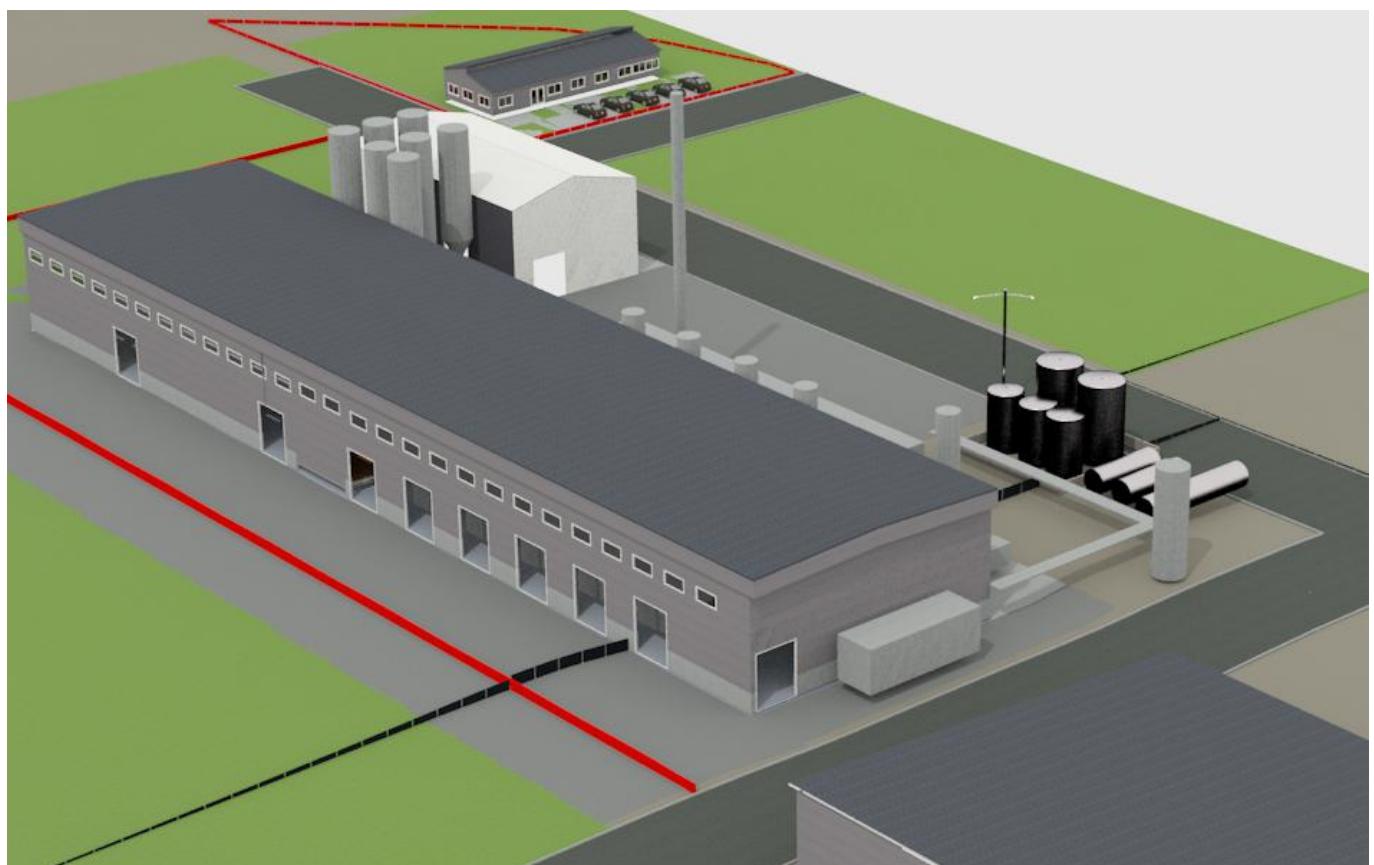




## Interim Report January – September 2018



Above: Enviro's design of a pyrolysis plant with a capacity of 30,000 tons tyres/year for rising together with our Danish partner Windspace A/S

## Positive market development and increased demand

*N.B. The English text is an in-house translation of the original Swedish text. Should there be any disparities between the Swedish and the English text, the Swedish text shall prevail.*

### Q3 2018

- Net revenues for the period were MSEK 0.3 (0.2)
- Earnings after tax for the period were MSEK -8.9 (-9.4)
- Earnings per share for the period (before dilution) was SEK -0.07 (-0.08)
- Cash flow for the period after investments was MSEK -6.3 (-6.3)
- Strengthening of the capital via off-set directed issue and another decided directed off-set issue of totally MSEK 5.8.
- A loan given by Pegroco Invest AB of MSEK 7.5 has been prolonged until the end of the year

### Jan-September 2018

- Net revenues for the period were MSEK 0.6 (0.3)
- Earnings after tax for the period were MSEK -19.0 (-19.3)
- Earnings per share for the period (before dilution) was SEK -0.16 (-0.17)
- Cash flow for the period after investments was MSEK -13.3 (-18.1)
- Signing of MoU with Treadcraft Limited regarding a plant in New York State, USA
- Signing of MoU with Windspace A/S regarding a plant in Denmark
- Quality anniversary: More than 50 million components containing Enviro's recovered carbon black has been delivered to Volvo Cars
- Strengthening of the capital via off-set directed issue and another decided directed off-set issue of totally MSEK 5.5.
- An already existing loan given by an external institution of MSEK 4.5 has been taken over by Pegroco Invest AB and has been prolonged until the end of the year.

### Significant events after the end of the period

- Manufacturing test with new carbon black product by international rubber producer
- Announcing of share rights issue of MSEK 106
- Announcing of extra General Meeting regarding a share rights issue and changes to the articles of association.
- Securing of bridge financing of MSEK 7.0.

**Scandinavian Enviro Systems AB (publ)** is an environmental business that offers profitable recycling of tyres and refined material primarily for the rubber industry. The company sells complete environmental installations to industrial investors and operates its own facility for worn-out tyres in Åsensbruk, Sweden. Enviro, with its head quarter in Gothenburg, Sweden, was founded in 2001, and has 20 employees. It is listed on Nasdaq First North with Mangold Fondkommission AB as certified advisor. [www.envirosystems.se](http://www.envirosystems.se)

## Positive development of the carbon black market and increased demand for recovered carbon black leads to priority of plant ownership

We still see a positive development of the carbon black market, which currently is driven by increase of demand and limited supply. The tyre and rubber industry, which are the driving markets for carbon black consumption, and with an increased focus on use of sustainable material, such as recovered carbon black, results in increased demand for our material. The increasing interest is applicable to both our recovered carbon black as well as our plants. This leads to that our calculations made on plants based on our technology generate a very high and improved yield in line with the development of the market. Based on this development during the past months both our board of directors as well as management have revised our business model in order for us to utilize on our unique position. Enviro will through partly or total plant ownership create a high and long-term profitability. As of now we will now prioritize new plant projects where we evaluate the preconditions to be favourable. The increase of demand also results in investments for increase of capacity our existing plant in Åsensbruk, implementation of additional environmental solutions and, over time, increase of personnel. Our aim is to manifold our turnover in our plant based on the increase of demand, price and capacity.

### Strong position for Enviro

Demand for our carbon black has risen further over the last quarter and we are approaching greater volumes at favourable price levels. We are still prioritising strategic customers that will be able to generate orders in major volumes for new plants in the long term. For now – this means that we have to turn away some customers whom we are hoping to supply once we have more capacity in Åsensbruk and later when we have completed our first plant. Several major rubber producers with whom we have completed tests for various applications over multiple years are now clearly showing that they are ready to start implementing recovered carbon black for even more applications. It therefore gives us tremendous pleasure to announce that, also during the past quarter, we were able to present an additional material in our product line that could replace an increasing part of virgin carbon black by up to 100% in rubber applications. This means that our potential market is increasing.

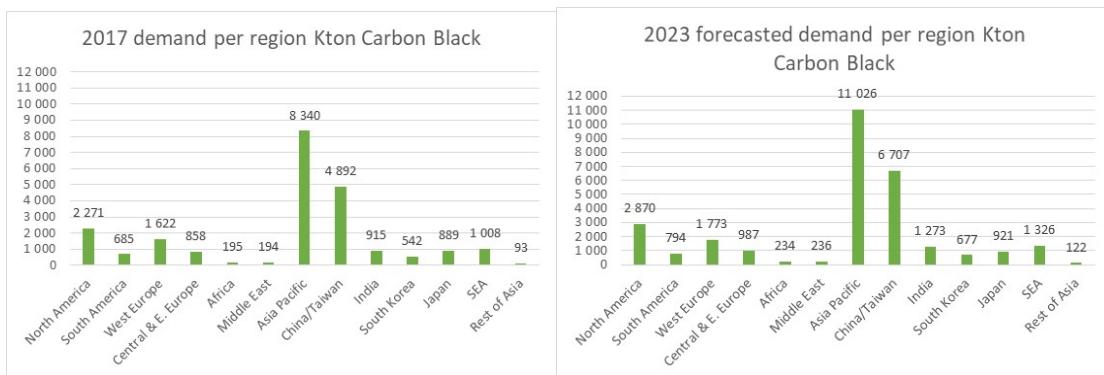
One of the biggest carbon black distributors are showing rapidly growing interest in recovered carbon black of our quality as they seek to implement the material in their product lines in Europe, the United States and Asia as applicable.

Company	Customer type	Product	% rCB	Volume ton/year	Status
Anva	Producer/Compounder	Chassi plugs (Volvo)	100	80	Active orders
Anva	Producer/Compounder	Sealing (Alvenius)	100	8	Active orders
Multinational tyre Co. 1	Solid tyre producer	Solid tyres and caster wheels	25-50	150	Active orders
Anva	Producer/Compounder	Not disclosed	100	Not disclosed	Waiting for order
Anva	Producer/Compounder	Not disclosed	100	Not disclosed	Waiting for order
Anva	Producer/Compounder	Not disclosed	100	Not disclosed	Waiting for order
Multinational tyre Co. 2	Solid tyre producer	Solid tyre	Not disclosed	300	Order. for production test
Multinational rubber Co. 1	Producer/Compounder	Aut. bellow	Not disclosed	Not disclosed	Approved
Multinational rubber Co. 1	Producer/Compounder	Insulation sheet	50	200	Appr. For production test
Multinational rubber Co. 2	Compounder	Rubber Compounds	10-100%	Not disclosed	Approved and initial order
Multinational rubber Co. 1	Producer/Compounder	Extruded profiles and rubber mats	25-50	500	In test
Multinational CB trader	Trader/Compounder	New blends of virgin/rCB	5-90%	>5000	In test
Multinational rubber Co. 3	Producer/Compounder	Conveyour belts etc.	Not disclosed	>3000	In test
Multinational tyre Co. 3	Tyre and general rubber producer	Different tyres, all types of general rubber applicat	10-100%	Major	Waiting for order
Multinational tyre Co. 4	Tyre producer and retread compounds prod	Tyres and compounds	10-50%	Major	Waiting for sample order
Multinational tyre Co. 5	Solid Tyre Producer	Agriculture tyres, solid tyres	10-50	1000-5000	In test
Masterbatch producer plast	Masterbatch plastics	Masterbatch	Not disclosed	1000	Appr. For production test
Rubber Comapany Europé	Producer/Compounder	Agri sheet	10-100	120	Appr. For production test

*Status for carbon black customers. We are experiencing a continuous increase (from 9 in Q2 against 12 in Q3) of both customers and applications and above we show the latest development in short. The conclusion is that we continuously are taking steps forward for number of customers, applications and volumes.*

Over the past quarter, we have seen how rapidly our industry is developing and how well-positioned we are. In late-September, we participated as a sponsor with a delegation at the fair Carbon Black World 2018 in Düsseldorf, Germany. It is an event that centres on the global carbon black industry and it is held every other year. Most participants there had a clear link to the circular materials economy – and the need for alternatives to meet market demand with respect to volumes, prices, and not least sustainability. Resource optimisation is becoming ever more important at a macro level and for the industries that are driving the carbon black market. An example of this is the greatly increased focus on sustainability in the tyre industry, which is responsible for about 70% of all carbon black consumption globally. That industry is driven mostly by the growing automotive industry and the ongoing shift toward sustainability. Apart from that, the authorities in such markets as the United States, China and India are promulgating very stringent regulations to curb carbon black industry energy usage and emissions. There were multiple examples from the United States where big investments ran in parallel with the imposition of fines and penalties, while in China and India production units have been shut down.

Overall, multiple sources indicate that the market will grow and that additional production capacity in the form of investments will be unable to meet demand. This was reported by both Smithers Rapra and Notch Consulting.



*The demand for carbon black is expected to increase significantly on a global base. (Source: Smithers Rapra). The lack of capacity that exists already today, in combination with increased demand for recovered material from the tyre- and rubber industry, will create very good preconditions and profitability for the plants of Enviro.*

### Prioritized plant projects

The U.S. company TreadCraft visited the Sweden plant a few weeks ago for continued discussions related to the New York State project. We have a stated goal of participating in this plant and that is a precondition for our discussions with them.

WindSpace, our customer in Denmark, also attended Carbon Black World 2018, and we held several joint meetings with potential customers of carbon black from a Denmark-based plant. In review, they are greatly interested in moving ahead. More specifically, the team is continuing their work on drafting plant permit applications, financing structures, and contractual matters.

With the active contacts and market signs that we have seen, we are in an obvious position to occupy a strong place in the value chain by investing in plant ownership.

Customer	Cap. 'tonnes tyres/ye	Status	Type	Country
WindSpace	30	MoU	Investor	Denmark
TreadCraft	30	MoU	Recycling	USA
ArticCan	31	MoU	Energy/Recycling	Canada
Not official	30	Quotation	Recycling	France
Not official	30	Quotation	Recycling/Investme	USA
Not official	30	Quotation	Investor	Abu Dhabi
Not official	30	RFI	Mining	SA
Not official	18	Quotation	Recycling	Chile
Not official	30	Quotation	Investor	Abu Dhabi
Not official	30	Quotation	Recycling	China
Not official	30	Quotation	Energy	UK
Not official	30	Quotation	Energy	China
Not official	30	Quotation	Recycling	Russia
Not official	18	Quotation	Recycling	Australia

*Status ongoing customer contacts for plants. During the period some contacts have been prioritized downwards and others have been treated with more intensity. As a result of the change in the business model we intend to prioritize projects where we evaluate that (co) ownership has our most interest. A more clear focus will result in a shorter project list for the future, but we will utilize our resources and possibilities where our business model can create the best profitability.*

### Åsensbruk plant

One of the world's biggest manufacturers of off-the-road (OTR) tyres visited Åsensbruk in September and they are continuing their tests of our materials. This is a collaboration that will prove tremendously valuable to SES and our plant customers in the long term. During the past quarter, we have hosted visitors to the plant from Russia, the United States, the United Kingdom, Denmark, and multiple companies from China, Serbia, and Sri Lanka.

The planning of capacity increasing activities that the higher demand needs has been started and projects are ongoing with the objective to affect the availability at a minimum.

The use of silica is on the rise in certain types of tyres and that affects the composition of the materials we recycle in the long term. Thanks to our Åsensbruk plant and our partnerships throughout the industry, we are now able to identify and align in step with changes as they occur – and that adds great value.

Several of our oil-related projects will continue as planned. There, too, there is increased interest as refineries are facing future regulatory challenges and incentives for increased used of bio-based raw materials.

### Good timing for the next phase

We conclude the third quarter of 2018 by announcing the board of directors' decision to propose a share rights issue. We do so to benefit from our position in a very interesting market development. This also marks a clear shift from Enviro's current approach to place greater emphasis on owning plants in part or in full.

This is the product of a strategic effort over the past year, which has identified a path to create a growing company that is profitable for the long term. The current paradigm shift is bolstered by several strong forces. An increase in carbon black demand, a production capacity shortage, and more stringent rules and regulations combine to make access more expensive and more limited. And that means that recovered materials of our quality will be able to fill some of those gaps profitably. Most leading actors

in the automotive and tyre industrial segments increasingly demand higher rates of sustainable and recycled material. And we can help them reach their sustainability targets effectively, for example, by increasing their share of sustainable material and limiting their CO<sub>2</sub> impact. Our technology represents an attractive and profitable supplementary solution to incineration and granulation, the primary recycling methods for discarded tyres. We have been biding our time until the market was sufficiently mature for establishing plants – and that time is now.

We are excitedly looking forward to taking the company into its next phase with you and we invite you to participate in the upcoming Share rights issue!

Thomas Sörensson

*Chief Executive Officer*

## Financial summary

### Q3 2018

#### Group revenues and results

Net revenues for the period were MSEK 0.3 (0.2). Operating results totalled MSEK -8.2 (-9.3), and earnings after tax were MSEK -8.9 (-9.4).

The increase of the earnings compared to previous year is mainly explained by savings in higher overhead costs MSEK 1.2. The depreciations are MSEK 0.1 due to that Enviro has activated an investment regarding a Basic Design during 2017. The interest net is MSEK 0.7 higher than previous year due to higher interest rates in short term financing.

#### Investments and financial standing

During the quarter investments made were MSEK 0.1 (-0.3). The investments are related to the latest patents of Enviro.

Cash flow from operating activities after investing activities for the period were MSEK -6.3 (-6.3).

### JAN-SEPTEMBER 2018

#### Group revenues and results

Net revenues for the period were MSEK 0.9 (0.4). Operating results totalled MSEK -26.6 (-28.1), and earnings after tax were MSEK -27.9 (-28.7).

The improvement of the earnings compared to previous year is mainly explained by higher sales volumes, which has increased the gross profit with MSEK 0.2, but more due to MSEK 1.7 lower overhead costs. On the other hand the depreciation is MSEK 0.4 higher than last year. The interest net is MSEK 0.9 higher than during the same period last year mainly due to higher interest in the short-term financing.

#### Investments and financial standing

The investments of the group amounted to MSEK 0.3 (2.2). The investments almost solely are related to patents while last year's investments mainly are related to a Basic Design. Cash flow from operating activities after investing activities for the period were MSEK -19.6 (-24.3). The improvement in the cashflow is related to the above described improvement in the result combined with a

lower investment level than during the same period in 2017.

The total cash at the end of the period was MSEK 7.6 (11.1). Added capital through five directed set-off issues has secured MSEK 13.6 before share right costs to the company. The latest directed set-off issue was decided before and booked as an ongoing share issue by September 30, 2018, but the actual registration took place in the beginning of October. Two existing loans of MSEK 4.5 and MSEK 7.5 respectively given by Pegroco Invest AB, have been merged into one loan of MSEK 12.0 to be repaid by December 31, 2018. In connection with this as well as taking over the loan of MSEK 12.0 will be done against a floating charge, of which only MSEK 4.5 was registered at the end of the period. The last floating charge of MSEK 7.5 was registered during Q4. Tyre Recycling in Sweden AB has reduced its amortization to two external lenders with MSEK 3.4 per year. After the end of the period the company has announced a share rights issue of MSEK 106 before share rights costs, of which MSEK 84 before share right costs are guaranteed. The share right issue also contains share options which can provide the company with up to MSEK 264 before share right costs. Finally, the company has secured a bridge financing of MSEK 7.0 until the capital from the share issue is paid out.

Equity/assets ratio was 77 (84) %.

#### Mother company

Net revenues for the parent totalled MSEK 2.4 (2.4), and profit after financial items was MSEK -32.0 (-31.2). All revenues are for services charged to subsidiaries. The most significant cause of the reduced result are partly due to higher depreciation is MSEK 0.2 higher than last year related to the activating of last year's investment in a Basic Design and partly due to higher interest costs of MSEK 0 related to additional interest for the short-term financing. On the other hand there has been saving made of MSEK 0.3 compared to last year. The investments for the year of MSEK 0.3 (2.2) are mainly related to patents belonging to the company.

Equity/assets ratio at the period-end was 86 (97) %.

**Staff and Organisation**

The group has 16 (16) employees at the period-end.

**Executed transactions with related parties**

Loans of MSEK 0.15 from two board members have been repaid during the period.

**Number of shares**

Total shares outstanding at the end of the period was 128,839,140 (116,370,291). In this number the decided directed share issue of MSEK 2.3 and an additional 3,180,000 shares, which was not yet finally registered at September 30, 2018. This amount has been booked as an ongoing share issue.

**Risks and uncertainties**

A detailed description of risks and uncertainty factors is provided on pages 15-20 in our share issue prospectus from 2016. No new risks are assessed to have arisen in relation to those listed there.

The board of directors and the management has earlier concluded that with the current revenue and cost structure the group will be in need of a capital injection. The board of Enviro is working on a very detailed plan, which will secure the liquidity of the company.

**FINANCIAL KEY RATIOS****Accounting policies**

The consolidated reports for the group are prepared in compliance with the Swedish Annual Accounts Act, and BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3). Applicable accounting policies are detailed in the company consolidated annual report note 1.

**Financial Key Ratios**

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
EBITDA (KSEK)	-5,009	-6,224	-17,100	-19,043	-23,844
Operating margin (%) <sup>1)</sup>	neg.	neg.	neg.	neg.	neg.
Equity ratio (%)	-	-	76.3%	82.9%	80.7%
Return on capital employed (%) <sup>2)</sup>	-6.6%	-6.5%	-20.9%	-18.1%	-23.8%
Interest-bearing liabilities (KSEK) <sup>3)</sup>	-	-	23,072	16,506	18,156
Earnings per share before dilution (SEK)	-0.07	-0.08	-0.23	-0.25	-0.32

<sup>1)</sup> Operating income as a percentage of net sales.

<sup>2)</sup> Capital employed; equity plus interest bearing liabilities. Return on capital employed is calculated as earnings after financial items plus interest expenses divided by average capital employed.

<sup>3)</sup> Interest bearing liabilities, ending balance.

## Largest shareholders

Sep 28, 2018



Shareholders	Ownership share
Försäkringsbolaget Avanza Pension	7.18%
Nordnet Pensionsförsäkring AB	4.56%
Swedbank Försäkring AB	3.54%
Pegroco Holding AB	2.52%
Veolia Recycling Solutions Nordic AB	1.87%
<b>10 largest owners</b>	<b>25.79%</b>
<b>Others</b>	<b>74.21%</b>

## Planned reporting schedule

Year End Report 2018	Feb 28, 2019
Annual Report 2018	Apr 18, 2019
Interim Report Jan-Mar 2019	May 09, 2019
General Meeting 2019	May 09, 2019

Gothenburg Nov 07, 2018

The board of directors and Chief Executive Officer

Scandinavian Enviro Systems AB (publ)

This interim report has not been subject to auditing by the company's auditors.

## Questions answered by

Thomas Sörensson, VD, Phone: +46 735-10 53 43, [thomas.sorensson@envirosystems.se](mailto:thomas.sorensson@envirosystems.se)  
Urban Folcker, CFO, Phone: +46 760 00 13 11, [urban.folcker@envirosystems.se](mailto:urban.folcker@envirosystems.se)

**CONSOLIDATED STATEMENT OF INCOME**

Amounts in KSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<b>Operating income</b>					
Net sales	251	158	865	431	735
Other operating income	-	-	37	-	1,102
Changes in stocks of finished goods	-15	64	-127	27	88
	<b>237</b>	<b>222</b>	<b>775</b>	<b>457</b>	<b>1,926</b>
<b>Operating expenses</b>					
Raw materials and consumables	-144	-125	-426	-349	-434
Other external costs	-1,926	-3,121	-7,500	-8,542	-11,452
Personnel costs	-3,176	-3,200	-9,949	-10,610	-13,883
Depreciation of tangible and intangible assets	-2,862	-2,789	-8,568	-8,176	-11,107
Amortization of acquired goodwill	-305	-305	-914	-914	-1,219
	<b>-8,412</b>	<b>-9,540</b>	<b>-27,357</b>	<b>-28,590</b>	<b>-38,095</b>
<b>Operating profit/loss</b>					
	<b>-8,176</b>	<b>-9,318</b>	<b>-26,583</b>	<b>-28,133</b>	<b>-36,170</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	23	18	42	94	106
Interest expenses and similar items	-758	-116	-1,409	-631	-854
	<b>-736</b>	<b>-98</b>	<b>-1,367</b>	<b>-538</b>	<b>-748</b>
<b>Profit/loss after financial items</b>					
	<b>-8,911</b>	<b>-9,416</b>	<b>-27,950</b>	<b>-28,670</b>	<b>-36,918</b>
Tax for the period					
	-	-	-	-	-
<b>Profit/loss for the period</b>					
	<b>-8,911</b>	<b>-9,416</b>	<b>-27,950</b>	<b>-28,670</b>	<b>-36,918</b>
Number of shares at the end of the period	128,839,140	116,370,291	128,839,140	116,370,291	116,370,291
Average number of shares before dilution	125,974,162	116,370,291	119,800,639	116,370,291	116,370,291
Average number of shares after dilution	125,974,162	116,370,291	119,800,639	116,370,291	116,370,291
Earnings per share before dilution (SEK)	-0.07	-0.08	-0.23	-0.25	-0.32
Earnings per share after dilution (SEK)	-0.07	-0.08	-0.23	-0.25	-0.32

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development	41 299	46 386	45 137
Patents and similar rights	4 295	4 517	4 414
Goodwill	6 400	7 619	7 314
	<b>51 994</b>	<b>58 522</b>	<b>56 865</b>
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	66 364	72 169	70 628
Equipment, tools, and installations	75	97	89
	<b>66 439</b>	<b>72 266</b>	<b>70 716</b>
<i>Financial non-current assets</i>			
Other non-current receivables	-	-	-
	-	-	-
<b>Total fixed assets</b>	<b>118 433</b>	<b>130 788</b>	<b>127 582</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables	38	64	84
Goods in progress	10	44	51
Finished products and goods for resale	59	91	145
	<b>106</b>	<b>198</b>	<b>280</b>
<i>Current receivables</i>			
Trade receivables	186	93	70
Other receivables	2 163	1 930	2 056
Prepaid costs and accrued income	764	859	836
	<b>3 113</b>	<b>2 882</b>	<b>2 962</b>
<i>Cash and cash equivalents</i>			
	7 647	11 098	9 466
<b>Total current assets</b>	<b>10 867</b>	<b>14 179</b>	<b>12 708</b>
<b>TOTAL ASSETS</b>	<b>129 300</b>	<b>144 967</b>	<b>140 290</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	5 281	4 655	4 655
Other capital contributions	272 350	261 742	261 742
Other capital, including profit/loss for the year	-179 000	-144 978	-153 226
	<b>98 630</b>	<b>121 418</b>	<b>113 171</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	7 904	10 206	7 056
	<b>7 904</b>	<b>10 206</b>	<b>7 056</b>
<b>Current liabilities</b>			
Amounts owed to credit institutions	3 168	6 300	11 100
Trade payables	1 557	1 538	1 564
Other current liabilities	15 078	2 845	4 418
Accrued expenditures and prepaid income	2 962	2 658	2 980
	<b>22 766</b>	<b>13 342</b>	<b>20 063</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>129 300</b>	<b>144 967</b>	<b>140 290</b>
<b>Collaterals and Contingent Liabilities</b>			
Encumbrances	43 850	39 350	39 350
Restricted bank balances	184	3 973	1 386

## CHANGES IN EQUITY, CONSOLIDATED

Amounts in KSEK	Jan 1 - Sep 30, 2018		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
<b>Opening balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>-153,226</b>
Profit/loss for the period	-	-	-27,950
Fund for development costs	-	-	-279
Profits brought forward	-	-	279
New share issue	626	12,996	-
Expenses related to issue	-	-213	-
<b>Closing balance, equity</b>	<b>5,281</b>	<b>274,525</b>	<b>-181,175</b>

Amounts in KSEK	Jan 1 - Sep 30, 2017		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
<b>Opening balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>-116,308</b>
Profit/loss for the period	-	-	-28,670
Fund for development costs	-	-	2,031
Profits brought forward	-	-	-2,031
<b>Closing balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>-144,978</b>

	Jan 1 - Dec 31, 2017		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
<b>Opening balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>-116,308</b>
Profit/loss for the period	-	-	-36,918
Fund for development costs	-	-	3,564
Profits brought forward	-	-	-3,564
<b>Closing balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>-153,226</b>

## STATEMENT OF CASH FLOW, CONSOLIDATED

Amounts in KSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<i>Operating activities</i>					
Operating profit/loss	-8,176	-9,318	-26,583	-28,133	-36,170
Adjustments for items not part of the cash flow	3,167	3,094	9,483	9,090	12,326
Capital gain/loss on fixed assets	-	-	4	-	-
Interest received	23	18	42	94	106
Interest paid	-758	-116	-1,409	-631	-854
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5,745</b>	<b>-6,322</b>	<b>-18,464</b>	<b>-19,580</b>	<b>-24,592</b>
<i>Cash flow from changes in working capital</i>					
Increase (–) / reduction (+) in inventories	31	-69	174	-42	-124
Increase (–) / reduction (+) in trade receivables	30	12	-116	-90	-67
Increase (–) / reduction (+) in other receivables	128	568	-35	17	-85
Increase (+) / reduction (–) in trade payables	-513	556	-7	-1,126	-1,100
Increase (+) / reduction (–) in current liabilities	-161	-1,258	-858	-1,294	-899
<b>Cash flow from ordinary course of business</b>	<b>-6,231</b>	<b>-6,514</b>	<b>-19,306</b>	<b>-22,114</b>	<b>-26,867</b>
<i>Investment activities</i>					
Acquisition of intangible assets	-117	264	-338	-2,169	-2,204
Acquisition of property, plant and equipment	-	-	-	-24	-19
Changes in long-term receivables	-	2	-	2	2
<b>Cash flow from investment activities</b>	<b>-117</b>	<b>266</b>	<b>-338</b>	<b>-2,190</b>	<b>-2,220</b>
<i>Financing activities</i>					
New rights issue	5,796	-	11,319	-	-
Amortisation / Increase of debts	-992	-744	4,416	-4,912	-1,763
<b>Cashflow from financing activities</b>	<b>6,894</b>	<b>-744</b>	<b>17,825</b>	<b>-4,912</b>	<b>-1,763</b>
<b>Cash flow for the period</b>	<b>546</b>	<b>-6,992</b>	<b>-1,819</b>	<b>-29,217</b>	<b>-30,849</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,101</b>	<b>18,091</b>	<b>9,466</b>	<b>40,315</b>	<b>40,315</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,647</b>	<b>11,098</b>	<b>7,647</b>	<b>11,098</b>	<b>9,466</b>

## STATEMENT OF INCOME, PARENT COMPANY

Amounts in KSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<b>Operating revenues</b>					
Net sales	798	798	2,394	2,394	3,242
Other Operating Income	-	-	37	-	1,101
	<b>798</b>	<b>798</b>	<b>2,431</b>	<b>2,394</b>	<b>4,343</b>
<b>Operating expenses</b>					
Other external costs	- 7,251	- 7,673	- 22,971	- 22,982	- 30,752
Personnel expenses	- 2,082	- 2,070	- 6,271	- 6,562	- 8,628
Depreciation of tangible and intangible assets	- 1,441	- 1,425	- 4,304	- 4,083	- 5,478
	<b>- 10,774</b>	<b>- 11,168</b>	<b>- 33,547</b>	<b>- 33,627</b>	<b>- 44,858</b>
<b>Operating profit/loss</b>	<b>- 9,976</b>	<b>- 10,370</b>	<b>- 31,116</b>	<b>- 31,233</b>	<b>- 40,515</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	-	18	4	86	90
Interest expenses and similar items	- 611	- 3	- 927	- 16	- 68
	<b>- 611</b>	<b>14</b>	<b>- 923</b>	<b>70</b>	<b>22</b>
<b>Profit/loss after financial items</b>	<b>- 10,587</b>	<b>- 10,356</b>	<b>- 32,039</b>	<b>- 31,163</b>	<b>- 40,493</b>
<b>Group contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>Profit/loss after balance sheet allocations</b>	<b>- 10,587</b>	<b>- 10,356</b>	<b>- 32,039</b>	<b>- 31,163</b>	<b>- 35,493</b>
<b>Tax on net profits for the period</b>					
<b>Profit/loss for the period</b>	<b>- 10,587</b>	<b>- 10,356</b>	<b>- 32,039</b>	<b>- 31,163</b>	<b>- 35,493</b>

## STATEMENT OF FINANCIAL POSITION, PARENT COMPANY

Amounts in KSEK	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development	41 249	46 336	45 087
Patents and similar rights	4 295	4 517	4 414
	<b>45 544</b>	<b>50 853</b>	<b>49 501</b>
<i>Tangible fixed assets</i>			
Equipment, tools, and installations	75	97	89
	<b>75</b>	<b>97</b>	<b>89</b>
<i>Financial non-current assets</i>			
Investments in group companies	36 891	36 891	36 891
Long-term receivables, group enterprises	25 326	28 886	31 371
Other long-term receivables	-	-	-
	<b>62 216</b>	<b>65 776</b>	<b>68 261</b>
<b>Total non-current assets</b>	<b>107 836</b>	<b>116 727</b>	<b>117 851</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Other receivables	2 038	1 825	1 996
Prepaid costs, accrued earnings	390	504	412
	<b>2 428</b>	<b>2 329</b>	<b>2 408</b>
<i>Cash and cash equivalents</i>			
	<b>6 198</b>	<b>7 333</b>	<b>8 342</b>
<b>Current assets, total</b>	<b>8 626</b>	<b>9 661</b>	<b>10 750</b>
<b>TOTAL ASSETS</b>	<b>116 462</b>	<b>126 388</b>	<b>128 601</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	5 281	4 655	4 655
Statutory reserve	502	502	502
Fund for development expenses	3 285	3 626	3 564
<i>Unrestricted equity</i>			
Share premium reserve	294 354	261 240	261 240
Ongoing share issue	2 175	-	-
Share right issue costs	-22 506	-	-
Retained earnings	-151 099	-115 947	-115 885
Profit/loss for the period	-32 039	-31 163	-35 493
	<b>99 953</b>	<b>122 913</b>	<b>118 583</b>
<b>Current liabilities</b>			
Amounts owed to credit institutions	-	-	4 500
Trade payables	853	329	444
Other current liabilities	13 618	1 507	3 058
Accrued costs and prepaid income	2 038	1 639	2 015
	<b>16 509</b>	<b>3 475</b>	<b>10 018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>116 462</b>	<b>126 388</b>	<b>128 601</b>
<b>Pledged collaterals and contingent liabilities</b>			
Restricted bank balances	50	1 298	1 252
Guarantees benefiting group enterprises	11 863	18 590	13 656

## CHANGS IN EQUITY, MOTHER COMPANY

Amounts in TSEK			Jan 1 - Sep 30, 2018			
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>4,655</b>	<b>502</b>	<b>3,565</b>	<b>261,240</b>	<b>-115,885</b>	<b>-35,493</b>
Adjustment of previous year's profit and loss	-	-	-	-	-35,493	35,493
Profit/loss for the period	-	-	-	-	-	-32,039
Fund for development costs	-	-	-279	-	279	-
New share issue	626	-	-	12,995	-	-
Expenses related to issue	-	-	-	-213	-	-
<b>Closing balance, equity</b>	<b>5,281</b>	<b>502</b>	<b>3,286</b>	<b>274,022</b>	<b>-151,099</b>	<b>-32,039</b>

			Jan 1 - Sep 30, 2017			
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>4,655</b>	<b>502</b>	<b>1,896</b>	<b>261,240</b>	<b>-81,125</b>	<b>-33,092</b>
Adjustment of previous year's profit and loss	-	-	-	-	-33,092	33,092
Profit/loss for the period	-	-	-	-	-	-31,163
Fund for development costs	-	-	1,730	-	-1,730	-
<b>Closing balance, equity</b>	<b>4,655</b>	<b>502</b>	<b>3,626</b>	<b>261,240</b>	<b>-115,947</b>	<b>-31,163</b>

			Jan 1 - Dec 31, 2017			
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>4,655</b>	<b>502</b>	<b>1,896</b>	<b>261,240</b>	<b>-81,125</b>	<b>-33,092</b>
Adjustment of previous year's profit and loss	-	-	-	-	-33,092	33,092
Profit/loss for the period	-	-	-	-	-	-35,493
Fund for development costs	-	-	1,669	-	-1,669	-
<b>Closing balance, equity</b>	<b>4,655</b>	<b>502</b>	<b>3,565</b>	<b>261,240</b>	<b>-115,885</b>	<b>-35,493</b>

## STATEMENT OF CASH FLOW, MOTHER COMPANY

Amounts in KSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<i>Operating activities</i>					
Operating profit/loss	-9,976	-10,370	-31,116	-31,233	-40,515
Adjustments for items not part of the cash flow	1,441	1,425	4,304	4,083	5,478
Capital gain/loss on fixed assets	-	-	4	-	-
Interest received	-	18	4	86	90
Interest paid	-611	-3	-927	-16	-68
<b>Cash flow from operating activities before changes in working capital</b>	<b>-9,147</b>	<b>-8,931</b>	<b>-27,731</b>	<b>-27,080</b>	<b>-35,015</b>
<i>Cash flow from changes in working capital</i>					
Increase (–) reduction (+) in other receivables	52	568	-21	-28	-107
Increase (+)/reduction (–) in trade payables	-307	-239	409	-1,301	-1,186
Increase (+)/reduction (–) in current liabilities	6	-890	-918	-1,084	-656
<b>Cash flow from ordinary course of business</b>	<b>-9,395</b>	<b>-9,492</b>	<b>-28,260</b>	<b>-29,492</b>	<b>-36,963</b>
<b>Investment activities</b>					
Acquisition of intangible assets	-117	264	-338	-2,169	-2,204
Changes in long-term receivables	1,815	2,132	6,045	2,762	277
<b>Cash flow from investment activities</b>	<b>1,698</b>	<b>2,396</b>	<b>5,707</b>	<b>593</b>	<b>-1,927</b>
<b>Financing activities</b>					
New rights issue	5,795	-	11,319	-	-
Expenses related to issue	-213	-	-213	-	-
Group Contributions	-	-	-	-	5,000
Amortisation/Increase of debts	-200	-184	7,000	-552	5,448
<b>Cashflow from financing activities</b>	<b>7,685</b>	<b>-184</b>	<b>20,409</b>	<b>-552</b>	<b>10,448</b>
<b>Cash flow for the period</b>	<b>-11</b>	<b>-7,280</b>	<b>-2,144</b>	<b>-29,451</b>	<b>-28,442</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,210</b>	<b>14,613</b>	<b>8,342</b>	<b>36,784</b>	<b>36,784</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,198</b>	<b>7,333</b>	<b>6,198</b>	<b>7,333</b>	<b>8,342</b>