Iso. Q1	Iso. Q2
OPERATING ACTIVITIES						
Profit/loss before tax	-21 294	-16 722	-12 546	-21 488	-15 545	-17 579
<i>Adjustments for non-cash items:</i>	18	0	0	-1 410	-792	-681
Financial income and expenses					0	0
Depreciation/amortization and impairment	1 539	1 228	1 790	1 980	1 978	1 976
Capitalization of R&D expenditure	0	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-19 737	-15 494	-10 756	-20 918	-14 359	-16 284
<i>Cash flow from changes in working capital</i>						
Increase(-)/decrease(+) inventories	891	-4 598	-314	2 725	403	-2 392
Increase(-)/decrease(+) trade receivables	-1 836	1 394	-1 159	154	-2 832	-2 929
Increase(-)/decrease(+) current receivables	3 332	-1 241	72	-3 339	-3 970	-3 097
Increase(+)/decrease(-) trade payables	789	-1 664	-680	59	6 462	52 557
Increase(+)/decrease(-) current liabilities	3 751	3 713	-1 704	3 780	-608	366
Cash flow from changes in working capital	6 927	-2 396	-3 785	3 379	-545	44 505
Cash flow from operating activities	-12 810	-17 890	-14 541	-17 539	-14 904	28 221
INVESTING ACTIVITIES						
Acquisition of property, plant and equipment and intangible assets	-2 268	-1 717	-2 398	-24	-145	-56 395
Sale of property, plant and equipment	0	411	0	0	0	0
Cash flow from investing activities	-2 268	-1 306	-2 398	-24	-145	-56 395
FINANCING ACTIVITIES						
New share issue	24 885	350	0	0	63 152	0
Borrowings	0	0	0	12 600	0	0
Repayment of debt	0	0	0	0	-12 600	0
Cash flow from financing activities	24 885	350	0	12 600	50 552	0
CASH FLOW FOR THE PERIOD	9 807	-18 846	-16 939	-4 963	35 503	-28 174
CASH AND CASH EQUIVALENTS AT START OF THE PERIC	38 462	48 269	29 423	12 484	7 521	43 024
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	48 269	29 423	12 484	7 521	43 024	14 850