



# Interim Report January-September 2022

# Interim Report

## Scandinavian Enviro Systems AB (publ)

### January – September 2022

*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 2022

- Net revenues for the period were MSEK 2.7 (1.4)
- Earnings after tax for the period were MSEK -19.5 (-11.6)
- Earnings per share for the period (before dilution) was SEK -0.03 (-0.02)
- Cash flow for the period after investments was MSEK -24.7 (-14.1)
- Enviro appoints Staffan Kullberg as new CFO
- Construction permit application submitted for Enviro's planned facility in Uddevalla
- Enviro initiates detailed design stage for its plant in Uddevalla

#### Jan-Sep 2022

- Net revenues for the period were MSEK 6.0 (6.5)
- Earnings after tax for the period were MSEK -58.6 (-38.9)
- Earnings per share for the period (before dilution) was SEK -0.09 (-0.07)
- Cash flow for the period after investments was MSEK -72.3 (-39.0)
- Enviro receives a pyrolysis oil order worth MSEK 2 from a subsidiary of a leading US oil company
- Enviro receives order for recovered carbon black from a major European tyre manufacturer
- Sharp increase of interest in Enviro's recovered materials as a result of the war in Ukraine
- Enviro granted environmental permit for planned facility in Uddevalla
- Enviro's pyrolysis oil approved under REACH - the company is now to execute a MSEK 2 order
- Enviro launches a new branding platform
- Michelin presents an even more sustainable racing tyre using Enviro's recovered carbon black
- Enviro granted renewed loan of MSEK 6.5 associated with Åsensbruk operations

#### Significant events **after end of period**

- Enviro receives pyrolysis oil order worth MSEK 2 from Preem
- Michelin unveils the world's first two tyres approved for road use containing 45% and 58% of sustainable materials, respectively amongst which recovered carbon black from Enviro.
- Construction permit granted for Enviro's planned facility in Uddevalla
- Leading US oil company has made successful production tests with Enviro's oil
- Michelin and Bridgestone foresee that demand for up to 1 million tons of recovered carbon black by 2030

**Scandinavian Enviro Systems contributes to enhanced environmental and economic sustainability** using a patented technology for the recovery of valuable raw materials from scrapped and end-of-life products, including tyres. The production of new tyres using carbon black recovered with Enviro's technology reduces carbon dioxide emissions by up to 93 per cent compared with the use of virgin carbon black. Enviro has its head office in Gothenburg and a plant for the recycling of end-of-life tyres in Åsensbruk. The largest owner is the French tyre manufacturer Michelin. Enviro was founded in 2001 and is listed on Nasdaq First North Growth Market with Mangold Fondkommission AB as Certified Adviser.

## **Slowly but surely, the pieces are falling into place for our industrialisation and incipient commercialisation**

**Taking the step from being a promising tech company to becoming an industrial player on commercial grounds is a journey that requires both patience and thoroughness. But it also requires a plan, and a capacity for prioritizing and execution. In the third quarter of 2022, I believe that we showed elements of both. Simultaneously developments in the business environment continued to emphasize the need for as well as the potential of our technology.**

Simply put, it could be said that our plan focuses on two different but equally important fields: one industrial, and one commercial. Central to the industrial field is our capacity for scaling up our technology in a full-scale plant. Central to the commercial field is our success, using our recycling technology, in producing high-quality products that can find a commercial market. At the heart of our efforts on the industrial plane, of course, is our planned plant in Uddevalla. In the third quarter, we submitted a construction permit application which has now, a bit into the fourth quarter, already been granted. During the quarter we also starting up the detailed design stage for the plant in Uddevalla.

### **Several factors now in place**

As regards Uddevalla, we have always stated that a final decision on establishment depends on several factors that we have been able to check off, one by one. Over the past quarter, it was thus an issue of having the construction permit granted, but earlier in the year we were also granted an environmental permit. We have also completed the recruitment of a site manager for the plant and finishing its front-end engineering design (FEED). So, what else is there to do? Well, there are contracts to be concluded for deliveries of recovered carbon black and pyrolysis oil, which is where the commercial field comes in. If a full-scale plant like the one we are planning in Uddevalla is to have a future, we must ensure long-term delivery contracts for both recovered carbon black and oil. And if this is to happen, these recovered products must be in demand commercially.

### **Michelin shows the way in sustainability**

We have always been convinced of the ecological benefits and commercial possibilities of recovered carbon black and oil, but over the last year things have happened that have strengthened that conviction. One of them of course, was the news that Michelin announced as recently as in early October of this year. As the first tyre manufacturer in the world, Michelin presented two tyres with a high proportion of environmentally sustainable materials that had been approved for use on ordinary road vehicles. These were a tyre for buses and a tyre for cars, where the car tyre contained materials that included recovered carbon black from Enviro. Even more important, however, was Michelin's statement that they would introduce this type of more sustainable tyre on a large scale within two to three years. For some time now, Michelin has been communicating extremely high ambitions in the field of sustainability – saying, for example, that by 2050 they would have 100 per cent sustainable materials in their tyres and that the level would already be at 40 per cent in seven years (i.e. by 2030). If this plan is to become reality, production of recovered carbon black must be drastically expanded, and Michelin's plans in this regard have of course dramatically improved the commercial possibilities for our technology and our recovered carbon black. After the end of the quarter, both Michelin and Bridgestone tried to put

figures on future needs. At the Smithers Recovered Carbon Black Conference, which was held recently in Berlin, the two tyre manufacturers made a joint statement in which they assessed that there are conditions for an annual total market of up to 1 million tons of recovered carbon black by the year 2030.

#### **Increased focus on energy and valuable raw materials**

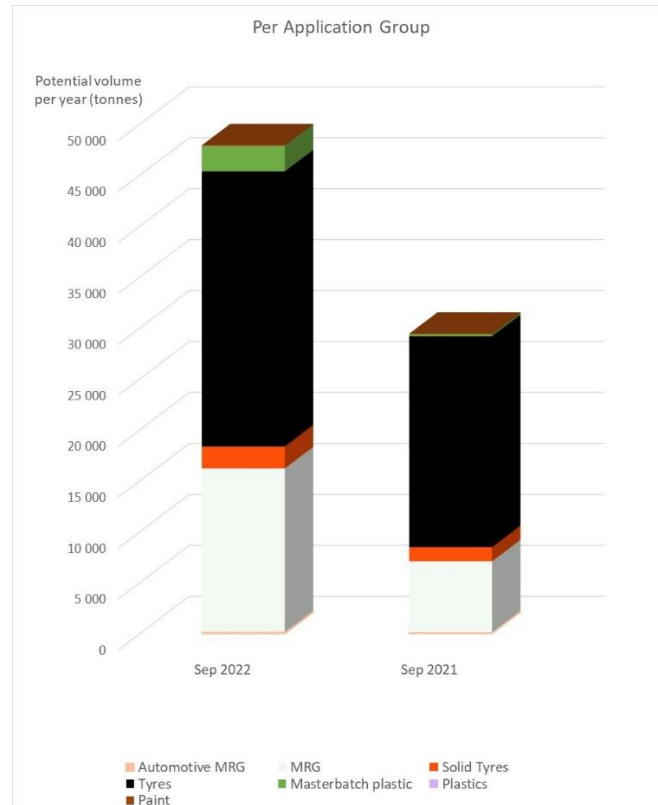
Another important event in this regard is the news about successful production tests of our oil, which we announced after the end of the quarter. The issue concerned was the oil that we sold in February, specifically for production tests, to a subsidiary of a leading US oil company. These tests would determine the suitability of the oil for producing different types of biofuels. After the end of the quarter, Enviro was informed by the customer that the outcome of the testing was good. Another piece of good news regarding our oil also came after the end of the quarter – an order for pyrolysis oil from Preem worth SEK 2 million. The order from Preem also concerned production tests for the production of biofuel. Biofuel produced from pyrolysis oil is needed to reduce the environmental impact from various modes of transportation, but also to reduce dependence on fossil oil in general. The war in Ukraine has had a major impact in this regard. First and foremost, the war remains a tremendous human tragedy, but it has led like no other event to soaring energy prices in general, and in particular gas and oil prices. On our part, this has been noted in several ways, especially in the form of a sharp rise in inquiries concerning our recovered pyrolysis oil, which has been in demand for some time owing to its high proportion of renewable content. But the war has also led to a sharp upswing in interest for recovered carbon black, since virgin carbon black is manufactured from increasingly expensive oil – since November of last year, the average price for virgin carbon black has thus increased by a full 30 per cent. What is interesting in this context is that it has also increased interest in using our recovered oil to produce virgin carbon black as well as our recovered oil.

In conclusion, I would also like to highlight the numerous key recruitments Enviro conducted over the past quarter. With all due respect to solid industrial processes and commercially successful products, without good employees they won't get far. At the same time, with our valuable efforts in both the industrial and commercial fields, I feel a great deal of satisfaction over all the new, competent employees who have come on board.

*Thomas Sörensson*

*Chief Executive Officer*

***Below: Status of the interest in Enviro’s carbon black and potential carbon black customers.***



*The customers that are included in the graph all have at least a status where production tests have or are being conducted.  
The graph clearly shows an increase in interest for our recovered carbon black, especially from the tyre industry.*

***Status of the interest in Enviro's Tyre pyrolysis oil (TPO)***

The commercial demand of our TPO is developing rapidly because of the transformation in several downstream value chains. The ISCC-certifications and the REACH has paved the way to production tests with larger refinery customers. Indications from that sector are pointing at demanded volumes exceeding what can be produced within our expansion plan to 2030. The interest from the chemical industry, including the producers of virgin Carbon black is also developing at a high pace. The reason is that the TPO has proven to be possible to substitute fossil alternatives as sustainable raw material in Carbon black production as well as valuable oil products used in for instance the tire sector. Such use of the TPO will lead to even more circular use of the oil and enable the tire industry to reach their sustainability targets faster. Our focus is now to evaluate the best possible alternatives to create value from our TPO and prioritize choices of partners.

***Below: Status ongoing customer contacts regarding future plants***

Customer	Cap. 'tonnes tyres/year	Status	Type	Country
Michelin	30	Agreement signed	Tyre Manufacturer	Chile
Own Project	60	Environmental and construction permits approved	N/A	Sweden
Own project	90	Feasability study	N/A	UK

*The above listed projects are the ones Enviro assesses as having the biggest probability to be realised within 24 months. As a result of the new business model, we will prioritize projects where we evaluate that a co-ownership will be the most favourable one.*

*Out of the total output of a plant approx. 50% is TPO and approx. 30% is rCB*

## Financial summary

### Q3 2022

#### Group revenue and results

Net revenues for the period were MSEK 2.7 (1.4). Operating results totalled MSEK -19.6 (-11.5), and earnings after tax were MSEK -19.5 (-11.6).

The decrease of the result compared to last year with MSEK 7.9 is mainly explained by higher external costs, majorly external solicitor, and consultancy costs, but also running costs in connection with the plant in Åsensbruk – totally MSEK 5.0 higher. The company has incurred higher electricity costs, which are included in the above, of MSEK 0.6 more than last year. The personnel costs were MSEK 2.7 higher than during the same period last year due to strengthening of the staff in both the parent company and the subsidiary, as well as running reservations related to the stay-on bonus to key employees in connection with the incentive programme LTIP 2021/2024, which was approved by the Annual General Meeting. All employees concerned are still employed within the group. Further the depreciation has been MSEK 0.1 higher than during the same period in 2021. On the other hand, the gross profit is MSEK 1.1 higher than last. Finally, the finance net was MSEK 0.1 higher than during Q3 2021.

#### Investments and financial standing

Investments of the group in fixed assets amounted to MSEK 4.8 (3.8). The investments consist of additional investments in the plant in Åsensbruk, as well as a FEED (Front End Engineering Design) for future plants, of which Uddevalla is the first one. Also, investments have been made in a so-called Detailed Design (DD), which applies to engineering hours for the Uddevalla plant. The cash flow from operating activities after investing activities for the period were MSEK -24.7 (-14.1).

The decrease in the cashflow is related to a lower operating result before adjustments of working capital of MSEK 7.8. As an addition to that, the changes in working capital have been negative with MSEK 1.8 during the period compared to last year. Additional to that, the investments have been MSEK 1.0 higher compared to the same period 2021.

### JANUARY – SEPTEMBER 2022

#### Group revenues and results

Net revenues for the period were MSEK 6.0 (6.5). Operating results totalled MSEK -58.8 (-38.9), and earnings after tax were MSEK -58.6 (-38.9).

The decrease of the result compared to last year with MSEK 19.9 is explained of by a lower gross profit of MSEK 1.8 as a larger sale to Michelin was included in the sales figures of last year, higher external costs of MSEK 12.9 compared with 2021, mainly in connection with consultancy support including the new branding platform of the company, higher running costs in connection with improvements, including electricity costs in the plant in Åsensbruk. The personnel costs were totally MSEK 4.9 higher than last year partly due to strengthening of the staff in both the parent company and the subsidiary, partly due to a payment of a stay-on bonus to key employees in connection with the incentive programme LTIP 2021/2024, which was approved by the Annual General Meeting and running reservations for future payments for this. In addition to that depreciation has been MSEK 0.4 higher than during the same period last year. The finance net, on the other hand, was MSEK 0.3 higher than during the same period 2021.

#### Investments and financial standing

Investments of the group in fixed assets amounted to MSEK 24.2 (7.8). The investments consist of additional investments in the plant in Åsensbruk, as well as a Front End Engineering Design (FEED) for the coming plans, of which Uddevalla is the first one. Also, investments have been made in a so-called Detailed Design (DD), which applies to engineering hours for the Uddevalla plant. The cash flow from operating activities after investing activities for the period were MSEK -72.3 (-39.1).

The decrease in the cashflow is related to a lower operating result before adjustments of working capital of MSEK 19.3. However, the change in working capital has been positive during the year with MSEK 2.4 compared to last year. The investments have been MSEK 16.4 higher compared to the same period in 2021.

The group has, via its subsidiary Tyre Recycling in Sweden AB, obtained a bank loan of MSEK 6.5, which mainly will be used for financing of a

substantial part of the investments in the plant in Åsensbruk. The loan has a duration of 8 (eight) years and has currently an interest of four (6) percent.

During 2021 the company signed an agreement with an international investment bank, Greenhill & Co, and are currently working together with them on a both long- and short-term solution for the future financing of the company and its expansion plan.

The group cash amounted to MSEK 56.4 (24.5) at the end of the period.

The equity/assets ratio was 88 (91) percent.

#### Parent company

The net revenues for the parent company totalled MSEK 3.3 (7.3), and the result after tax was MSEK -53.6 (-36.7). Around 72 (33) percent of the turnover are sales related to group companies for internal services. In last year's turnover a part of the engineering services which is included in the previously communicated agreements between the company and Michelin. For the rest the company has incurred higher external expenses of MSEK 8.9 compared to 2021, mainly consultancy expenses as well as the new company branding platform. The staff costs are MSEK 3.9 higher than during the same period last year partly due to strengthening of the staff, partly due to a payment of a stay-on bonus to key employees in connection with the incentive programme LTIP 2021/2024, which was approved by the Annual General Meeting and running reservations for future payments for this. The investments in fixed assets amounted to MSEK 11.4 (4.1). The investments of the year are mainly related to a FEED for future plants. Also, investments have been made in a so-called Detailed Design (DD), which applies to engineering hours for the Uddevalla plant.

The Equity/assets ratio at the period-end was 95 (96) %.

#### Staff and Organisation

The group has 34 (23) employees at the period-end.

#### Executed transactions with related parties

The parent company has invoiced Michelin according to existing agreement with MSEK 1.0. Further, in the parent company, for 2022 consultancy fees to P 30 Ltd, (Peter Möller, board member), of MSEK 0.9 have been included. In addition to that consultancy fees to Blomqvist Unlimited AB (Alf Blomqvist, chairman of the board) of MSEK 1.0 have been included. Further, consultancy fees to M & K Industrials AB (Nina Macpherson, board member) of MSEK 0.2 have been included. Finally, the subsidiary Tyre Recycling in Sweden AB has invoiced three different Michelin-owned companies for an amount of around MSEK 0.9. This concerns sales of recovered carbon black and services. These transactions are evaluated by the company management to be according to market conditions.

#### Number of shares

Total shares outstanding at the end of the period was 656,615,589 (590,826,115).

#### Risks and uncertainties

A detailed description of risks and uncertainty factors is provided on page 43 and 56 of the annual report of 2021. Covid-19 could have a negative effect on the commercialisation of the company, not least through potential imbalances in logistical flows and/or lock-down situations of societies or partly thereof. The war in Ukraine has indirectly led to higher costs for the group, hereunder higher energy costs.

#### 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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
EBITDA (KSEK)	-16,113	-8,161	-48,394	-28,868	-43,453
Operating margin (%) <sup>1)</sup>	neg.	neg.	neg.	neg.	neg.
Equity Ratio (%) <sup>2)</sup>	-	-	87.8%	91.3%	93.5%
Return on capital employed (%) <sup>3)</sup>	-10.5%	-8.4%	-29.0%	-28.1%	-30.4%
Interest-bearing liabilities (KSEK) <sup>4)</sup>	-	-	6,228	1,568	776
Earnings per share before dilution (SEK)	-0.03	-0.02	-0.09	-0.07	-0.10

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

<sup>2)</sup> Total equity divided by total assets

<sup>3)</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>4)</sup> Interest bearing liabilities, ending balance.

## Largest shareholders

Sep 30, 2022

Shareholders	Ownership share
Michelin Ventures S.A.S	20.00%
Försäkringsbolaget Avanza Pension	7.56%
Nordnet Pensionsförsäkring AB	2.78%
Peak AM Securities AB (Lennart Persson)	1.82%
BNY Mellon BA/NV, Brussels	1.44%
<b>10 largest owners</b>	<b>36.98%</b>
<b>Others</b>	<b>63.02%</b>

## Planned reporting schedule

Year End Report 2022

Feb 23, 2023

Annual Report 2022 is published on the company's website

May 3, 2023

Quarterly Report January-March 2023

May 24, 2023

Gothenburg November 24, 2022

The board of directors and Managing Director

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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Staffan Kullberg, CFO, Phone: +46 721 456 190, [staffan.kullberg@envirosystems.se](mailto:staffan.kullberg@envirosystems.se)

## CONSOLIDATED STATEMENT OF INCOME

Amounts in KSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Operating income</b>					
Net sales	2,659	1,422	5,965	6,546	7,592
Other operating income	38	80	184	80	403
Changes in stocks of finished goods	80	429	-470	463	586
	<b>2,777</b>	<b>1,930</b>	<b>5,679</b>	<b>7,088</b>	<b>8,580</b>
<b>Operating expenses</b>					
Raw materials and consumables	-560	-396	-1,278	-955	-1,493
Other external costs	-10,690	-4,761	-30,044	-17,093	-26,517
Personnel costs	-7,640	-4,935	-22,750	-17,908	-24,024
Depreciation of tangible and intangible assets	-3,167	-3,080	-9,495	-9,111	-12,227
Amortization of acquired goodwill	-305	-305	-914	-914	-1,219
	<b>-22,362</b>	<b>-13,476</b>	<b>-64,482</b>	<b>-45,981</b>	<b>-65,480</b>
<b>Operating profit/loss</b>	<b>-19,585</b>	<b>-11,546</b>	<b>-58,803</b>	<b>-38,893</b>	<b>-56,900</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	193	7	339	68	163
Interest expenses and similar items	-73	-29	-125	-118	-298
	<b>119</b>	<b>-22</b>	<b>215</b>	<b>-50</b>	<b>-135</b>
<b>Profit/loss after financial items</b>	<b>-19,466</b>	<b>-11,568</b>	<b>-58,588</b>	<b>-38,943</b>	<b>-57,034</b>
Tax for the period	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-19,466</b>	<b>-11,568</b>	<b>-58,588</b>	<b>-38,943</b>	<b>-57,034</b>
Number of shares at the end of the period	656,615,589	590,826,115	656,615,589	590,826,115	656,615,589
Average number of shares before dilution	656,615,589	590,826,115	656,615,589	584,452,489	599,757,622
Average number of shares after dilution	674,563,117	608,773,643	674,563,117	591,881,319	609,149,342
Earnings per share before dilution (SEK)	-0.03	-0.02	-0.09	-0.07	-0.10
Earnings per share after dilution (SEK)	-0.03	-0.02	-0.09	-0.07	-0.09

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalized expenditures for development	43,290	33,767	36,383
Patents and similar rights	2,954	3,538	3,410
Goodwill	1,524	2,743	2,438
	<b>47,768</b>	<b>40,048</b>	<b>42,232</b>
<i>Property, plant and equipment</i>			
Machinery and other technical facilities	78,738	69,539	70,543
Equipment, tools, and installations	235	83	129
	<b>78,973</b>	<b>69,622</b>	<b>70,672</b>
<i>Financial non-current assets</i>			
Other non-current receivables	148	148	148
	<b>148</b>	<b>148</b>	<b>148</b>
<b>Total fixed assets</b>	<b>126,889</b>	<b>109,817</b>	<b>113,051</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables	56	38	96
Goods in progress	66	29	110
Finished products and goods for resale	821	1,192	1,276
Inventory spare parts	711	1,081	817
	<b>1,653</b>	<b>2,340</b>	<b>2,298</b>
<i>Current receivables</i>			
Trade receivables	2,327	1,240	368
Other receivables	2,689	2,366	2,671
Prepaid costs and accrued income	2,035	1,137	1,402
	<b>7,050</b>	<b>4,743</b>	<b>4,441</b>
<i>Cash and cash equivalents</i>			
	56,405	24,465	123,245
<b>Total current assets</b>	<b>65,108</b>	<b>31,548</b>	<b>129,984</b>
<b>TOTAL ASSETS</b>	<b>191,997</b>	<b>141,366</b>	<b>243,036</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26,265	23,633	26,265
Other capital contributions	544,701	431,118	544,701
Other capital, including profit/loss for the year	- 402,390	- 325,711	- 343,802
	<b>168,575</b>	<b>129,040</b>	<b>227,163</b>
<b>Non-current liabilities</b>			
Other liabilities to credit institutions	5,412	-	-
	<b>5,412</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
Amounts owed to credit institutions	816	1,568	776
Trade payables	5,344	2,588	5,543
Other current liabilities	1,629	1,646	1,375
Accrued expenditures and prepaid income	10,221	6,523	8,178
	<b>18,010</b>	<b>12,325</b>	<b>15,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>191,997</b>	<b>141,366</b>	<b>243,036</b>

## CHANGES IN EQUITY, CONSOLIDATED

Amounts in KSEK	Jan 1 - Sep 30, 2022		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
Opening balance, equity	26,265	544,701	- 343,802
Profit/loss for the period	-	-	- 58,588
Closing balance, equity	26,265	544,701	- 402,390

Amounts in KSEK	Jan 1 - Sep 30, 2021		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
Opening balance, equity	23,233	405,165	- 286,768
Profit/loss for the period	-	-	- 38,943
New share issue	400	26,136	-
Expenses related to issue	-	-	- 183
Closing balance, equity	23,633	431,302	- 325,894

Amounts in KSEK	Jan 1 - Dec 31, 2021		
	Share capital	Other capital contributions	Other equity, including profit/loss for the year
Opening balance, equity	23,233	405,165	- 286,768
Profit/loss for the period	-	-	- 57,034
Added capital via warrant programmes	-	5,586	-
New share issue	3,032	142,919	-
Expenses related to issue	-	- 8,969	-
Closing balance, equity	26,265	544,701	- 343,802

## STATEMENT OF CASH FLOW, CONSOLIDATED

Amounts in KSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<i>Operating activities</i>					
Operating profit/loss	-19,585	-11,546	-58,803	-38,893	-56,900
Adjustments for items not part of the cash flow	3,472	3,385	10,409	10,025	13,446
Interest received	193	7	339	68	163
Interest paid	-73	-29	-125	-118	-298
<b>Cash flow from operating activities before changes in working capital</b>	<b>- 15,994</b>	<b>- 8,183</b>	<b>- 48,179</b>	<b>- 28,918</b>	<b>- 43,588</b>
<i>Cash flow from changes in working capital</i>					
Increase (-) / reduction (+) in inventories	127	-579	646	-550	-508
Increase (-) / reduction (+) in trade receivables	-930	-1,006	-1,959	-1,086	-214
Increase (-) reduction (+) in other receivables	82	107	-650	-455	-1,025
Increase (+)/reduction (-) in trade payables	-1,757	632	-200	-629	2,326
Increase (+)/reduction (-) in current liabilities	-1,469	-1,265	2,297	326	1,709
<b>Cash flow from ordinary course of business</b>	<b>- 19,940</b>	<b>- 10,294</b>	<b>- 48,046</b>	<b>- 31,312</b>	<b>- 41,299</b>
<i>Investment activities</i>					
Acquisition of intangible assets	-2,517	-1,568	-11,236	-4,054	-8,095
Acquisition of property, plant and equipment	-2,241	-2,264	-13,010	-3,723	-6,337
Changes in long-term receivables	-	-	-	-	-
<b>Cash flow from investment activities</b>	<b>- 4,758</b>	<b>- 3,831</b>	<b>- 24,246</b>	<b>- 7,777</b>	<b>- 14,432</b>
<i>Financing activities</i>					
New rights issue	-	-	-	26,536	145,950
Expenses related to issue	-	-111	-	-183	-8,969
Added capital via warrant programmes	-	-	-	-	5,586
Amortisation/Increase of debts	-204	-792	5,452	-2,376	-3,168
<b>Cashflow from financing activities</b>	<b>- 204</b>	<b>- 903</b>	<b>5,452</b>	<b>23,977</b>	<b>139,399</b>
<b>Cash flow for the period</b>	<b>- 24,902</b>	<b>- 15,029</b>	<b>- 66,840</b>	<b>- 15,111</b>	<b>83,669</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>81,307</b>	<b>39,493</b>	<b>123,245</b>	<b>39,576</b>	<b>39,576</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>56,405</b>	<b>24,465</b>	<b>56,405</b>	<b>24,465</b>	<b>123,245</b>

## STATEMENT OF INCOME, PARENT COMPANY

Amounts in KSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<b>Operating revenues</b>					
Net sales	798	1,674	3,313	7,321	8,612
Other Operating Income	38	80	172	80	391
	<b>836</b>	<b>1,754</b>	<b>3,485</b>	<b>7,400</b>	<b>9,003</b>
<b>Operating expenses</b>					
Other external costs	-12,288	-8,758	-36,959	-28,164	-41,252
Personnel expenses	-5,159	-2,971	-15,460	-11,577	-15,197
Depreciation of tangible and intangible assets	-1,610	-1,470	-4,822	-4,393	-5,954
	<b>-19,057</b>	<b>-13,199</b>	<b>-57,241</b>	<b>-44,134</b>	<b>-62,403</b>
<b>Operating profit/loss</b>	<b>-18,221</b>	<b>-11,445</b>	<b>-53,756</b>	<b>-36,734</b>	<b>-53,400</b>
<b>Profit/loss from financial items</b>					
Interest income and similar items	95	7	187	62	154
Interest expenses and similar items	-0	-0	-20	-0	-162
	<b>94</b>	<b>7</b>	<b>167</b>	<b>62</b>	<b>-8</b>
<b>Profit/loss after financial items</b>	<b>-18,127</b>	<b>-11,439</b>	<b>-53,589</b>	<b>-36,672</b>	<b>-53,408</b>
Group contributions	-	-	-	-	-
<b>Profit/loss after balance sheet allocations</b>	<b>-18,127</b>	<b>-11,439</b>	<b>-53,589</b>	<b>-36,672</b>	<b>-53,408</b>
Tax on net profits for the period					
<b>Profit/loss for the period</b>	<b>-18,127</b>	<b>-11,439</b>	<b>-53,589</b>	<b>-36,672</b>	<b>-53,408</b>

## STATEMENT OF FINANCIAL POSITION, PARENT COMPANY

Amounts in KSEK	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
<b>ASSETS</b>			
Fixed assets			
Intangible fixed assets			
Capitalized expenditures for development	43,240	33,717	36,333
Patents and similar rights	2,954	3,538	3,410
	<b>46,194</b>	<b>37,255</b>	<b>39,744</b>
Tangible fixed assets			
Equipment, tools, and installations	235	83	129
	<b>235</b>	<b>83</b>	<b>129</b>
Financial non-current assets			
Investments in group companies	36,891	36,891	36,891
Long-term receivables, group enterprises	57,586	48,326	50,031
Other long-term receivables	148	148	148
	<b>94,624</b>	<b>85,364</b>	<b>87,069</b>
<b>Total fixed and non-current assets</b>	<b>141,053</b>	<b>122,702</b>	<b>126,942</b>
<b>Current assets</b>			
Current receivables			
Trade receivables	23	894	117
Other receivables	2,569	2,223	2,513
Prepaid costs, accrued earnings	1,303	639	871
	<b>3,895</b>	<b>3,756</b>	<b>3,500</b>
Cash and cash equivalents	52,285	23,154	119,172
<b>Current assets, total</b>	<b>56,181</b>	<b>26,910</b>	<b>122,673</b>
<b>TOTAL ASSETS</b>	<b>197,234</b>	<b>149,612</b>	<b>249,614</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	26,265	23,633	26,265
Share capital not registered	-	-	-
Statutory reserve	502	502	502
Fund for development expenses	24,732	6,800	13,125
Unrestricted equity			
Share premium reserve	544,199	433,376	544,199
Retained earnings	- 355,197	- 283,857	- 290,183
Profit/loss for the period	- 53,589	- 36,672	- 53,408
	<b>186,912</b>	<b>143,782</b>	<b>240,501</b>
<b>Current liabilities</b>			
Trade payables	3,226	1,127	3,185
Other current liabilities	538	485	389
Accrued costs and prepaid income	6,557	4,219	5,540
	<b>10,322</b>	<b>5,830</b>	<b>9,114</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>197,234</b>	<b>149,612</b>	<b>249,614</b>

# CHANGES IN EQUITY, PARENT COMPANY

Amounts in KSEK		Jan 1-Sep 30, 2022						
	Restricted equity				Unrestricted equity			
	Share capital	Ongoing rights issue	Statutory reserve	Fund for development costs	Share premium reserve	Ongoing rights issue	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>26,265</b>	-	<b>502</b>	<b>13,126</b>	<b>544,199</b>	-	<b>- 290,183</b>	<b>- 53,408</b>
Adjustment of previous year's profit and loss	-	-	-	-	-	-	- 53,408	53,408
Profit/loss for the period	-	-	-	-	-	-	-	- 53,589
Fund for development costs	-	-	-	11,607	-	-	- 11,607	-
New share issue	-	-	-	-	-	-	-	-
Expenses related to issue	-	-	-	-	-	-	-	-
Added capital via warrant programmes	-	-	-	-	-	-	-	-
<b>Closing balance, equity</b>	<b>26,265</b>	-	<b>502</b>	<b>24,733</b>	<b>544,199</b>	-	<b>- 355,198</b>	<b>- 53,589</b>

Jan 1-Sep 30, 2021								
	Restricted equity				Unrestricted equity			
	Share capital	Ongoing rights issue	Statutory reserve	Fund for development costs	Share premium reserve	Ongoing rights issue	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>23,233</b>	-	<b>502</b>	<b>2,449</b>	<b>404,664</b>	-	<b>- 230,962</b>	<b>- 48,544</b>
Adjustment of previous year's profit and loss	-	-	-	-	-	-	- 48,544	48,544
Profit/loss for the period	-	-	-	-	-	-	-	- 36,672
Fund for development costs	-	-	-	4,351	-	-	- 4,351	-
New share issue	400	-	-	-	28,896	-	-	-
Expenses related to issue	-	-	-	-	- 183	-	-	-
<b>Closing balance, equity</b>	<b>23,633</b>	-	<b>502</b>	<b>6,800</b>	<b>433,376</b>	-	<b>- 283,858</b>	<b>- 36,672</b>

Jan 1-Dec 31, 2021								
	Restricted equity				Unrestricted equity			
	Share capital	Ongoing rights issue	Statutory reserve	Fund for development costs	Share premium reserve	Ongoing rights issue	Retained earnings	Profit/loss for the period
<b>Opening balance, equity</b>	<b>23,233</b>	-	<b>502</b>	<b>2,449</b>	<b>404,664</b>	-	<b>- 230,962</b>	<b>- 48,544</b>
Adjustment of previous year's profit and loss	-	-	-	-	-	-	- 48,544	48,544
Profit/loss for the period	-	-	-	-	-	-	-	- 53,408
Fund for development costs	-	-	-	10,677	-	-	- 10,677	-
New share issue	3,032	-	-	-	142,919	-	-	-
Expenses related to issue	-	-	-	-	- 8,969	-	-	-
Added capital via warrant programmes	-	-	-	-	5,586	-	-	-
<b>Closing balance, equity</b>	<b>26,265</b>	-	<b>502</b>	<b>13,126</b>	<b>544,199</b>	-	<b>- 290,183</b>	<b>- 53,408</b>



## STATEMENT OF CASH FLOW, PARENT COMPANY

Amounts in KSEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
<i>Operating activities</i>					
Operating profit/loss	-18,221	-11,445	-53,756	-36,734	-53,400
Adjustments for items not part of the cash flow	1,610	1,470	4,822	4,393	5,954
Interest received	95	7	187	62	154
Interest paid	-0	-0	-20	-0	-162
<b>Cash flow from operating activities before changes in working capital</b>	<b>- 16,518</b>	<b>- 9,968</b>	<b>- 48,767</b>	<b>- 32,278</b>	<b>- 47,454</b>
<i>Cash flow from changes in working capital</i>					
Increase (-) reduction (+) in other receivables	1,137	-734	-395	-1,182	-927
Increase (+)/reduction (-) in trade payables	-380	184	41	604	2,663
Increase (+)/reduction (-) in current liabilities	-1,381	-1,740	1,167	16	1,241
<b>Cash flow from ordinary course of business</b>	<b>- 17,141</b>	<b>- 12,259</b>	<b>- 47,954</b>	<b>- 32,840</b>	<b>- 44,477</b>
<b>Investment activities</b>					
Acquisition of intangible assets	-2,517	-1,568	-11,236	-4,054	-8,095
Changes in long-term receivables	-2,135	4,815	-7,555	-5,805	-7,510
<b>Cash flow from investment activities</b>	<b>- 4,757</b>	<b>3,247</b>	<b>- 18,933</b>	<b>- 9,859</b>	<b>- 15,659</b>
<b>Financing activities</b>					
New rights issue	-	-	-	29,296	145,950
Expenses related to issue	-	-111	-	-183	-8,969
Added capital via warrant programs	-	-	-	-	5,586
<b>Cashflow from financing activities</b>	<b>-</b>	<b>- 111</b>	<b>-</b>	<b>29,112</b>	<b>142,567</b>
<b>Cash flow for the period</b>	<b>- 21,898</b>	<b>- 9,122</b>	<b>- 66,887</b>	<b>- 13,587</b>	<b>82,432</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>74,183</b>	<b>32,276</b>	<b>119,173</b>	<b>36,741</b>	<b>36,741</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>52,286</b>	<b>23,154</b>	<b>52,286</b>	<b>23,154</b>	<b>119,173</b>