

Year-End Report 2018

Continue increase order intake and more customers

Fourth quarter of 2018

- Net sales for the period amounted to SEK 6.8 (0.8) million and earnings to SEK -22.9 (-19.9) million, which corresponds to earnings per share of SEK -0.53 (-0.86).
- Cash and cash equivalents on December 31 amounted to SEK 7.5 million.
- A new order of SEK 4.5 million was received in December for Ångströmlaboratoriet in Uppsala.
- After the acquisition the assets of I-Window International AB were acquired to broaden the product portfolio and strengthen the sales organization we see a positive trend on incoming orders.
- Order intake amounted to SEK 10 million during the quarter. Total outstanding tender base, including the acquisition of I-Window, amounts to over SEK 120 million on the reporting date. We start 2019 with an order volume of 17 MSEK.
- Significantly increased customer interest in the Company's products.
- A short-term debt financing of SEK 12.6 million has been agreed with external investors
- The board of Directors decided 17 December 2018 to convene an extra-ordinary general meeting at 17th January 2019 to carry out a new share issue with pre-emption rights for existing shareholders.

Events after the end of the period

- During the period 28th of January to 15th of February a new share issue was performed which gave SEK 77.7 million in capital injection. Every existing share gave the right to subscribe three new shares.
- A new order on 7 MSEK was received in February from Humlegården Fastigheter.
- An order on 4,5 MSEK was taken in second half of February from Ticon Broen AS in Norway.
- As a result of the share issue the terms of the warrants (TO2) will be recalculated. See page 4.

SEK million	2018	2017	2018	2017
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	6,8	0,8	11,2	6,9
EBITDA	-20,5	-18,3	-66,5	-51,0
Net income	-22,9	-19,9	-73,4	-57,2
EPS before dilution, SEK	-0,53	-0,86	-1,83	-3,17
EPS after dilution, SEK	-0,53	-0,86	-1,83	-3,17
Cash and bank end of the period	7,5	38,5	7,5	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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To secure quality and widen our offer is our focus. Our presence in the whole of Scandinavia together with a growing interest in climate smart glass will pave the way for an offensive 2019

The CEO's comments

The market demands more climate smart and sustainable products. ChromoGenics has the solutions and already today offers the glasses of the future. We have the products which maintain the view but block more than 90 percent of the solar energy and in the same time half the heat radiation in winter time. With an extended offer with construction services give us a possibility to reach the end customers, close to the decision makers. The year 2018 has been eventful in many ways with an acquisition of I-Window and developing initiatives. In the same time the run-in problems on deliveries made during the spring and summer needed to be handled. Large resources have been invested in product stability, productivity and an improved sales process. Investments which have generated a stable product and a strong sales team. Now we act in the long-term to get continuously improved confidence in the market and to ConverLight will be the natural choice when selecting façade glass.

During the last quarter we have won several orders at a value of nearly 10 MSEK and many quotations of project are under discussion which likely will be new orders in short future.



We continue to have a close dialogue with our customers concerning our earlier initial problems and damages. Re-deliveries have started and will continue to do so during 2019. Deliveries will be done in close dialogue with the affected customers. At year-end we have provided just over 10 MSEK in respect of re-deliveries. It is not excluded that further costs might arise.

During the last quarter a lot of time has been spent on quality control and preparations for our new share issue. It has been rewarding and developing to meet investors and industry players. It has given us a better position and made ChromoGenics better known in the market. With all facts in hand we can conclude that it went well, and we have received the confidence of the market through a fully subscribed share issue.

In the fourth quarter we have received two break-through orders on ConverLight Dynamic at two different school buildings, one in Norway and one in Gothenburg, Sweden. In both projects the product was selected for its unique dynamic characteristics and non-existing maintenance. Schools have rarely cooling but have high demands on daylighting and solar protection and therefore find advantages with dynamic glass. Through long-term ownership of a building there is earnings over time to use ConverLight as the first choice.

The vision within five years is to reach annual deliveries of ConverLight® of at least 100 000 square meters remains. We are working methodically and hard to reach this target and are doing all the needed work to scale up the sales and production.

Jerker Lundgren, CEO

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

Earnings

Net sales amounted to SEK 6.8 (0.8) million for Q4 2018 and SEK 11.2 (6.9) million for full-year 2018. The company is still in its initial phase of sales and production.

Costs of goods sold amounted to SEK 11.8 (8.7) million for the fourth quarter and SEK 33.4 (29.4) million for the fiscal year of 2018. The costs during the quarter are related to used material in the production and to provided re-deliveries for installation of previous projects. During the quarter, the provision related to replacement deliveries was adjusted by net SEK 2.4 million. The provision at year-end 2018 was SEK 10.5 million and the annual provision amounted to 8.2 MSEK. 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 next quarters.

Depreciation and impairment amounted to SEK 2.0 (1.5) million in the fourth quarter and SEK 6.5 (6.2) million for the twelve months of 2018.

Selling costs amounted to SEK 4.3 (4.1) million in the fourth quarter and SEK 16.5 (11.0) million for the whole 2018. In September, the sales team arrived from I-Window, strengthening the sales unit.

Administrative costs amounted to SEK 4.2 (3.1) million in the fourth quarter and SEK 14.6 (9.5) million for the period January to December 2018. The increase during this year compared to the previous year consisted primarily of a provision of SEK 3.2 million related to the change in CEO.

Research and Development expenditure amounted to SEK 8.3 (4.7) million for the last quarter of 2018 and SEK 19.2 (14.1) million for full year. This increase in the fourth quarter is primarily due to intensified product development and quality assurance. Among the activities has ConverLight 75, the world's most transparent dynamic glass, been developed. We have also added the products ConverLight AW which is solar cell driven and ConverLight Paragon a glass with an isolation value as good as a wall has been developed during the last six months.

ChromoGenics operating loss in the fourth quarter 2018 amounted to SEK -21.5 (-19.9) million and for the full-year 2018 to SEK -72.0 (-57.0) million. The order intake has improved essentially during the fourth quarter, which will give result in the next coming quarters when the projects will be delivered to the customers. ChromoGenics is still in an initial commercialization phase. The sales grew during the fourth quarter but are initially low and are not expected to cover the company's total expenses for 2019. Break-even is expected to be achieved during year 2020.

Net financial items amounted to SEK -1.4 (0.0) million in the fourth quarter and SEK 1.4 (-0.2) million for 2018. 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 -17.5 (-17.4) million for the fourth quarter and SEK -50.2 (-55.5) million for the full-year 2018.

Net cash flow from investing activities amounted to SEK 0.0 (-0.9) million for the fourth quarter and SEK -6.0 (-1.3) million for the twelve month-period of 2018. The investment is primarily related to the acquisition of net assets from I-window International AB and the final investments in laser cutter in the free form production process.

Net cash flow from financing activities amounted to SEK 12.6 (0.0) million in the fourth 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.

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The 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 7.5 million on December 31, 2018, compared to SEK 12.5 million on September 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.

Equity amounted to SEK -39.9 million, compared to SEK 7.5 million on December 31, 2017, and SEK -17.4 million on September 30, 2018.

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 9.8 million on December 31, 2018.

Investments

The investments in 2018 amounted to net SEK -6.4 (-1.3) million. During the third 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 cutter 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 fourth quarter amounted to 24 (14) where of 12 in the production. There were on average 32 employees (FTE), including temporary staffing and consultants, in the fourth quarter, compared to 25 in Q3 2018. There were 28 employees on December 31, 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). Subscribing period will be 10th January to 31st of January 2020.

As a result of the share issue that was carried out in February 2019 the warrants TO2 will be recalculated. After recalculation every warrant of series TO2 will entitle to subscribe 1.62 shares at a price of 2.17 SEK. Maximally 30 655 062 shares will be issued which correspond to a dilution of 17.7 percent. With full utilization of the warrants, additional capital of SEK 66.4 million will be brought to the company. 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

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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.

On December 31, 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 -39.9 million on December 31, 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 December 28, 2018, the largest shareholders in the company were:

Shareholders per 2018-12-28	Ordinary shares	Votes and capital
K-SVETS VENTURE AB	5 112 350	11,8%
BNY MELLON SA/NV (FORMER BNY), W8IMY	4 481 468	10,4%
NORDNET PENSIONS FÖRSÄKRING AB	1 462 933	3,4%
DANSKE BANK INTERNATIONAL S.A.	1 300 000	3,0%
FÖRSÄKRINGS AKTIEBOLAGET, AVANZA PENSION	1 098 853	2,5%
JWH INNOVATION AB	1 000 000	2,3%
CASTAB AB	709 110	1,6%
GÖRAN HAMRÖ	632 000	1,5%
HANS ALMESJÖ	616 544	1,4%
ANDERS BRÄNNSTRÖM	555 146	1,3%
ÖVRIGA	26 220 591	60,7%
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 12.6 million was received in November to give the Board of Directors some additional time to continue its work to strengthen the company's long-term financial position. In December the Board of Directors decide to convene an extraordinary general meeting to carry out a new share issue in January 2019 to extend the share capital of the company. During the period 28th of January to 15th of February the share issue was carried out and it was fully subscribed and brought in gross 77 MSEK. The Board sees 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.

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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.

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 an organization of approximately 32 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.

Annual General Meeting 2019

The Annual General Meeting will be held on May 15, 2019, at 2:00 PM CET, at the offices of Advokatfirman Lindahls on Vaksalagatan 10 in Uppsala, Sweden. Information about the Annual General Meeting will be available at, for example, www.chromogenics.com

Proposed dividend

Given that the company's earnings, financial position and need for capital to the growth phase, the Board of Directors is not proposing a dividend for the 2018 financial year.

Annual Report 2017

The Annual Report 2017 will be published on March 28, 2019, at www.chromogenics.com and be available at the company's head office on Ullforsgatan 15, Uppsala, Sweden.

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Calendar

February 28, 2019	Year-End Report 2018
March 28, 2019	Annual Report 2018
May 15, 2019	Interim Report January – March 2019
May 15, 2019	Annual General Meeting 2019
August 28, 2019	Interim Report January – June 2019
November 22, 2019	Interim Report January – September 2019

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

The Board of Directors and CEO hereby confirm that the Year-end 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, 28 February, 2019 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

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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	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	6,836	764	11,240	6,857
Costs of goods and services sold*	-11,750	-8,664	-33,424	-29,375
Gross operating income	-4,914	-7,900	-22,184	-22,518
Selling expenses	-4,288	-4,080	-16,476	-11,033
Administrative expenses	-4,152	-3,123	-14,613	-9,506
R&D expenses	-8,321	-4,689	-19,190	-14,147
Other operating income and expenses	187	-71	413	194
Total operating expenses	-16,574	-11,963	-49,866	-34,492
Operating income	-21,488	-19,863	-72,050	-57,010
Financial income	0	0	18	0
Financial expenses	-1,410	0	-1,410	-211
Operating income after financial items	-22,898	-19,863	-73,442	-57,221
Tax	0	0	0	0
Net income	-22,898	-19,863	-73,442	-57,221

Average number of shares before dilution ¹⁾³⁾	43,188,995	23,214,326	40,223,550	18,067,042
Average number of shares after dilution ¹⁾³⁾	43,188,995	23,214,326	40,223,550	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
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
Outstanding warrants at the end of the reporting period ¹⁾³⁾	20,990,289	13,936,932	20,990,289	13,936,932
Earnings per share before dilution, SEK ¹⁾³⁾	-0.53	-0.86	-1.83	-3.17
Earnings per share after dilution, SEK ¹⁾³⁾	-0.53	-0.86	-1.83	-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.

* Includes a provision of 2.4 (2.3) MSEK in fourth quarter 2018 and 8.2 (2.3) MSEK for fiscal year 2018

Balance Sheet

KSEK	2017 31-Dec	2018 31-Mar	2018 30-Jun	2018 30-Sep	2018 31-Dec
ASSETS					
Non-current Assets					
Intangible assets	10,061	9,353	8,658	12,664	11,683
Property, plant and equipment	8,825	10,263	11,036	10,451	9,476
Total non-current assets	18,886	19,616	19,694	23,115	21,159
Current Assets					
Inventories and work in progress	6,124	5,233	9,831	10,145	7,420
Trade receivables	1,981	3,818	2,424	3,583	3,429
Other current receivables	5,957	2,624	3,865	3,794	7,133
Cash and cash equivalents	38,462	48,269	29,423	12,484	7,521
Total current assets	52,524	59,944	45,543	30,006	25,503
TOTAL ASSETS	71,410	79,560	65,237	53,121	46,662
EQUITY AND LIABILITIES					
Equity					
<i>Restricted equity</i>					
Share capital	4,643	8,438	8,438	8,638	8,638
Fund, development expenses	298	298	298	499	795
<i>Non-restricted equity</i>					
Share premium reserve	321,582	342,672	343,022	343,635	343,635
Accumulated profit/loss	-261,810	-319,031	-319,031	-319,232	-319,528
Operating income for the period	-57,221	-21,276	-37,998	-50,544	-73,442
Total equity ²⁾	7,492	11,101	-5,271	-17,004	-39,902
Liabilities					
Non-current liabilities					
Non-current interest-bearing liabilities ¹⁾	49,327	49,327	49,327	49,327	49,327
Total non-current liabilities	49,327	49,327	49,327	49,327	49,327
Current liabilities					
Current interest-bearing liabilities ¹⁾	343	343	343	343	343
Trade payables	7,427	8,216	6,553	5,874	5,933
Other current liabilities	6,821	10,573	14,285	14,581	30,961
Total current liabilities	14,591	19,132	21,181	20,798	37,237
TOTAL EQUITY AND LIABILITIES	71,410	79,560	65,237	53,121	46,662

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 9.4 million as per December 31, 2018.

Statement of Cash Flows

KSEK	2018		2017	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
OPERATING ACTIVITIES				
Profit/loss before tax	-21,488	-19,863	-72,050	-57,010
Financial income and expenses	-1,410	0	-1,392	-211
<i>Adjustments for non-cash items:</i>				
Depreciation/amortization and impairment	1,980	1,538	6,537	6,178
Cash flow from operating activities before changes in working capital	-20,918	-18,325	-66,905	-51,043
<i>Cash flow from changes in working capital</i>				
Increase(-)/decrease(+) inventories	2,725	-4,531	-1,296	-6,123
Increase(-)/decrease(+) trade receivables	154	1,768	-1,448	-1,662
Increase(-)/decrease(+) current receivables	-3,339	-2,794	-1,177	-3,828
Increase(+)/decrease(-) trade payables	59	2,935	-1,494	5,351
Increase(+)/decrease(-) current liabilities ¹⁾	3,780	3,571	9,540	1,841
Cash flow from changes in working capital	3,379	949	4,125	-4,421
Cash flow from operating activities	-17,539	-17,376	-62,780	-55,464
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment and intangible assets ¹⁾	-24	-863	-6,407	-1,313
Sale of property, plant and equipment	0	0	411	0
Cash flow from investing activities	-24	-863	-5,996	-1,313
FINANCING ACTIVITIES				
New share issue ¹⁾	0	0	25,235	77,723
Borrowings	12,600	0	12,600	9,000
Repayment of debt	0	0	0	0
Cash flow from financing activities	12,600	0	37,835	86,723
CASH FLOW FOR THE PERIOD	-4,963	-18,239	-30,941	29,946
CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	12,484	56,701	38,462	8,516
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7,521	38,462	7,521	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		497		-497	0
Operating income for the period				-73,442	-73,442
Equity 31 Dec 2018	8,638	795	343,635	-392,970	-39,902

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	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 2018-12-31
2017-03-02 ¹⁾	2018-05-31	13,921,312	0.00	9.87	13,921,312	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					13,921,312	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 180,000 for the period Jan-Dec 2018.

Transactions between the company and the company's primary owners

Nothing to report for the period Jan-Dec 2018.

Note 5, Pledged assets and contingent liabilities

KSEK Event	Holder	2017 31-Dec	2018 31-Mar	2018 30-Jun	2018 30-Sep	2018 31-Dec
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. Q1	Iso. Q2	Iso. Q3	Iso. Q4	Iso. Q1	Iso. Q2	Iso. Q3	Iso. Q4
Net sales	1,015	1,744	3,334	764	1,872	2,532	0	6,836
Costs of goods and services sold	-7,625	-4,748	-8,338	-8,664	-9,143	-8,214	-4,317	-11,750
Gross operating income	-6,610	-3,004	-5,004	-7,900	-7,271	-5,682	-4,317	-4,914
Selling expenses	-1,958	-2,010	-2,985	-4,080	-4,262	-4,769	-3,157	-4,288
Administrative expenses	-1,616	-2,519	-2,248	-3,123	-6,061	-2,257	-2,143	-4,152
R&D expenses	-2,905	-3,004	-3,549	-4,689	-3,376	-4,457	-3,036	-8,321
Other operating income and expenses	-11	26	250	-71	-324	443	107	187
Total operating expenses	-6,490	-7,507	-8,532	-11,963	-14,023	-11,040	-8,229	-16,574
Operating income	-13,100	-10,511	-13,536	-19,863	-21,294	-16,722	-12,546	-21,488
Financial income	0	0	0	0	18	0	0	0
Financial expenses	-193	-18	0	-1,410	0	0	0	-1,410
Operating income after financial items	-13,293	-10,529	-13,536	-19,863	-21,276	-16,722	-12,546	-1,410
Tax	0	0	0	0	0	0	0	0
Net income	-13,293	-10,529	-13,536	-19,863	-21,276	-16,722	-12,546	-22,898

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	43,188,995	43,188,995
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	43,188,995	43,188,995
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	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	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	20,990,289
Earnings per share before dilution, SEK ¹⁾³⁾	-1.21	-0.46	-0.58	-0.86	-0.64	-0.40	-0.29	-0.53
Earnings per share after dilution, SEK ¹⁾³⁾	-1.21	-0.46	-0.58	-0.86	-0.64	-0.40	-0.29	-0.53

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				2018			
	Iso. Q1	Iso. Q2	Iso. Q3	Iso. Q4	Iso. Q1	Iso. Q2	Iso. Q3	Iso. Q4
OPERATING ACTIVITIES								
Profit/loss before tax	-13,101	-10,511	-13,536	-19,863	-21,294	-16,722	-12,546	-21,488
<i>Adjustments for non-cash items:</i>								
Financial income and expenses	-193	-18	0	-1,410	18	0	0	-1,410
Depreciation/amortization and impairment	1,559	1,544	1,537	1,538	1,539	1,228	1,790	1,980
Capitalization of R&D expenditure	0	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	-20,918
<i>Cash flow from changes in working capital</i>								
Increase(-)/decrease(+) inventories	-282	-3,628	2,318	-4,531	891	-4,598	-314	2,725
Increase(-)/decrease(+) trade receivables	-1,269	-2,180	18	1,768	-1,836	1,394	-1,159	154
Increase(-)/decrease(+) current receivables	-1,149	-1,266	1,550	-2,794	3,332	-1,241	72	-3,339
Increase(+)/decrease(-) trade payables	528	148	1,748	2,935	789	-1,664	-680	59
Increase(+)/decrease(-) current liabilities	-669	2,623	-3,859	3,571	3,751	3,713	-1,704	3,780
Cash flow from changes in working capital	-2,841	-4,303	1,775	949	6,927	-2,396	-3,785	3,379
Cash flow from operating activities	-14,576	-13,288	-10,224	-17,376	-12,810	-17,890	-14,541	-17,539
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment and intangible assets	-119	-295	-36	-863	-2,268	-1,717	-2,398	-24
Sale of property, plant and equipment	0	0	0	0	0	411	0	0
Cash flow from investing activities	-119	-295	-36	-863	-2,268	-1,306	-2,398	-24
FINANCING ACTIVITIES								
New share issue	79,693	-1,970	0	0	24,885	350	0	0
Borrowings	9,000	0	0	0	0	0	0	12,600
Repayment of debt	0	0	0	0	0	0	0	0
Cash flow from financing activities	88,693	-1,970	0	0	24,885	350	0	12,600
CASH FLOW FOR THE PERIOD	73,998	-15,553	-10,260	-18,239	9,807	-18,846	-16,939	-4,963
CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	8,516	82,514	66,961	56,701	38,462	48,269	29,423	12,484
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	82,514	66,961	56,701	38,462	48,269	29,423	12,484	7,521