

Interim Report January – September 2018

Increased order intake and acquisition of I-Window generate a strong tender base

Third quarter of 2018

- Net sales for the period amounted to SEK 0.0 (3.3) million and earnings to SEK -12.5 (-13.5) million, which corresponds to earnings per share of SEK -0.30 (-0.58).
- Cash and cash equivalents on September 30 amounted to SEK 12.5 million.
- In August, the assets of I-window International AB were acquired to broaden the product portfolio and strengthen the sales organization.
- Order intake amounted to SEK 10 million during the quarter. Total tender base, including the acquisition of I-window, amounts to over SEK 100 million on the reporting date.
- Significantly increased customer interest in the Company's products.
- Christer Simrén took over as the new Chairman of the Board on August 30.

Events after the end of the period

- The Board of Directors has intensified its work to secure the company's long-term financial position. A short-term debt financing of SEK 12 million has been agreed with external investors.

	2018	2017	2017	2016	2017
SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	0,0	3,3	4,4	6,1	6,9
EBITDA	-10,8	-12,0	-46,0	-32,7	-51,0
Net income	-12,5	-13,5	-50,5	-37,4	-57,2
EPS before dilution, SEK	-0,30	-0,58	-1,29	-1,95	-3,17
EPS after dilution, SEK	-0,30	-0,58	-1,29	-1,95	-3,17
Cash and cash equivalents at end of the period	12,5	56,7	12,5	56,7	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. www.chromogenics.com

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“The hot summer and increased focus on global warming strengthen the demand for our products. The acquisition of I-Window has broadened the product portfolio and strengthened the sales organization. We are starting to see the results!”

Comments from the CEO

We acquired I-Window this quarter to expand our product portfolio and strengthen our sales organization. The products in both companies complement each other very well and we see good development opportunities for common products. Overall, the business will increase growth within the company and make us more complete in our offer. The agreement is made through an earn-out model, which gives us a common strong focus on the future.

During the quarter, we have signed orders totaling approximately SEK 10 million, and we are currently in the final negotiations for a number of projects that have a high probability of being realized into orders.

I stress that ConverLight® and I-Window resolve a highly relevant problem, which means our timing is impeccable. This has been clearly demonstrated by the hot summer that settled across the Nordic region this year.

During the quarter we have had a close dialogue with our customers regarding earlier challenges in establishing the business that resulted in replacement deliveries. We have identified and rectified the errors, and our tests show 100% reliability after the measures. We are taking our responsibility and will continue to maintain a close dialogue with our customers, but replacement deliveries are weighing heavily on the company's finances. At the end of September, the company had made provisions of approximately SEK 8 million, but it cannot be ruled out that the costs can be higher.

We have entered into a short-term loan financing of SEK 12 million to give time to the intensified work to secure the company's long-term financial position. The action plan and its estimated annual savings of SEK 7 million will have an impact starting in Q4 2018, with the full outcome in the spring of 2019.

During the quarter, we received our first order to deliver ConverLight dynamic glass to a residential project in Uppsala, where Åke Sundvall is building tenant-owned apartments. ConverLight was selected because of the project's focus on innovative architecture featuring large glass sections to enable unobstructed views and a comfortable indoor environment. Because the investment cost was comparable to alternative solutions, such as external solar protection through the installation of awnings and curtains, which obstruct the view and require maintenance, the choice fell naturally to ConverLight.

Christer Simrén has taken over as Chairman of the Board of Directors. He has worked in the process industry for a long time and has previously held the role of COO at BillerudKorsnäs. Our CFO, Susanne Andersson, has announced her resignation to take another external assignment, but remains in the role during the notice period. Recruitment process for finding a new CFO has been initiated.

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.

Jerker Lundgren, CEO



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The report discusses the development for the period July-September 2018 compared to the same period in 2017 unless otherwise stated.

Earnings

Revenue amounted to SEK 0.0 (3.3) million for Q3 2018 and SEK 4.4 (6.1) million for the period January to September. The company is still in its initial phase of sales and production.

Costs of goods sold amounted to SEK 4.3 (8.3) million for the third quarter and SEK 21.7 (20.7) million for the period January to September. Costs during the quarter are related to various re-deliveries, installation costs for previous projects and general costs in supply and logistics. In general, the 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 start being realized in Q4 2018. During the quarter, the provision related to replacement deliveries was adjusted by net SEK 0.7 million. The closing balance at the end of September was SEK 8.0 million. A stock adjustment of approximately SEK 0.5 million and a currency effect of approximately SEK 0.2 million had a negative impact on costs of goods sold.

Depreciation/amortization and impairment amounted to SEK 1.8 (1.5) million in the third quarter and SEK 4.6 (4.6) million for the period January to September.

Selling costs amounted to SEK 3.2 (3.0) million in the third quarter and SEK 12.2 (7.0) million for the period January to September. In September, the sales team arrived from I-Window, strengthening the sales unit.

Administrative costs amounted to SEK 2.1 (2.2) million in the third quarter and SEK 10.5 (6.4) million for the period January to September. The increase in the nine-month period compared to the previous year consisted primarily of a provision of SEK 3.2 million related to the change in CEO.

Development expenditure amounted to SEK 3.0 (3.5) million for the third quarter and SEK 10.9 (9.5) million for the period January to September. This increase in the nine-month period is primarily due to intensified product development and quality assurance.

The company's operating loss amounted to SEK -12.5 (-13.5) million for the third quarter and SEK -50.6 (-37.1) million for the period January to September. During the quarter, the acquisition of I-Window was completed. Order intake improved significantly during the quarter, which will be realized in forthcoming quarters when the projects are delivered. Overall, though, the company is still in an initial commercialization phase. Sales are initially low and are not expected to cover the company's total expenses for 2018. Break-even is expected to be achieved during year 2020.

Net financial items amounted to SEK 0.0 (0.0) million in the third quarter and SEK 0.0 (-0.2) million for the period January to September. No income tax was paid during the period SEK (0.0) million.

Cash flow and financial position

Cash flow from operating activities including changes in working capital amounted to SEK -14.5 (-10.2) million for the third quarter and SEK -45.2 (-38.1) million for the period January to September.

Net cash flow from investing activities amounted to SEK -2.4 (-0.0) million for the third quarter and SEK -6.0 (-0.5) million for the period January to September. The investment is primarily related to the acquisition of net assets from I-window International AB and the final investments in lasers in the free form production process.

Net cash flow from financing activities amounted to SEK 0.0 (0.0) million in the third quarter. Total purchase price for the acquisition of the I-Window business is SEK 4.5 million, of which SEK 1.5 million in cash, SEK 0.2 million acquisition costs, SEK 2.0 million as an additional purchase price through an earn-out model and SEK 0.8 million in the form of issued shares and options. Only SEK 1.7 million in cash and acquisition costs affected cash flow during the quarter.

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Long-term interest-bearing liabilities of SEK 49.3 million and current interest-bearing liabilities of SEK 0.3 million refer to a conditional loan from the Swedish Energy Agency. Discussions are under way to defer amortization and interest rate payments.

Cash and cash equivalents amounted to SEK 12.5 million on September 30, 2018, compared to SEK 29.4 million on June 30, 2018, and SEK 38.5 million on December 31, 2017. In January 2018, the company raised SEK 25 million net via a preferential rights issue.

On September 30, 2018, reported equity amounted to SEK -17.0 million, compared to SEK 7.5 million on December 31, 2017, and SEK 27.4 million on September 30, 2017.

For 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 conditional loan from the Swedish Energy Agency, which, according to the loan agreement and the regulations set out in the Companies Act (25:14), may be eliminated upon preparation of a balance sheet for liquidation purposes. Taken this background, the Board considered that the share capital was intact and therefore no obligation to submit the sheet for liquidation purposes for auditors' review and the AGM's decision did not exist. The utilized conditional loan from the Swedish Energy Agency amounted to SEK 49.7 million. Equity taking into account the conditional loan, i.e. adjusted equity, amounted to SEK 52.4 million on May 31, 2018, and SEK 32.7 million on September 30, 2018.

Investments

The investments in Q3 2018 amounted to net SEK -5.2 (-0.0) million. During the quarter, the net assets of I-window International AB were acquired at a value of SEK 4.5 million, including one million shares and two million warrants for a total value of SEK 0.8 million and transaction costs. The company's investments in general have been primarily in production equipment and capitalization of R&D expenditure and patents.

During the quarter, a laser was taken into operation to cut out electrochromic foil. Earlier in the year, an autoclave (a pressure and temperature chamber) was taken into operation. The company thus strengthened its production quality and shortened lead times for delivery.

Employees

The average number of employees (FTE) in the third quarter amounted to 20 (13). There were on average 25 employees (FTE), including temporary staffing and consultants, in the third quarter, compared to 29 in Q2 2018. There were 27 employees on September 30, 2018, compared to 15 on December 31, 2017. Key staff in production were employed as of August. Project-adapted production staff will be brought in from staffing companies for flexibility.

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.

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 Dec 31, 2021.

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On September 30, 2018, share capital amounted to SEK 8,637,799 represented by 43,188,995 shares, each with a quotient value of SEK 0.2. Reported equity amounted to SEK -17.0 million on September 30, 2018, compared to SEK 7.5 million on December 31, 2017. See the above comments regarding the balance sheet for liquidation purposes and adjusted equity.

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 September 29, 2018, the largest shareholders in the company were:

Shareholder per 2018-09-29	Ordinary shares	Votes and capital
K-SVETS VENTURE AB	5 112 350	11,8%
NEW ENERGY SOLUTIONS II K/S	4 578 577	10,6%
DANSKE BANK INTERNATIONAL S.A.	1 300 000	3,0%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1 186 442	2,7%
NORDNET PENSIONS FÖRSÄKRING AB	1 178 149	2,7%
JWH INNOVATION AB	1 000 000	2,3%
SANDBERG, DAN	968 878	2,2%
CASTAB AB	709 110	1,6%
HAMRÖ, GÖRAN	608 000	1,4%
ALMESJÖ, HANS	570 166	1,3%
OTHERS	25 977 323	60,1%
TOTAL	43 188 995	100,0%

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. In the light of the measures proposed and described below, the interim report has, despite this, been prepared under the assumption of continued operations. Cash and cash equivalents amounted to SEK 12.5 million on September 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.

Bridge financing of SEK 12 million has been secured to give the Board of Directors some additional time to continue its work to strengthen the company's long-term financial position. 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 the current 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, revenue is not expected to cover the company's expenses/costs in 2018. Break-even is expected to be attained during 2020.

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 if the Board's planned measures to ensure a long-term financing solution are not fulfilled, there is a risk that this could lead to a liquidation of the company. The above factors therefore indicate that there is significant doubt about the company's ability to continue its business.

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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 25 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.

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Calendar

February 28, 2019	Year-End Report 2018
March 28, 2019	Annual Report 2018
April 26, 2019	Interim Report January – March 2019
May 15, 2019	Annual General Meeting 2019
July 16, 2019	Interim Report January – June 2019
October 25, 2019	Interim Report January – September 2019

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, Friday, October 26, 2018 CHROMOGENICS AB (publ) CIN 556630-1809

Anders Brännström
Board Member

Christer Simrén
Chairman of Board

Peter Gustafson
Board Member

Claes-Göran Granqvist
Board Member

Mari Broman
Board Member

Jerker Lundgren
CEO

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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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Auditors' report

ChromoGenics AB, 556630-1809

Introduction

We have conducted a review of the interim financial information (interim report) for ChromoGenics AB as at 30 September 2018 and the nine-month period ending on this date. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim financial information in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The focus and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410. Review of financial interim information conducted by the company's chosen auditor. A review is made of making inquiries, primarily to persons responsible for financial matters and accounting issues, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing practice. The review measures taken in a review do not allow us to obtain such a security that we become aware of all the important circumstances that could have been identified if an audit was carried out. Therefore, the stated conclusion based on a review does not have the assurance that a pronounced conclusion based on an audit has.

Conclusion

Based on our review, no circumstances have arisen which give us reason to believe that the interim report has not, in essence, been prepared in accordance with the Annual Accounts Act.

Significant uncertainty factor regarding the assumption of continued operation

We want to draw attention to the statements made by the Board of Directors and the CEO in the interim report under the heading "Significant risks and uncertainty factors", the section on liquidity risk, about the company's financing situation, which shows that the company's current funding is insufficient. These conditions indicate that there is a significant uncertainty factor that can lead to significant doubts about the company's ability to continue its business. We have not modified our statement because of this.

Uppsala October 26, 2018

Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Certified Public Accountant
Auditor-in-charge

Niclas Bergenmo
Authorized Certified Public Accountant

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Income Statement

KSEK	2018	2017	2018	2017	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	0	3 334	4 403	6 093	6 857
Costs of goods and services sold	-4 317	-8 338	-21 674	-20 711	-29 375
Gross operating income	-4 317	-5 004	-17 271	-14 618	-22 518
Selling expenses	-3 157	-2 985	-12 188	-6 953	-11 033
Administrative expenses	-2 143	-2 248	-10 461	-6 383	-9 506
R&D expenses	-3 036	-3 549	-10 868	-9 458	-14 147
Other operating income and expenses	107	250	226	265	194
Total operating expenses	-8 229	-8 532	-33 291	-22 529	-34 492
Operating income	-12 546	-13 536	-50 562	-37 147	-57 010
Financial income	0	0	18	0	0
Financial expenses	0	0	0	-211	-211
Operating income after financial items	-12 546	-13 536	-50 544	-37 358	-57 221
Tax	0	0	0	0	0
Net income	-12 546	-13 536	-50 544	-37 358	-57 221

Average number of shares before dilution ¹⁾³⁾	42 400 106	23 214 326	39 235 069	19 146 878	18 067 042
Average number of shares after dilution ¹⁾³⁾	42 400 106	23 214 326	39 235 069	19 146 878	18 067 042
Outstanding shares at the end of the reporting period before dilution ¹⁾³⁾	43 188 995	23 214 326	43 188 995	23 214 326	23 214 326
Outstanding shares at the end of the reporting period after dilution at full utilization. ^{1) 2) 3)}	64 179 284	37 151 258	64 179 284	37 151 258	37 151 258
Outstanding warrants at the end of the reporting period ¹⁾³⁾	20 990 289	13 936 932	20 990 289	13 936 932	13 936 932
Earnings per share before dilution, SEK ¹⁾³⁾	-0,30	-0,58	-1,29	-1,95	-3,17
Earnings per share after dilution, SEK ¹⁾³⁾	-0,30	-0,58	-1,29	-1,95	-3,17

¹⁾ 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.

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

³⁾ During the third quarter of 2018, in connection with the acquisition of net assets of I-window International AB, a directed issue of 1,000,000 new shares was conducted at a price of SEK 0.71 / share, which was registered on September 12, 2018, after which the total number of shares amounted to 43,188,995 corresponding to a share capital of SEK 8,637,799 with a quota value of SEK 0.2. At the same time, 2,000,000 warrants were issued to I-window International AB with a redemption price of SEK 2 per share with maturity 31 December 2021.

Balance Sheet

KSEK	2017 30-sep	2017 31-dec	2018 31-mar	2018 30-jun	2018 30-sep
ASSETS					
Non-current Assets					
Intangible assets	11 115	10 061	9 353	8 658	12 664
Property, plant and equipment	8 446	8 825	10 263	11 036	10 451
Total non-current assets	19 561	18 886	19 616	19 694	23 115
Current Assets					
Inventories and work in progress	1 592	6 124	5 233	9 831	10 145
Trade receivables	3 750	1 981	3 818	2 424	3 583
Other current receivables	3 163	5 957	2 624	3 865	3 794
Cash and cash equivalents	56 701	38 462	48 269	29 423	12 484
Total current assets	65 206	52 524	59 944	45 543	30 006
TOTAL ASSETS	84 767	71 410	79 560	65 237	53 121
EQUITY AND LIABILITIES					
Equity					
<i>Restricted equity</i>					
Share capital	4 643	4 643	8 438	8 438	8 638
Fund, development expenses	298	298	298	298	499
<i>Non-restricted equity</i>					
Share premium reserve	321 582	321 582	342 672	343 022	343 635
Accumulated profit/loss	-261 810	-261 810	-319 031	-319 031	-319 232
Operating income for the period	-37 358	-57 221	-21 276	-37 998	-50 544
Total equity ²⁾	27 355	7 492	11 101	-5 271	-17 004
Liabilities					
Non-current liabilities					
Non-current interest-bearing liabilities ¹⁾	49 670	49 327	49 327	49 327	49 327
Total non-current liabilities	49 670	49 327	49 327	49 327	49 327
Current liabilities					
Current interest-bearing liabilities ¹⁾	0	343	343	343	343
Trade payables	4 492	7 427	8 216	6 553	5 874
Other current liabilities	3 250	6 821	10 573	14 285	14 581
Total current liabilities	7 742	14 591	19 132	21 181	20 798
TOTAL EQUITY AND LIABILITIES	84 767	71 410	79 560	65 237	53 121

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

²⁾ 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 32,2 million as per September 30, 2018.

Statement of Cash Flows

KSEK	2018	2017	2018	2017	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
OPERATING ACTIVITIES					
Profit/loss before tax	-12 546	-13 536	-50 562	-37 147	-57 010
Financial income and expenses	0	0	18	-211	-211
<i>Adjustments for non-cash items:</i>					
Depreciation/amortization and impairment	1 790	1 537	4 557	4 640	6 178
Cash flow from operating activities before changes in working capital	-10 756	-11 999	-45 987	-32 718	-51 043
<i>Cash flow from changes in working capital</i>					
Increase(-)/decrease(+) inventories	-314	2 318	-4 021	-1 592	-6 123
Increase(-)/decrease(+) trade receivables	-1 159	18	-1 602	-3 430	-1 662
Increase(-)/decrease(+) current receivables	72	1 550	2 162	-1 034	-3 828
Increase(+)/decrease(-) trade payables	-680	1 748	-1 553	2 416	5 351
Increase(+)/decrease(-) current liabilities ¹⁾	-1 704	-3 859	5 760	-1 730	1 841
Cash flow from changes in working capital	-3 785	1 775	746	-5 370	-4 421
Cash flow from operating activities	-14 541	-10 224	-45 241	-38 088	-55 464
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets ¹⁾	-2 398	-36	-6 383	-450	-1 313
Sale of property, plant and equipment	0	0	411	0	0
Cash flow from investing activities	-2 398	-36	-5 972	-450	-1 313
FINANCING ACTIVITIES					
New share issue ¹⁾	0	0	25 235	77 723	77 723
Borrowings	0	0	0	9 000	9 000
Repayment of debt	0	0	0	0	0
Cash flow from financing activities	0	0	25 235	86 723	86 723
CASH FLOW FOR THE PERIOD	-16 939	-10 260	-25 978	48 185	29 946
CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	29 423	66 961	38 462	8 516	8 516
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12 484	56 701	12 484	56 701	38 462

¹⁾ Total purchase price for the acquisition of the I-Window business amounted to 4,511 KSEK, of which 1,552 KSEK in cash, 176 KSEK as acquisition costs, 2,000 KSEK as an additional purchase price according to an earn-out model and 813 KSEK in the form of issued shares and warrants. Only 1,728 KSEK in cash and costs had an impact on the cashflow in the third quarter 2018.

Statement of changes in equity

KSEK	Share capital	Fund, development expenses	Share premium reserve	Accumulated profit/loss	Total equity
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
Equity 31 Dec 2017	4 643	298	321 582	-319 031	7 492

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		201		-201	0
Operating income for the period				-50 544	-50 544
Equity 30 Sep 2018	8 638	499	343 635	-369 776	-17 004

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 2018-09-30
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	0	0	0	2 000 000
Total					15 620	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 2018-09-30
2017-03-02 ¹⁾	2018-05-31	13 921 312	0,00	9,87	0	0	13 921 312	0
2018-01-26 ²⁾	2020-01-31	18 974 669	0,00	3,50	0	0	0	18 974 669
Total 2018-03-31					0	0	13 921 312	0

¹⁾ 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.

²⁾ 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
Total			43 188 995	0,2	8 637 799	343 634 870		

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.

In September 2018, a directed issue of 1 000 000 new shares was conducted at a price of 0.71 SEK / share. The targeted issue was registered on September 12, 2018, after which the total number of shares amounted to 43,188,995 corresponding to a share capital of SEK 8,637,799 with a quota value of SEK 0.2.

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 135,000 for the period Jan-Sep 2018.

Transactions between the company and the company's primary owners

Nothing to report for the period Jan-Sep 2018.

Note 5, Pledged assets and contingent liabilities

KSEK Event	Holder	2017 30-sep	2017 31-dec	2018 31-mar	2018 30-jun	2018 30-sep
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	2017				2018		
	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3	Iso. Kv.4	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3
Net sales	1 015	1 744	3 334	764	1 872	2 532	0
Costs of goods and services sold	-7 625	-4 748	-8 338	-8 664	-9 143	-8 214	-4 317
Gross operating income	-6 610	-3 004	-5 004	-7 900	-7 271	-5 682	-4 317
Selling expenses	-1 958	-2 010	-2 985	-4 080	-4 262	-4 769	-3 157
Administrative expenses	-1 616	-2 519	-2 248	-3 123	-6 061	-2 257	-2 143
R&D expenses	-2 905	-3 004	-3 549	-4 689	-3 376	-4 457	-3 036
Other operating income and expenses	-11	26	250	-71	-324	443	107
Total operating expenses	-6 490	-7 507	-8 532	-11 963	-14 023	-11 040	-8 229
Operating income	-13 100	-10 511	-13 536	-19 863	-21 294	-16 722	-12 546
Financial income	0	0	0	0	18	0	0
Financial expenses	-193	-18	0	0	0	0	0
Operating income after financial items	-13 293	-10 529	-13 536	-19 863	-21 276	-16 722	-12 546
Tax	0	0	0	0	0	0	0
Net income	-13 293	-10 529	-13 536	-19 863	-21 276	-16 722	-12 546

Average number of shares before dilution ¹⁾³⁾	10 963 743	23 127 944	23 214 326	23 214 326	33 116 106	42 188 995	42 400 106
Average number of shares after dilution ¹⁾³⁾	10 963 743	23 127 944	23 214 326	23 214 326	33 116 106	42 188 995	42 400 106
Outstanding shares at the end of the reporting period before dilution ¹⁾³⁾	22 091 366	23 214 326	23 214 326	23 214 326	42 188 995	42 188 995	43 188 995
Outstanding shares at the end of the reporting period after dilution at full utilization. ^{1) 2) 3)}	34 784 027	37 151 258	37 151 258	37 151 258	75 084 976	61 179 284	64 179 284
Outstanding warrants at the end of the reporting period ¹⁾³⁾	12 692 661	13 936 932	13 936 932	13 936 932	32 895 981	18 990 289	20 990 289
Earnings per share before dilution, SEK ¹⁾³⁾	-1,21	-0,46	-0,58	-0,86	-0,64	-0,40	-0,30
Earnings per share after dilution, SEK ¹⁾³⁾	-1,21	-0,46	-0,58	-0,86	-0,64	-0,40	-0,30

¹⁾ 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.

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

³⁾ During the third quarter of 2018, in connection with the acquisition of net assets of I-window International AB, a directed issue of 1,000,000 new shares was conducted at a price of SEK 0.71 / share, which was registered on September 12, 2018, after which the total number of shares amounted to 43,188,995 corresponding to a share capital of SEK 8,637,799 with a quota value of SEK 0.2. At the same time, 2,000,000 warrants were issued to I-window International AB with a redemption price of SEK 2 per share with maturity 31 December 2021.

Statement of Cash Flows isolated quarters

KSEK	2017	2017	2017	2017	2018	2018	2018
	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3	Iso. Kv.4	Iso. Kv.1	Iso. Kv.2	Iso. Kv.3
OPERATING ACTIVITIES							
Profit/loss before tax	-13 101	-10 511	-13 536	-19 863	-21 294	-16 722	-12 546
<i>Adjustments for non-cash items:</i>	-193	-18	0	0	18	0	0
Financial income and expenses							
Depreciation/amortization and impairment	1 559	1 544	1 537	1 538	1 539	1 228	1 790
Capitalization of R&D expenditure	0	0	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-11 735	-8 985	-11 999	-18 325	-19 737	-15 494	-10 756
<i>Cash flow from changes in working capital</i>							
Increase(-)/decrease(+) inventories	-282	-3 628	2 318	-4 531	891	-4 598	-314
Increase(-)/decrease(+) trade receivables	-1 269	-2 180	18	1 768	-1 836	1 394	-1 159
Increase(-)/decrease(+) current receivables	-1 149	-1 266	1 550	-2 794	3 332	-1 241	72
Increase(+)/decrease(-) trade payables	528	148	1 748	2 935	789	-1 664	-680
Increase(+)/decrease(-) current liabilities	-669	2 623	-3 859	3 571	3 751	3 713	-1 704
Cash flow from changes in working capital	-2 841	-4 303	1 775	949	6 927	-2 396	-3 785
Cash flow from operating activities	-14 576	-13 288	-10 224	-17 376	-12 810	-17 890	-14 541
INVESTING ACTIVITIES							
Acquisition of property, plant and equipment and intangible assets	-119	-295	-36	-863	-2 268	-1 717	-2 398
Sale of property, plant and equipment	0	0	0	0	0	411	0
Cash flow from investing activities	-119	-295	-36	-863	-2 268	-1 306	-2 398
FINANCING ACTIVITIES							
New share issue	79 693	-1 970	0	0	24 885	350	0
Borrowings	9 000	0	0	0	0	0	0
Repayment of debt	0	0	0	0	0	0	0
Cash flow from financing activities	88 693	-1 970	0	0	24 885	350	0
CASH FLOW FOR THE PERIOD	73 998	-15 553	-10 260	-18 239	9 807	-18 846	-16 939
CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	8 516	82 514	66 961	56 701	38 462	48 269	29 423
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	82 514	66 961	56 701	38 462	48 269	29 423	12 484