



## Interim Report January – June 2017



*Above: Enviro's design of a pyrolysis plant with a capacity of 30.000 tons tires/year*

## Interim report Scandinavian Enviro Systems AB (publ) January – June 2017

Successful completion of Basic Design in cooperation with ÅF

*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.*

### Q2 2017

- Net revenues for the period were MSEK 0.1 (0.1).
- Earnings after tax for the period were MSEK -9.5 (-8.1).
- Earnings per share for the period (before dilution) was SEK -0.08 (-0.17).
- Cash flow for the period was MSEK -6.7 (-8.4).
- Conclusion that the purified pyrolysis oil from the company is of such a high quality that it can be used as fuel in diesel motor driven power plants
- Usage of environmental rubber increases at Volvo Cars
- Sales Manager Fredrik Olofsson has started his employment at 2017-06-01

### January – June 2017

- Net revenues for the period were MSEK 0.3 (0.1).
- Earnings after tax for the period were MSEK -19.3 (-15.5).
- Earnings per share for the period (before dilution) was SEK -0.17 (-0.33).
- Cash flow for the period was MSEK -18.1 (-17.0).
- Execution of two MoU's with leading Chinese tyre producer for plant sales: one for a plant and the other for a future joint venture for subsequent plant sales
- Positive news related to testing of Enviro's reclaimed carbon black from yet another global tyre producer
- Enviro's reclaimed carbon black included in fittings for water pipes at Alvenius Industrier AB
- Approved EU trademark
- Election of two new board directors prompted by Pegroco Venture AB's entry as the largest stockholder

### Significant events after the year-end

- New COO Olov Ershag replaces the current Technical Manager Elisabeth Gustafsson and has been recruited internally
- The company has successfully completed the Basic Design in cooperation with ÅF

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**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)

## CEO statement

Dear fellow shareholders:

The second quarter showed higher levels of interest in our material and plants based on the good news of even more positive test results from the tyre industry related to our reclaimed material. We are seeing more focused enquiries and our position as a credible and professional player is being strengthened within our focus segments. Interest from additional globally active, international tyre manufacturers is intensifying for reclaimed materials in general and for carbon black in particular.

What used to be only ambitions of sustainability are now being translated into ever more specific strategies and projects with clear goals. In countries like China, India, and Chile, legislation and government supervision related to the production of virgin carbon black, tyre production, and reclamation of end-of-life tyres are being strengthened. This means that factories are being shuttered and market players are being forced to comply with more stringent requirements. We are following these developments with great interest and remain as active as possible in the process. One example of this is our Chilean partner's collaboration with that country's Ministry of the Environment on implementing and complying with their new manufacturer liability law.

Our potential plant customer Vanlead in China has identified an opportunity to take a leading position within sustainable tyre production in this time of rapid market changes. In India, too, there is increased interest in better ways of handling carbon black and to be able to reuse it in e.g. the tyre and other rubber industries. In the latter case, the infrastructure for collecting end-of-life tyres is relatively undeveloped – but with an improved value chain, our technology would bring about changes and improvements also for that structure in the long term.

More locally, Swedish Government Official Reports is currently drafting a report on the incentives and disincentives of waste incineration. In the context of the ambitious climate goals adopted by Sweden in the Paris Agreement and domestic goals that prioritize higher degrees of materials reclamation, our technology is particularly interesting as a supplement to current incineration and granulation practices.

There is increased interest in Enviro Systems in general – and in combination with plant orders, we are working with various alternatives for financing, including through the mandate that the Annual General Meeting gave the Board of Directors.

### Plant sales

In the second quarter, we have begun using major parts of the documentation produced by our investment in a Basic Design. In both our internal and sales processes, that material has provided us with the ability to present a complete dossier of technical and project-related documentation as expected by plant customers. My assessment is that we will enjoy a significant advantage in present and future dialogues because of this investment. A few of the project results were reported by our partner ÅF over the summer even as major parts had been completed earlier.

Our Memorandum of Understanding (MoU) with Vanlead has been extended with respect to the purchasing process but we remain in close dialogue with them in relation to both project planning and structuring agreements. In my assessment, both parties are very serious in their ambitions as together they seek to complete a plant project in the near future. We have benefitted greatly from our Basic Design during the process with Vanlead.

The project in Chile remains on track and we have delivered a Basic Design that meets the Chilean market requirements for both our local partner and the Chilean government agency CORFO. There, too, our MoU has been extended. The authorities there have previously granted support for part of the MoU and we are currently reporting the results of that part. The law on manufacturer liability have already entered into force and there is great activity from the authorities, mining companies, tyre manufacturers, and the reclamation industry in order to meet the requirements set out in the new legislation. Our technology remains in a very strong position and our dialogue with all these actors is ongoing. The fact that we are receiving positive feedback from additional tyre manufacturers is a testament to their interest in a solution that includes us.

In addition to engaging with those customer, we are seeing increased interest across the board from many different markets and regions. In the first two quarters, we have had, specially after our MoU with Vanlead,

more serious enquiries and dialogues with many markets. The plants are packaged as modularly scalable units with a tyre capacity in the range of 18,000–30,000 tonnes per year, which meets most stakeholders' requirements and expectations.

For a long time, we have focused on our virgin carbon black products, since this is the material that generates the best value per tonne tyres for a plant buyer. We now believe that the quality of our carbon black is stable and that it is starting to gain market traction. We are therefore taking steps to refine our oil products further. Enviro Systems has explored and will continue to assess various alternatives – but we are highly satisfied that we were able to confirm – already in this spring – that Wärtsilä will be approving our pyrolysis oil as fuel for their industrial diesel plants. In order to achieve that level of oil quality, a certain level of cleaning is required – primarily to separate out water and particles. We are still at an early stage, but it would naturally present an interesting increase in value of oil products to our plant customer. Already last year, we were able to verify that relatively major parts of the oil are based on the natural rubber that is a major constituent in many tyre types. In the long term, we believe that the market will show a higher level of interest in this type of reclaimed, partially bio-based oil.

#### Carbon Black

On June 1st, Fredrik Olofsson joined the company in the capacity of Sales Director and has already made excellent contributions with his expertise, experience (gained at Ulinco AB), and network within the rubber industry. He has verified that there is increased market interest in reclaimed material and that several of his first contacts have been open to the opportunities and potential it represents. In the spring, we communicated that AnVa Polytech is steadily increasing its volumes for Volvo Cars and that they have expanded the range of applications using our material, including for sealing components for the tube industry. They have also started to see increased interest from various other customers, not least within the automotive industry.

The company is participating in a research project that is run by the Research Institutes of Sweden (RISE) and is focused on new reclamation technologies for heavy vehicle tyres. Volvo Lastvagnar AB is another player that is participating in the project and they have shown great interest in our technology in initial discussions. Together, we have presented our collective interest in continuing our collaboration by, for example, testing tyres for leading tyre manufacturers. The Volvo Group maintains a very strong environmental profile and has demonstrated its commitment to driving issues related to material reclamation.

In addition to this, our material has been approved by a number of actors across the rubber industry and commercial discussions are ongoing.

#### Åsensbruk Plant

We are supplying our existing customers with a stable level of quality and are continuously providing material samples to potential customers from our plant in Åsensbruk. During spring, we have noted an increase in more serious visits to the plant to showcase our technology from plant customers and other stakeholders – China, Japan, Thailand, Mexico, and Italy were among the markets represented there. With the increased interest in the material and a greater market presence.

Our ambition is to offer energy production from incineration of our plant-produced oil as an option for our plant customers. We are therefore applying for authorisation for this type of production, to be classified as a so-called “co-incineration plant,” for the plant in Åsensbruk, in order to be able to test this type of technology there in the long term.

In addition to tyres, our patented technology has the capacity to pyrolyze other types of rubber, for example from rubber industry spillages. This gives a possibility to create a deeper business relation with the rubber industry. In the long term, it is our ambition to supplement tyre reclamation with additional rubber fractions that would otherwise be sent to landfills or incineration. As part of this, Enviro Systems has applied for a new permit from the County Administrative Board during the summer.

Thomas Sörensson  
*Chief Executive Officer*

## Financial summary

### Q2 2017

#### Group revenues and results

Net revenues for the period were MSEK 0.1 (0.1). Operating results totalled MSEK -9.2 (-7.8), and earnings after tax were MSEK -9.5 (-8.1).

The decline of the earnings compared to previous year is explained by the fact that the group has started to depreciate on the plant in Åsensbruk and also on capitalised expenses for development.

#### Investments and financial standing

Investment for the quarter was MSEK 0.1 (0.4). These investments were primarily costs for a Basic Design. Cash flow from operating activities after investing activities for the period were MSEK -6.7 (-8.4). The improvement is mainly due to savings in consultancy costs.

Cash and cash equivalents totalled MSEK 18.1 (11.5) at the end of the period. Equity/assets ratio was 84 (79) %.

### January – June 2017

#### Group revenues and results

Net revenues for the period were MSEK 0.3 (0.1). Operating profit/loss totalled MSEK -18.8 (-14.9), and profit/loss after tax was MSEK -19.3 (-15.5).

The decline in profit compared to the previous year is explained by the group beginning to write off capitalised expenses for development and the plant in Åsensbruk. The depreciations are totally 5.2 MSEK higher than during the same period last year.

#### Investments and financial standing

Investment in fixed assets was MSEK 2.5 (1.3). The investment is almost solely for a Basic Design. Cash flow from operating activities after investing activities for the period was MSEK -18.1 (-17.0). The reduction in cash flow is largely

due to expenses related to a higher investment level (Basic Design).

#### Mother company

Net revenues for the parent totalled MSEK 0.8 (0.8), and profit after financial items was MSEK -20.8 (-19.2). All revenues are for services charged to subsidiaries. The most significant cause of the profit reduction is due to the fact that the group has started to depreciate on the capitalised expenses for development for an amount that is 2.5 MSEK higher than last year. Investment in fixed assets was MSEK 2.3 (0.0). The investments are for a Basic Design. Equity/assets ratio at the period-end was 97 (96) %.

#### Staff and Organisation

The group has 18 (18) employees at the period-end.

#### Number of shares

Total shares outstanding at period-end was 116,370,291 (46,548,117).

#### Risks and uncertainties

The board of directors and the management has concluded that with the current revenue and cost structure the group will be in need of a capital injection during the latter part of the year.

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

### 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.

<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.

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
EBITDA (KSEK)	-6,210	-7,382	-12,819	-14,140	-26,261
Operating margin (%) <sup>1)</sup>	neg.	neg.	neg.	neg.	neg.
Equity ratio (%)	-	-	84.0%	82.9%	82.9%
Return on capital employed (%) <sup>2)</sup>	-6.0%	-5.1%	-11.7%	-9.8%	-20.3%
Interest-bearing liabilities (KSEK) <sup>3)</sup>	-	-	17,250	24,186	21,418
Earnings per share before dilution (SEK)	-0.08	-0.17	-0.17	-0.33	-0.49

## Largest shareholders

June 30, 2017



Shareholders	Ownership share
Pegroco Venture AB	25.41%
TAMT AB	8.59%
Nordnet Pensionsförsäkring AB	4.49%
Försäkringsbolaget Avanza Pension	3.88%
Skandia Leben, Lichtenstein	2.32%
<b>10 largest owners</b>	<b>52.44%</b>
<b>Others</b>	<b>47.56%</b>

## Planned reporting schedule

Annual report 2016	19 April 2017
Annual general meeting 2016	04 May 2017
Interim report January-March 2017	04 May 2017
Interim report January-June 2017	31 Aug. 2017
Interim report January-September 2017	10 November 2017

Gothenburg August 31, 2017

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

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 Stig-Arne Blom, Chairman of the board, +46 (0)705-25 16 15, stigarne@blom.pp.se

**CONSOLIDATED STATEMENT OF INCOME**

Amounts in KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<b>Operating income</b>					
Net sales	145	51	272	51	205
Changes in stocks of finished goods	-10	10	-37	47	-65
	<b>135</b>	<b>61</b>	<b>235</b>	<b>98</b>	<b>140</b>
<b>Operating expenses</b>					
Raw materials and consumables	-110	-132	-224	-157	-316
Other external costs	-2,475	-3,540	-5,420	-6,727	-12,570
Personnel costs	-3,760	-3,771	-7,410	-7,354	-13,515
Depreciation of tangible and intangible assets	-2,696	-88	-5,387	-179	-5,819
Amortization of acquired goodwill	-305	-305	-610	-610	-1,219
	-9,346	-7,836	-19,050	-15,026	-33,439
<b>Operating profit/loss</b>	<b>-9,211</b>	<b>-7,775</b>	<b>-18,815</b>	<b>-14,928</b>	<b>-33,299</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	30	21	76	58	112
Interest expenses and similar items	-272	-311	-515	-656	-1,265
<b>Profit/loss after financial items</b>	<b>-242</b>	<b>-290</b>	<b>-439</b>	<b>-597</b>	<b>-1,154</b>
<b>Profit/loss for the period</b>	<b>-9,453</b>	<b>-8,065</b>	<b>-19,254</b>	<b>-15,526</b>	<b>-34,452</b>
	<b>-9,453</b>	<b>-8,065</b>	<b>-19,254</b>	<b>-15,526</b>	<b>-34,452</b>
Average number of shares before dilution	116,370,291	46,548,117	116,370,291	46,548,117	116,370,291
Average number of shares after dilution	116,370,291	46,548,117	116,370,291	46,548,117	70,341,072
Earnings per share before dilution (SEK)	116,370,291	46,548,117	116,370,291	46,548,117	70,341,072
Earnings per share after dilution (SEK)	-0.08	-0.17	-0.17	-0.33	-0.49
Resultat per aktie efter utspädning (SEK)	-0.08	-0.17	-0.17	-0.33	-0.49



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in KSEK	June 30, 2017	June 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development	47,965	47,505	48,214
Patents and similar rights	4,618	4,258	4,578
Goodwill	7,924	9,143	8,533
	<b>60,507</b>	<b>60,906</b>	<b>61,325</b>
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	73,533	80,117	76,237
Equipment, tools, and installations	106	140	123
	<b>73,638</b>	<b>80,257</b>	<b>76,360</b>
<i>Financial non-current assets</i>			
Other non-current receivables	2	20	2
	<b>2</b>	<b>20</b>	<b>2</b>
<b>Total fixed assets</b>	<b>134,148</b>	<b>141,183</b>	<b>137,688</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables	58	29	49
Goods in progress	22	4	12
Finished products and goods for resale	49	216	96
	<b>129</b>	<b>249</b>	<b>156</b>
<i>Current receivables</i>			
Trade receivables	105	3	3
Other receivables	2,486	3,293	1,989
Prepaid costs and accrued income	871	673	817
	<b>3,462</b>	<b>3,969</b>	<b>2,809</b>
<i>Cash and cash equivalents</i>	<b>18,091</b>	<b>11,502</b>	<b>40,315</b>
<b>Total current assets</b>	<b>21,682</b>	<b>15,721</b>	<b>43,281</b>
<b>TOTAL ASSETS</b>	<b>155,830</b>	<b>156,903</b>	<b>180,969</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4,655	1,862	4,655
Other capital contributions	261,742	219,771	261,742
Other capital, including profit/loss for the year	-135,562	-97,381	-116,308
	<b>130,835</b>	<b>124,252</b>	<b>150,089</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	9,466	17,250	13,266
	<b>9,466</b>	<b>17,250</b>	<b>13,266</b>
<b>Current liabilities</b>			
Amounts owed to credit institutions	7,784	6,936	8,152
Trade payables	982	1,419	2,664
Other current liabilities	2,978	4,267	2,646
Accrued expenditures and prepaid income	3,785	2,779	4,152
	<b>15,529</b>	<b>15,401</b>	<b>17,614</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>155,830</b>	<b>156,903</b>	<b>180,969</b>
<b>Collaterals and Contingent Liabilities</b>			
Encumbrances	39,350	39,350	39,350
Restricted bank balances	2,769	2,751	2,769



**CHANGES IN EQUITY, CONSOLIDATED**

Amounts in KSEK	Jan 1 - June 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	-	-	- 19,254
Fund for development costs	-	-	2,124
Profits brought forward	-	-	- 2,124
New share issue	-	-	-
Expenses related to issue	-	-	-
<b>Closing balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>- 135,562</b>

  

Jan 1 - June 30, 2016			
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
<b>Ingående Eget Kapital</b>	<b>1,862</b>	<b>219,771</b>	<b>- 81,855</b>
Profit/loss for the period	-	-	- 15,526
<b>Closing balance, equity</b>	<b>1,862</b>	<b>219,771</b>	<b>- 97,381</b>

  

Jan 1 - Dec 31, 2016			
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
<b>Opening balance, equity</b>	<b>1,862</b>	<b>219,771</b>	<b>- 81,855</b>
Profit/loss for the period	-	-	- 34,452
Fund for development costs	-	-	1,896
Profits brought forward	-	-	- 1,896
New share issue	2,793	49,557	-
Expenses related to issue	-	- 7,586	-
<b>Closing balance, equity</b>	<b>4,655</b>	<b>261,742</b>	<b>- 116,308</b>

**STATEMENT OF CASH FLOW, CONSOLIDATED**

Amounts in KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<i>Operating activities</i>					
Operating profit/loss	-9,211	-7,774	-18,815	-14,928	-33,299
Adjustments for items not part of the cash flow	3,001	393	5,996	788	7,038
Interest received	30	20	76	58	112
Interest paid	-272	-312	-515	-656	-1,265
<b>Cash flow from operating activities before changes in working capital</b>	<b>-6,452</b>	<b>-7,673</b>	<b>-13,258</b>	<b>-14,738</b>	<b>-27,415</b>
<i>Cash flow from changes in working capital</i>					
Increase (-)/reduction (+) in inventories	14	76	27	39	132
Increase (-)/reduction (+) in trade receivables	-65	-3	-102	-3	-3
Increase (-) reduction (+) in other receivables	-241	-1,335	-550	-2,679	-1,520
Increase (+)/reduction (-) in trade payables	-37	-204	-1,682	-1,046	199
Increase (+)/reduction (-) in current liabilities	167	1,158	-36	2,715	2,467
<b>Cash flow from ordinary course of business</b>	<b>-6,613</b>	<b>-7,981</b>	<b>-15,600</b>	<b>-15,712</b>	<b>-26,139</b>
<b>Investment activities</b>					
Acquisition of intangible assets	-106	-378	-2,433	-1,262	-2,467
Acquisition of property, plant and equipment	-4	-13	-24	-40	-1,607
Changes in long-term receivables	-	-	-	-	18
<b>Cash flow from investment activities</b>	<b>-110</b>	<b>-390</b>	<b>-2,456</b>	<b>-1,301</b>	<b>-4,056</b>
<b>Financing activities</b>					
New rights issue	-	-	-	-	52,350
Expenses related to issue	-	-	-	-	-7,586
Amortisation of debts	-2,084	-684	-4,168	-1,768	-4,536
<b>Cashflow from financing activities</b>	<b>-2,084</b>	<b>-684</b>	<b>-4,168</b>	<b>-1,768</b>	<b>40,227</b>
<b>Cash flow for the period</b>	<b>-8,808</b>	<b>-9,056</b>	<b>-22,225</b>	<b>-18,782</b>	<b>10,032</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>26,898</b>	<b>20,557</b>	<b>40,315</b>	<b>30,283</b>	<b>30,283</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18,091</b>	<b>11,502</b>	<b>18,091</b>	<b>11,502</b>	<b>40,315</b>

## STATEMENT OF INCOME, PARENT COMPANY

Amounts in KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<b>Operating revenues</b>					
Net sales	798	798	1,596	1,596	4,031
	<b>798</b>	<b>798</b>	<b>1,596</b>	<b>1,596</b>	<b>4,031</b>
<b>Operating expenses</b>					
Other external costs	- 7,495	- 8,544	- 15,308	- 16,757	- 33,303
Personnel expenses	- 2,315	- 2,050	- 4,493	- 3,887	- 7,252
Depreciation of tangible and intangible assets	- 1,332	- 88	- 2,658	- 179	- 1,594
	- 11,142	- 10,682	- 22,459	- 20,822	- 42,149
<b>Operating profit/loss</b>	<b>- 10,344</b>	<b>- 9,884</b>	<b>- 20,863</b>	<b>- 19,226</b>	<b>- 38,118</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	27	21	69	58	107
Interest expenses and similar items	- 6	- 12	- 13	- 42	- 81
	21	9	56	16	26
<b>Profit/loss after financial items</b>	<b>- 10,323</b>	<b>- 9,875</b>	<b>- 20,807</b>	<b>- 19,211</b>	<b>- 38,092</b>
Group contributions	-	-	-	-	5,000
<b>Profit/loss after balance sheet allocations</b>	<b>- 10,323</b>	<b>- 9,875</b>	<b>- 20,807</b>	<b>- 19,211</b>	<b>- 33,092</b>
Tax on net profits for the period					
<b>Profit/loss for the period</b>	<b>- 10,323</b>	<b>- 9,875</b>	<b>- 20,807</b>	<b>- 19,211</b>	<b>- 33,092</b>

**STATEMENT OF FINANCIAL POSITION, PARENT COMPANY**

Amounts in KSEK	30 jun 2017	30 jun 2016	31 dec 2016
<b>ASSETS</b>			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development			
Patents and similar rights	47,915	47,455	48,164
	4,618	4,258	4,578
	<b>52,533</b>	<b>51,713</b>	<b>52,742</b>
<i>Tangible fixed assets</i>			
Equipment, tools, and installations	106	140	123
	<b>106</b>	<b>140</b>	<b>123</b>
<i>Financial non-current assets</i>			
Investments in group companies	36,891	36,891	36,891
Long-term receivables, group enterprises	31,016	26,719	31,646
Other long-term receivables	2	20	2
	<b>67,908</b>	<b>63,630</b>	<b>68,538</b>
<b>Total non-current assets</b>	<b>120,548</b>	<b>115,483</b>	<b>121,403</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Other receivables	2,397	3,214	1,859
Prepaid costs, accrued earnings	499	298	442
	<b>2,896</b>	<b>3,512</b>	<b>2,301</b>
<i>Cash and cash equivalents</i>	<b>14,613</b>	<b>8,374</b>	<b>36,784</b>
<b>Current assets, total</b>	<b>17,509</b>	<b>11,886</b>	<b>39,085</b>
<b>TOTAL ASSETS</b>	<b>138,057</b>	<b>127,369</b>	<b>160,488</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	4,655	1,862	4,655
Statutory reserve	502	502	502
Fund for development expenses	4,019		1,896
<i>Unrestricted equity</i>			
Share premium reserve	261,240	219,269	261,240
Convertible loan	-	-	-
Retained earnings	-116,340	-79,229	-81,124
Profit/loss for the period	-20,807	-19,211	-33,092
	<b>133,269</b>	<b>123,193</b>	<b>154,076</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	-	184	-
	<b>-</b>	<b>184</b>	<b>-</b>
<b>Current liabilities</b>			
Amounts owed to credit institutions	184	736	552
Trade payables	569	534	1,630
Other current liabilities	1,484	1,300	1,427
Accrued costs and prepaid income	2,551	1,422	2,803
	<b>4,788</b>	<b>3,992</b>	<b>6,412</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>138,057</b>	<b>127,369</b>	<b>160,488</b>
<b>Pledged collaterals and contingent liabilities</b>			
Restricted bank balances	94	50	94
Guarantees benefiting group enterprises	19,050	19,850	19,450

## CHANGES IN EQUITY, PARENT COMPANY

Amounts in KSEK			Jan 1 - June 30, 2017			
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium reserve	Retained earnings	Profit/loss for the period
Opening balance, equity	4,655	502	1,896	261,240	-81,125	-33,092
Adjustment of previous year's profit and loss	-	-	-	-	-33,092	33,092
Profit/loss for the period	-	-	-	-	-	-20,807
Fund for development costs	-	-	2,124	-	-2,124	-
New share issue	-	-	-	-	-	-
Expenses related to issue	-	-	-	-	-	-
Closing balance, equity	4,655	502	4,020	261,240	-116,341	-20,807

Jan 1 - June 30, 2016						
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium reserve	Retained earnings	Profit/loss for the period
Opening balance, equity	1,862	502	-	219,269	-49,756	-29,473
Adjustment of previous year's profit and loss	-	-	-	-	-29,473	29,473
Profit/loss for the period	-	-	-	-	-	-19,211
Fund for development costs	-	-	-	-	-	-
New share issue	-	-	-	-	-	-
Expenses related to issue	-	-	-	-	-	-
Closing balance, equity	1,862	502	-	219,269	-79,229	-19,211

Jan 1 - Dec 31, 2016						
	Restricted equity			Unrestricted equity		
	Share capital	Statutory reserve	Fund for development costs	Share premium reserve	Retained earnings	Profit/loss for the period
Opening balance, equity	1,862	502	-	219,269	-49,756	-29,473
Adjustment of previous year's profit and loss	-	-	-	-	-29,473	29,473
Profit/loss for the period	-	-	-	-	-	-33,092
Fund for development costs	-	-	1,896	-	-1,896	-
New share issue	2,793	-	-	49,557	-	-
Expenses related to issue	-	-	-	-7,586	-	-
Closing balance, equity	4,655	502	1,896	261,240	-81,125	-33,092

**STATEMENT OF CASH FLOW, PARENT COMPANY**

Amounts in KSEK	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
<i>Operating activities</i>					
Operating profit/loss	-10,344	-9,884	-20,863	-19,226	-38,118
Adjustments for items not part of the cash flow	1,332	88	2,658	179	1,594
Interest received	27	21	69	58	107
Interest paid	-6	-12	-13	-42	-81
<b>Cash flow from operating activities before changes in working capital</b>	<b>-8,991</b>	<b>-9,785</b>	<b>-18,149</b>	<b>-19,032</b>	<b>-36,497</b>
<i>Cash flow from changes in working capital</i>					
Increase (-)/reduction (+) in other receivables	-241	-1,316	-595	-3,051	-1,840
Increase (+)/reduction (-) in trade payables	248	-351	-1,061	-224	872
Increase (+)/reduction (-) in current liabilities	2	-260	-194	0	1,509
<b>Cash flow from ordinary course of business</b>	<b>-8,982</b>	<b>-11,712</b>	<b>-20,000</b>	<b>-22,306</b>	<b>-35,956</b>
<b>Investment activities</b>					
Acquisition of intangible assets	-106	27	-2,433	-	-2,467
Acquisition of property, plant and equipment	-	-40	-	-40	-
Changes in long-term receivables	15	3,715	630	4,280	4,373
<b>Cash flow from investment activities</b>	<b>-91</b>	<b>3,702</b>	<b>-1,803</b>	<b>4,240</b>	<b>1,906</b>
<b>Financing activities</b>					
New rights issue	-	-	-	-	52,350
Expenses related to issue	-	-	-	-	-7,586
Amortisation of debts	-184	-184	-368	-368	-736
<b>Cashflow from financing activities</b>	<b>-184</b>	<b>-184</b>	<b>-368</b>	<b>-368</b>	<b>44,028</b>
<b>Cash flow for the period</b>	<b>-9,257</b>	<b>-8,194</b>	<b>-22,171</b>	<b>-18,434</b>	<b>9,977</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>23,870</b>	<b>16,569</b>	<b>36,784</b>	<b>26,808</b>	<b>26,808</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,613</b>	<b>8,375</b>	<b>14,613</b>	<b>8,374</b>	<b>36,784</b>