

Interim report Azelio AB

January 1 – September 30, 2018

Requests from

52 countries

since demonstrator launch

Equity/assets ratio

84%

30 September 2018

Increase in number of employees

15%

July – September 2018

Summary

During the period, the company focused exclusively on the CSP solution with thermal storage. This resulted in a decreased revenue, which is completely in line with the business plan. The costs have increased in connection with the initiation of a commercialization where Azelio has hired and increased the number of consultants as well as to transfer tests to verification. A private placement was made during the period that generated SEK 105 million. The company changed its name from Cleanergy to Azelio and a demonstrator of the thermal storage was launched in Azelio's development lab in Åmål, Sweden. The launch generated a global interest with requests for the technology from 52 countries with a total of 110 projects.

Financial development Group

July–September 2018

- Income including work performed by the company for its own use and capitalized for the period decreased to SEK 12,538,000 (16,053,000)
- Operating profit EBIT decreased to SEK -25,514,000 (-19,287,000)
- Profit for the period decreased to SEK -25,523,000 (-20,027,000)
- Cash flow amounted to SEK -35,560,000 (36,410,000)

January– September 2018

- Income including work performed by the company for its own use and capitalized for the period decreased to SEK 44,336,000 (72,818,000)
- Operating profit EBIT decreased to SEK -65,569,000 (-64,217,000)
- Profit for the period increased to SEK -65,504,000 (-66,109,000)
- Cash flow amounted to SEK 60,414,000 (23,624,000)

Significant events

January–September 2018

- Expanded partnership with MASEN
- Heavily oversubscribed private placement and name change
- Demonstration of storage solution
- Inquiries from 52 countries with 110 projects

After the end of the period

- Outstanding warrants exercised
- Planned listing on Nasdaq First North
- Planned reverse 1:10 share split
- Legal dispute from 2016

Key figures Group

	Jul–Sep 2018	Jul–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Year 2017
Net sales, SEK 000	416	1,034	1,672	2,260	2,921
Operating profit/loss, SEK 000	-25,514	-19,287	-65,569	-64,217	-95,645
Profit/loss for the year, SEK 000	-25,523	-20,027	-65,504	-66,109	-97,443
Earnings per share, SEK 000	-0.09	-0.16	-0.27	-0.52	-0.77
Equity, SEK 000	314,851	143,624	314,851	143,624	237,146
Equity/assets ratio, %	84%	46%	84%	46%	83%
Cash flow from operating activities, SEK 000	-23,374	-36,880	-41,386	-62,828	-83,876

Comments from the CEO



"We have taken a major step from an innovation-driven phase to initiate a commercialisation. The launch of our demonstration plant in June was important to us in this regard and it is evident that there is great demand for our solution in the global market".

- Jonas Eklind, CEO Azelio

Azelio has experienced an eventful period recently as we have moved the Company in a positive direction. The Company is focusing on a CSP (concentrated solar power) solution for thermal energy storage and it has generated major global interest. The Company has also strengthened its global competitiveness, including through an expanded development and commercialisation partnership with MASEN. We also have a new name, Azelio, to distinguish the Company in a global market.

Comments on the period's results

The company's revenue has drop as a result of a focus on CSP with thermal storage, which is entirely according to the business plan. The period has been dominated by costs of taking tests further for verification as well as initiating a commercialization and the organizational structure that it requires with both employees and consultants.

Comments on business essentials

We have taken a major step from an innovation-driven phase to commercialisation. The launch of our demonstration plant in June was important to us in this regard. A test report on our storage solution by the independent German company CSP Services concludes the following: "Compared to the cost of today's PV battery systems, there is a clear potential for developing a sustainable, competitive solution for a dispatchable power supply".

After the launch is it evident that there is a great demand for our solution in the global market. Among other things, we were named one of Sweden's three most innovative companies in renewable energy by E.on and awarded the E-Prize from the business journal Veckans Affärer. Our concrete solution has generated inquiries from 52 countries where the demand for distributed, sustainable electricity and long-term storage is high.

Important external factors

In the third quarter the IPCC (Intergovernmental Panel on Climate Change) launched its annual report on climate change. It was an alarming report that emphasised the importance of a rapid shift towards zero-emissions technologies. This has echoed loudly

around the globe and focused attention on improving innovation processes.

We are also seeing increased interest in CSP solutions, which are expected to grow globally by 87% by 2023. With over one billion people without access to electricity, more and more people are realising that distributed and cost-effective, long-term thermal energy storage is a key aspect of sustainable development. Distributed battery storage to supplement PV is not enough, and it requires the use of diesel generators.

52 countries

with a total of 110 projects have inquired about Azelio's CSP thermal storage solution since the demonstration plant was launched in June 2018.

Organisational development

We are a company with a groundbreaking solution in a high-tech market. Internal expertise is key. Azelio has recruited top talent from the Nordic automotive and aerospace cluster and the global solar energy industry. We have witnessed substantial interest – including globally – in our job listings. Since July 2018 we have added nine new employees (15%) and 20 full-time consultants. As part of our intensified partnership with MASEN, Azelio will soon open an office in Morocco to coordinate our operations there.

Outlook

We are optimistic about the future and look forward to discussions with potential customers who have enquired about our solution. We will also be implementing a full-scale verification project in cooperation with MASEN in Morocco in late 2019 to further concretise our solution. The verification project will be followed by our first market installation, planned for 2020. Our aim after that is to grow our volume in additional markets. We will continue to add the expertise needed within our organisation as our commercialisation process continues. We now have the foundation we need to build a competitive, global company.

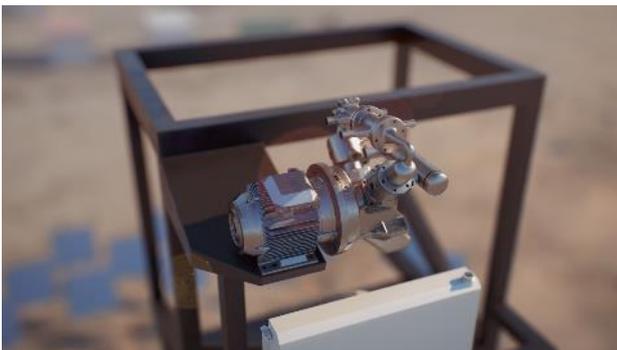
The business



With a clear focus on distributed electricity where and when it is needed, Azelio has developed a unique solution for concentrated solar power (CSP) with thermal energy storage. The Company is focusing mainly on areas in the sun belt with no electricity or weak grid connections. Azelio offers a scalable solution for sustainable electricity around the clock at a very low cost.

Azelio's highly efficient Stirling engine

The Stirling engine is a 200-year-old innovation. Azelio has been developing its unique Stirling engine for 25 years with over two million operating hours achieved. The engine is fully powered by heat and has zero emissions. The conversion rate from heat to electricity is approximately 30%, which is one of the factors behind the system's cost-effectiveness.



Flexible heliostat field

The size of the Azelio heliostat field can be adapted based on local conditions and it is easy to maintain. Thanks to the high efficiency of the entire system, a smaller installed mirror surface is required compared to competing solutions with a similar output. A production unit has a nominal effect of 13 kWh and its dimensions are 25x25 meters. The system's scalability means that additional production units can be added to reach the desired

capacity. Thanks to high-volume component production, the solution is cost-effective even for small installations.



Ground-breaking energy storage solution

Azelio's storage solution consists of an aluminium alloy in which recycled aluminium can be used. The storage solution requires no replenishment in order to maintain capacity, and no degradation occurs over time. This means that the storage media can be recycled in future installations. This unique solution has a storage capacity of 13 hours of electricity production at nominal power after the sun goes down.



Significant events

January – September 2018

Expanded partnership with MASEN

At the beginning of 2018, Azelio (then called Cleanergy) signed an intensified partnership agreement with MASEN (the Moroccan Agency for Sustainable Energy) involving technical development, verification and business development (see photo below).



Heavily oversubscribed private placement and name change

In June Azelio completed a heavily oversubscribed private placement worth SEK 105 million. The Company also changed its name from Cleanergy to Azelio to strengthen its position in the global market where several companies already exist with “clean energy” or similar wording in their name.

Demonstration of storage solution

At the end of June Azelio launched a storage solution demonstration plant at the Company’s development facility in Åmål, with very good results. The launch event was attended by both the current owners and the media.

Enquiries from 52 countries with 110 projects

Following the demonstration plant launch in June, enquiries about Azelio’s unique solution have been received from a total of 52 countries with 110 projects. This volume of enquiries will lead to many discussions about potential future business and clearly demonstrates the significant demand for distributed production of electricity and long-term storage.

In order to handle the enquiries and advance the business, Azelio has employed Dr. Ralf Wiesenberg as VP Business Development. With 22 years in the energy industry and 10 years in concentrated solar and thermal storage, Ralf brings extensive experience that

will enhance Azelio’s global approach and commercial development.



Azelio’s head office is located in Lindholmen, Gothenburg. Technical development takes place in Gothenburg and Åmål, and production in part of Volvo’s former plant in Uddevalla. Azelio also has offices in China and will soon open an office in Morocco.

After the end of the period

The Company’s share undergoes a reverse share split

The Board has submitted a proposal for a reverse 1:10 share split. The decision is expected to be made at an extraordinary general meeting on 12 November.

Planned listing on Nasdaq First North

A listing on Nasdaq First North is planned for the end of 2018 and is a key aspect of the Company’s long-term financing.

Outstanding warrants exercised

In October Azelio received SEK 52 million when 95% of outstanding warrants issued in autumn 2017 were exercised.

Legal

Since 2016, Azelio has pursued an action in court against Quest. The dispute is about whether a former board of directors has exceeded the mandate the general meeting had given the board of directors in relation to a resolution on an issue of new shares to Quest against non-cash consideration. Accordingly, the dispute does not relate to the business or the products of the company. On 2 November 2018, the Svea Court of Appeal denied Azelio’s claim. The company has, in its accounts, reserved an amount that is expected to correspond to the costs for the company in relation to the dispute. The company considers to appeal Svea Court of Appeal’s judgment and request leave to appeal to the Supreme Court.

Group financial development

July – September

Income, expenses and profit/loss

Operating income

Net sales for the third quarter amounted to SEK 416,000 (1,034,000). Work performed by the company for its own use and capitalized SEK 1,212,200 (1,368,800) for the period.

Operating expenses

Costs for the third quarter amounted to SEK -38,052,000 (-35,340,000). The decrease is largely attributable to lower commodity costs and lower consulting costs.

Operating profit

Operating profit amounted to SEK -25,514,000 (-19,287,000).

Financial items

Profit from financial items during the period amounted to SEK -8,000 (-739,000) and consisted mainly of interest income, interest expense and similar income items.

Loss for the period

The loss for the period amounted to SEK -25,523,000 (-20,027,000). Earnings per share amounted to SEK -0.09.

Cash flow, investments and financial position

Cash flow

Cash flow from operating activities during the period amounted to SEK -23,374,000 (-36,880,000). Cash flow from financing activities amounted to SEK 247,000 (89,031,000) and is attributable to new share issues and warrants being exercised.

Investments

Investments affecting cash flow were made during the period in the amount of SEK -12,433,000 (-15,741,000), mainly in the form of capitalised development.

Financial position

Cash and cash equivalents amounted to SEK 78,498,000 (44,221,000) as of 30 September. Equity at the end of the period amounted to SEK 314,851,000 (143,624,000) or SEK 1.10 (1.14) per share. The equity/assets ratio as of the same date was 84% (46), closing balance.

January – September

Income, expenses and profit/loss

Operating income

Net sales for the period amounted to SEK 1,672,000 (2,260,000). The decrease is attributable to the focus on storage solution development. Work performed by the company for its own use and capitalized SEK 4,128,600 (6,829,200) for the period.

Operating expenses

Costs during the period amounted to SEK -109,905,000 (-137,035,000). The decrease is largely attributable to lower raw materials costs and lower consulting costs.

Operating profit/loss

The operating loss amounted to SEK -65,569,000 (-64,217,000).

Financial items

Profit from financial items during the period amounted to SEK 65,000 (-1,892,000) and consisted mainly of interest income, interest expense and similar income items.

Loss for the period

The loss for the period amounted to SEK -65,504,000 (-66,109,000). Earnings per share amounted to SEK -0.27.

Cash flow and investments

Cash flow

Cash flow from operating activities during the period amounted to SEK -41,386,000 (-62,828,000). Cash flow from financing activities amounted to SEK 143,406,000 (160,731,000) and is attributable to new share issues.

Investments

Investments affecting cash flow were made during the period in the amount of SEK -41,607,000 (-74,280,000), mainly in the form of capitalised development.

Share capital

The Group's share capital at the end of the period amounted to SEK 14,357,000 (5,587,000), consisting of 287,130,340 shares at SEK 0.05 per share.

Largest shareholder over 10%

Name	Shares, %
Blue Marlin AB	30.74%

Warrants

At the end of the period there were 160,086,802 warrants issued by 8 different series with closing prices from 1 SEK to 27 SEK. Of these, 21,800,000 are still under registration.

Related party transactions

In 2018 2.800.000 warrants has been issued to members of the Board. The individuals have acquired these warrants at market terms calculated in accordance with the Black&Scholes formula. In 2017 the company borrowed SEK 80.000.000 from its main shareholder Blue Marlin and paid interest amounting to SEK 1.932.850. The loan was converted to shares in September 2017.

Group Accounting

The Group corresponds to the parent company's figures as the parent company has only two smaller subsidiaries.

Significant risks and uncertainties

The current valuation of the Company's assets in the form of capitalised development costs and inventory is based on adherence to the prepared business plan. The Board expects the future sales volume to be so extensive that the discounted cash flows generated will justify the current valuation with a good margin. The Board believes there is good potential to implement the business plan and that capitalised development costs are likely to lead to future economic benefits.

The Company's capitalised development costs relate to various technologies. All of them are, however, linked to the Stirling engine, the technology upon which the Company has built its business. The Board believes that, due to technical synergies, the current solar engine was made possible by the development of gas engine technology. Due to the close relationship between these technical solutions, the machines are not assigned to separate cash-generating units. The new solar engine is a further development of earlier technology and thus no impairment losses have been reported on development costs for earlier versions. On the other hand, inventory disposals have been made

for components that were unique to previous versions of the product.

The Board has adopted a comprehensive liquidity plan to ensure that the Company has the liquidity required for the expansion in 2019.

With authorisation from the AGM, the Board has decided to implement a new share issue in conjunction with the planned listing on Nasdaq First North at the end of 2018. The Company has also received equity in the amount of SEK 52 million through the warrant programme. The Board is of the opinion that the rights issue will guarantee the capital requirement based on the established business and liquidity plans. The Board also plans to issue additional new shares in later phases of the Company's large-scale product commercialisation, including to finance the necessary production facilities. The Board's view is that there is substantial interest among investors and that the Company has a strong ownership structure. The potential for implementing future comprehensive financing plans is therefore considered to be good.

The "going concern" accounting principle according to the Swedish Annual Accounts Act prescribes a basic assumption regarding the valuation of a company's assets. With respect to capitalised development, there are further assumptions regarding necessary financing of continued development as well as commercial realisation. Thus a valuation not made on the basis on these assumptions would result in different valuation of the Company's assets. The Board is in favour of the assumptions described above and considers that the necessary conditions are in place.

The Board is aware that uncertainties exist when estimating the time and costs involved in implementing full-scale commercialisation and industrialisation of the Company's product. This has been taken into account in the Company's plans and forecasts, by the Board actively exploring alternative scenarios and being prepared to handle these types of challenges. This includes various financing solutions and having flexible development plans.

Audits, reviews and unaudited periods

The Company's auditors have audited the accounts for the financial years 2016 and 2017. The consolidated income statement and cash-flow statement for the period 1 January – 30 September 2018 and the balance sheet for the Group as of 30 September 2018 have been reviewed by the Company's elected auditors. Comparative figures for 1 January – 30 September 2017 and for the third quarters, July – September, for 2017 and 2018 have not been reviewed

Key figures for the Group

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Earnings per share before dilution, SEK	-0.09	-0.16	-0.27	-0.52	-0.77
Earnings per share after dilution, SEK	-0.08	-0,13	-0.22	-0.42	-0.59
Equity per share, SEK	1.10	1.14	1.31	1.14	1.87

Condensed financial statements

Consolidated income statement for the group

SEK 000	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
Income					
Net sales	416	1,034	1,672	2,260	2,921
Work performed by the company for its own use and capitalized	12,122	13,688	41,286	68,292	72,980
Other operating income	0	1,331	1,378	2,267	2,701
Total operating income	12,538	16,053	44,336	72,818	78,602
Expenses					
Raw materials and consumables	-614	-800	-3,815	-7,266	-9,293
Other external expenses	-15,075	-13,428	-39,821	-67,589	-81,383
Employee benefit expenses	-18,416	-17,197	-54,500	-50,849	-68,310
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-3,905	-3,909	-11,650	-11,248	-15,194
Other operating expenses	-42	-7	-119	-83	-65
Total operating expenses	-38,052	-35,340	-109,905	-137,035	-174,246
Operating profit/loss	-25,514	-19,287	-65,569	-64,217	-95,645
Financial items					
Income from securities and receivables held as non-current assets	-	-	-	-	38
Other interest income and similar profit/loss items	110	176	297	295	462
Interest expenses and similar profit/loss items	-119	-915	-232	-2,188	-2,299
Total financial items	-8	-739	65	-1 892	-1 799
Profit/loss and financial items	-25,523	-20,027	-65,504	-66,109	-97,443
Tax on profit of the period	0	0	0	0	0
Profit/loss for the period	-25,523	-20,027	-65,504	-66,109	-97,443
Earnings per share	-0.09	-0.16	-0.27	-0.52	-0.77
Earnings per share before dilution, SEK	-0.09	-0.16	-0.27	-0.52	-0.77
Earnings per share after dilution, SEK	-0.08	-0.13	-0.22	-0.42	-0.59
<i>Number of shares before dilution</i>	287,130,340	126,489,589	241,098,540	126,489,589	126,489,589
<i>Number of shares after dilution</i>	337,493,700	155,800,450	303,777,331	155,800,450	164,926,700

Condensed financial statements

Consolidated balance sheet for the group

SEK 000	30 Sept 2018	30 Sept 2017	31 Dec 2017
ASSETS			
Intangible non-current assets	270,348	235,789	237,600
Total intangible non-current assets	270,348	235,789	237,600
Property, plant and equipment			
Leasehold improvements	1,045	1,277	1,218
Equipment, tools, fixtures and fittings	7,038	10,373	9,670
Total property, plant and equipment	8,083	11,649	10,888
Total assets	278,431	247,438	248,488
Inventories			
Raw materials and consumables	8,872	14,742	11,091
Finished goods and goods for resale	3,064	1,754	3,529
Supplier advances	351	2,584	1,606
Total inventories	12,288	19,081	16,225
Trade receivables	28	985	1,208
Current tax assets	605	436	715
Other receivables	331	224	1,061
Prepaid expenses and accrued income	3,100	984	1,077
Cash and bank balances	78,498	44,211	18,020
Total current assets	94,851	65,921	38,306
TOTAL ASSETS	373,282	313,359	286,794
EQUITY AND LIABILITIES			
Equity			
Share capital	14,357	5,587	9,753
Other paid-in capital	1,028,899	769,771	890,605
Reserves	198,538	152,634	157,252
Retained earnings including profit/loss for the period	-926,942	-784,369	-820,464
Total equity	314,851	143,624	237,146
Provisions			
Provisions	16	910	71
Total provisions	16	910	71
Non-current liabilities			
Other liabilities	22,990	23,160	22,990
Total non-current liabilities	22,990	23,160	22,990
Current liabilities			
Advances from customers	54	348	218
Trade payables	11,262	6,784	5,309
Other current liabilities	8,234	133,222	10,190
Accrued expenses and deferred income	15,875	5,311	10,871
Total current liabilities	35,425	145,665	26,587
TOTAL EQUITY AND LIABILITIES	373,282	313,359	286,794

Condensed financial statements

Change in equity for the Group

SEK 000	Share capital	Other paid-in capital	Reserves	Retained earnings	Profit/loss for the period	Total equity
Opening balance 1 January	9,753	890,605	157,252	-722,969	-97,443	237,197
Share issues	4,603	138,294				
Warrants sold				247		
Profit/loss for the period					-65,504	
Translation difference				14		
Capitalisation of development expenses			41,286	-41,286		
Closing balance 30 September	14,357	1,028,899	198,538	-763,995	-162,947	314,851

Consolidated cash flow statement for the group

SEK 000	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Year 2017
OPERATING ACTIVITIES					
Profit/loss after financial items	-25,501	-20,024	-65,433	-65,988	-97,447
Adjustment for non-cash items	3,639	8,949	11,384	10,439	15,405
Income tax paid	-313	-277	87	60	-217
Cash flow from operating activities before changes in work capital	-22,176	-11,352	-53,963	-55,489	-82,259
increase (-)/decrease (+) in inventories	514	4,538	3,937	-1,619	-622
increase (-)/decrease (+) in operating receivables	-1,572	208	-203	4,800	3,667
increase (-)/decrease (+) in operating liabilities	-140	-30,274	8,843	-10,520	-4,662
Cash flow from operating activities	-23,374	-36,880	-41,386	-62,828	-83,876
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-311	-2,053	-321	-5,988	-6,277
Purchase of intangible non-current assets	-12,122	-13,688	-41,286	-68,292	-73,004
Purchase of financial assets	0	0	0	0	0
Cash flow from investing activities	-12,433	-15,741	-41,607	-74,280	-79,281
FINANCING ACTIVITIES					
New share issue	0	80,731	143,157	80,731	205,731
Warrant programme	247	0	247	0	0
Borrowings	0	8,300	0	80,000	0
Repayment of debt	0	0	0	0	-45,170
Cash flow from financing activities	247	89,031	143,406	160,731	160,561
CASH FLOW FOR THE PERIOD	-35,560	36,410	60,414	23,624	-2,596
Cash and cash equivalents at beginning of period	114,152	8,154	18,020	20,859	20,859
Exchange rate difference in cash and cash equivalents	-93	-354	65	-273	-244
Cash and cash equivalents at end of period	78,498	44,211	78,498	44,211	18,020

Board of Directors' assurance

The Board of Directors and CEO hereby provide an assurance that the interim report provides a true and fair view of the Company's business, financial position and results, and describes the significant risks and uncertainties that the Company faces.

Gothenburg, 9 November 2018

Bo Dankis
Chairman

Chris Beaufait
Board member

Mattias Bergman
Board member

Hicham Bouzekri
Board member

Kent Janér
Board member

Pär Nuder
Board member

Bertil Villard
Board member

Teo Jörlén
Employee representative

Jonas Eklind
CEO

Accounting principles

The interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 on annual financial statements and consolidated financial statements (K3). For more detailed information on the accounting principles, refer to the Company's 2017 Annual Report.

Definitions

Number of shares

Average number of shares – weighted average number of outstanding shares for a certain period.

Equity

Shareholders' equity at the end of the period.

Equity per share

Shareholders' equity divided by the total number of outstanding shares.

Employee benefit expenses

Personnel expenses for the period, including salaries, other remuneration and social security costs.

Earnings per share

Profit/loss for the period attributable to the parent company's shareholders divided by the average number of shares in the market.

Earnings per share after dilution

Profit/loss for the period attributable to the parent company's shareholders divided by the average number of shares in the market after estimated utilisation of incentive programmes.

Operating income

All income including capitalised internal development/production costs.

Operating profit/loss (EBIT)

Profit/loss before financial items and taxes.

Equity/assets ratio

Total equity divided by total assets. Total equity refers to taxed equity plus 78% of untaxed reserves.

Other information

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Translation from the Swedish original

Auditor's report on review of financial information report (interim report)

To the Board of Directors of Azelio AB (publ.)

Corp. id. 556714-7607

Introduction

We have reviewed the attached financial information report (interim report) of Azelio AB (publ.) as of 30 September 2018 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this financial information report (interim report) in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual accounts and consolidated accounts (K3). Our responsibility is to express a conclusion on this financial information report (interim report) based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The income statement and cash flow statement for the Group for the period 1 January to 30 September 2018 and the balance sheet for the Group as per 30 September 2018 have been reviewed by KPMG. Comparative figures for 1 January – 30 September 2017 and for the third quarter, July - September, for 2017 and 2018 are not reviewed.

Uncertainties regarding going concern assumption

Without affecting our opinion above, we draw attention to the company's statement in the quarterly report, which states that the company plans to issue new shares in connection with a listing on First North in December and that this new share issue is necessary to ensure continued operations over the next 12 months. The new share issue is not yet ensured at the date of signing this report. This indicates that there is an uncertainty factor that creates doubts about the company's ability to continue its business.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached financial information report (interim report) is not prepared, in all material respects, accordance with the Annual Accounts Act and BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

Göteborg 9 November 2018

KPMG AB

Fredrik Waern

Authorized Public Accountant

Auditor in charge