

Interim report: 1 April – 30 June 2019



Azelio develops on plan or better – a technical breakthrough increases the potential

During the quarter the company announced a solution that allows its energy storage to also be charged using electricity, an important innovation beyond the stated plan. This broadens the uses of Azelio's technology to include both solar and wind power, and also to more geographies.

Azelio's CEO, Jonas Eklind, was awarded Mission Innovation Champion for Sweden.

An agreement has been signed with a sales agent for selling Azelio's technology to deliver sustainable electricity to hospitals in Africa. In Pakistan, in the presence of Sweden's ambassador, a Memorandum of Understanding on reliable electricity supply in the country was signed. Dialogues have been initiated with the World Bank and UNHCR, among others.

In general, there is growing awareness of the need for substantial global expansion of micro grid systems for reliable baseload, not least as an alternative to today's expensive and dirty diesel. This is attracting increased attention to Azelio's unique sustainable and cost-effective technology.

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Group financial development

Q2: April – June 2019

- Income for the period including own work capitalised amounted to SEK 37,556,000 (17,571,000)
- Operating profit/loss (EBIT) decreased to SEK -33,024,000 (-24,493,000)
- Earnings per share SEK -0.78 (-0.10)
- Profit/loss for the period decreased to SEK -33,053,000 (-24,429,000)
- Cash flow decreased to SEK -57,967,000 (93,451,000)
- Cash and bank balances amounted to SEK 200,186,000 (114,152,000)

January – June 2019

- Income for the period including own work capitalised amounted to SEK 62,358,000 (31,799,000)
- Operating profit/loss (EBIT) decreased to SEK -61,185,000 (-40,054,000)
- Earnings per share SEK -1.45 (-0.17)
- Profit/loss for the period decreased to SEK -61,205,000 (-39,981,000)
- Cash flow decreased to SEK -131,056,000 (95,928,000)
- Cash and bank balances amounted to SEK 200,186,000 (114,152,000)

Significant events

Q2: April – June 2019

- Expanded area of use for Azelio's technology with verification also in Sweden
- Memorandum of Understanding for sustainable electricity supply in Pakistan
- Agreement with sales agent on renewable electricity for hospitals in Africa
- Azelio's CEO Jonas Eklind named "Mission Innovation Champion" at a ceremony in Vancouver
- Invited to present the technology to the World Bank in Washington and visits UNHCR for evaluation of sustainable electricity supply to refugee camps in Jordan

After the end of the period

- Azelio on Mission Innovation's list over the top 100 solutions for reducing emissions
- Azelio hires a VP Operations to lead the company's industrialisation

Key figures, Group

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Net sales, SEK 000	307	645	815	1 256	1 942
Operating profit/loss, SEK 000	-33 024	-24 493	-61 185	-40 054	-91 959
Profit/loss for the year, SEK 000	-33 053	-24 429	-61 205	-39 981	-91 845
Earnings per share, SEK	-0,78	-0,10	-1,45	-0,17	-0,77
Equity, SEK 000	503 162	340 093	503 162	340 093	561 876
Equity/assets ratio, %	86%	85%	86%	85%	87%
Cash flow from operating activities, SEK 000	-17 128	-8 053	-68 276	-18 077	-36 015
Cash and bank balances	200 186	114 152	200 186	114 152	331 196

Comments from CEO

The second quarter has been characterised by considerable positive attention for Azelio globally. During the period Azelio presented a significantly broadened area of use for its technology, based on the ability to also charge the storage media with electricity from e.g. photovoltaics and wind power.

In conjunction with the demonstration of the storage technology in June 2018 discussions arose with parties interested in Azelio's technology. These discussions have now begun to be developed into agreements. The World Bank and IFC invited Azelio to Washington to present its storage technology, at the same time releasing a report stating that universal access to electricity by 2030 requires investments of USD 220 billion in micro grid systems.

UNHCR is seeking solutions to make its refugee camps self-sufficient in electricity and has begun a dialogue with Azelio concerning thermal energy storage that will allow renewable energy to be available around the clock at the right cost. The attention from these players, and the award as Mission Innovation Champion, are important markers of quality for Azelio. Otherwise, Azelio is following its communicated plan. This quarter it has even gone beyond the expected plan in connection with the broader area of use, with charging of the storage media using electricity.

Comments on the period's results

The commercial breakthrough is coming closer and the organisation has grown to ensure it has the right skills to deliver projects on a global market. Since June 2018 a further 42 people have been employed and 35 new consultants added, making a current total of 110 employees and 143 employed in total. The growing organisation and an intensive rate of development mean increased costs, which is entirely according to plan. The broadening of the area of use to include the receiving of surplus power from photovoltaics and wind power and storing this as heat to allow the delivery of renewable electricity around the clock has been achieved using existing expertise in the company and existing technology that is already used in the system. This further development has therefore not involved any actual increase in development costs. Azelio has a long-term focus and makes investments that benefit the company in both the short and the long term, such as investments in the development operations in Åmal and preparation for production in Uddevalla, which according to plan will begin volume production in summer 2021. The decreasing income is also according to plan and is since the gas operations primarily consist of servicing of existing facilities rather than new sales. This also generates valuable operating hours for the Stirling engine, providing quality assurance for future installations.

Comments on business essentials

In addition to the dialogues mentioned previously with the World Bank, IFC and UNHCR, Azelio has signed a sales agent agreement with Pansanté AB for the supply of clean power to hospitals in Africa and a Memorandum of Understanding with JD Aviation to secure clean and reliable power in Pakistan. This clearly shows the value that Azelio's technology can deliver, as a distributed baseload for securing reliable and clean power at the right price at all hours of the day. Azelio now also has opportunity to verify the technology in Sweden in systems with photovoltaics, in a partnership with Glava

Energy Center. Nearby markets in Northern Europe can now also be addressed for increased productivity in both existing and planned installations of renewable technologies.

In May I had the honor of being named as Sweden's Mission Innovation Champion at a ceremony in Vancouver, in the company of representatives from 22 other countries. Mission Innovation is a global initiative launched during the climate conference in Paris in 2015 to draw attention to technologies and individuals that are accelerating the development towards a sustainable transition. The award has generated a lot of positive attention. It has led to many interesting dialogues where there is great interest in Azelio's groundbreaking technology.



"Being named as Sweden's Mission Innovation Champion at a ceremony in Vancouver has generated a lot of positive attention. It has resulted in lots of interesting dialogues, with great interest in Azelio's groundbreaking technology," – Jonas Eklind, CEO

The World Bank clarifies the need for a sustainable development

In June 2019 the World Bank published a comprehensive report on how the UN goal of access to sustainable energy for all by 2030 can be achieved. The report points to the need for a substantial increase in the expansion of micro grid systems in order to reach around 500 million people who are expected to lack grid connection in 2030. The expansion is expected to require investments of USD 220 billion. At present the 20 countries most vulnerable to what is known as energy poverty are building 10 to 50 micro grid systems per year. To achieve the goal indicated by the World Bank this figure needs to increase to 1600 systems per year. A big challenge in micro grid systems today is that they often rely on diesel as a reliable baseload in systems using photovoltaics and wind power, for example. There is therefore a discrepancy between providing access to energy in order to develop communities and access to renewable energy for a sustainable development. Azelio can replace diesel as a reliable, scalable and sustainable baseload and at the same time increase the productivity of photovoltaics and wind power through storage and cost-effective production of renewable power around the clock.

Outlook

We are following the plan that we have communicated, and we are continually receiving confirmation that we are on the right track. The next major interim goal is the verification project in Morocco at the end of this year, followed by the first commercial installation in 2020 and volume production in 2021. As communicated, the existing financing is sufficient until into 2020 and we are evaluating different alternatives for new capital for the final step in our industrialisation.

The business



Azelio makes it possible to deliver renewable power where and when it is needed and at a low cost. The technology is based on thermal energy storage that the company has developed with a Stirling engine to generate power. The system is scalable for cost-effective installations from 100 kW up to 100 MW.

13 hours of electricity production at nominal effect, resulting in a system that can produce sustainable electricity cost-effectively around the clock, distributed and dispatchable.

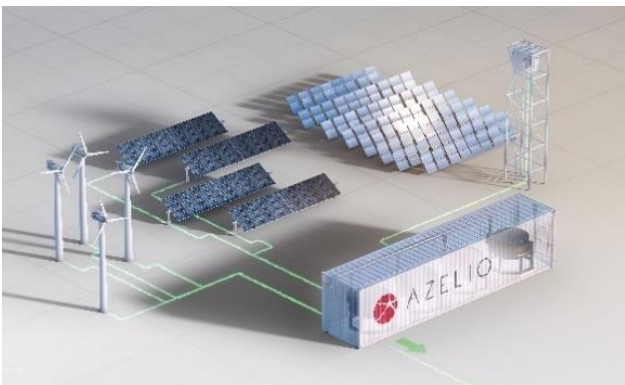
A broad area of use for a global market

The system can store solar energy from CSP (Concentrated Solar Power) to secure a sustainable distributed baseload in sunbelt regions that lack access to a functioning grid. The solution can thus be used as a clean and cost-effective alternative to diesel-generated electricity in micro grid systems. Following the technical advances made in the second quarter of 2019 the energy storage solution is also able to receive electricity from other renewable technologies such as photovoltaics and wind power to heat the storage media and then produce electricity cost effectively on demand at all hours of the day. In this way Azelio's technology can be used to supplement established technologies, either existing or planned installations, for increased productivity.



Azelio's highly efficient Stirling engine

The Stirling engine is a 200-year-old innovation. Azelio's own unique Stirling engine has been developed for 25 years and has accumulated over two million operating hours from more than 170 installations around the world. The engine is powered by heat and has zero emissions. The conversion rate from heat to electricity is around 30%. Its high efficiency combined with volume production of components makes the system very cost-effective.



A groundbreaking energy storage solution

Azelio's energy storage solution consists of an aluminum alloy. It requires no process water and the storage media does not need refilling in order to maintain capacity and no power degradation occurs over time. This unique solution has a storage capacity of



Significant events

Q2: April – June 2019

Expanded area of use for Azelio's technology with verification also in Sweden

Through a new development Azelio has broadened the area of use of its unique technology so that electricity from renewable sources can be received and then stored as heat. This development means that Azelio can expand its market, for example to address Northern Europe and the US, for increased productivity at existing or planned installations of photovoltaics and wind power. Azelio has also initiated a partnership with Glava Energy Center for verification of its technology also in Sweden, together with photovoltaics.

Memorandum of Understanding for sustainable electricity supply in Pakistan

Azelio has signed a Memorandum of Understanding (MOU) with the Pakistan-based company JD Aviation for reliable and clean power supply in Pakistan. The MOU is a first step in introducing the technology to the Pakistani market. This market is characterised by an unstable grid and good solar conditions, where long-term storage of energy with cost-effective electricity production will make a big difference.



Azelio's CEO Jonas Eklind signs a Memorandum of Understanding with JD Aviation in Pakistan for sustainable electricity supply, in the presence of Swedish ambassador in Pakistan, Ingrid Johansson.

Agreement with sales agent on renewable electricity for hospitals in Africa

Azelio has signed an agreement making Pansanté AB a sales agent for Azelio's technology, for clean power supply to hospitals in central and southern Africa. Pansanté AB (www.pansante.com) has developed an award-winning concept for sustainable hospitals, including electricity supply. Since the scope of the agreement focuses on distributed areas with no grid, Azelio's technology offers a sustainable and cost-effective alternative to diesel-generated power as baseload.

Azelio's CEO Jonas Eklind named "Mission Innovation Champion" at a ceremony in Vancouver

Mission Innovation was launched at the Paris climate conference in 2015 as a global initiative by 22 countries and the European Commission in order to accelerate global innovations within renewable energy and make renewable energy accessible. Azelio's CEO Jonas Eklind was Sweden's chosen representative at the awards ceremony for Mission Innovation's fourth annual ministerial meeting in Vancouver on 27 May, which brings together ministers, corporate leaders and innovators. At the ceremony Jonas Eklind was named as Sweden's Mission Innovation Champion.

Invited to present the technology to the World Bank in Washington and visits UNHCR for evaluation of sustainable electricity supply to refugee camps in Jordan

Azelio's technology has attracted global attention, leading among other things to an invitation from the World Bank and IFC to Washington and make a presentation to its financial and technical experts. The technology addresses a solution to one of the world's main challenges – providing renewable energy for all. There is also an interest from UNHCR, where Azelio and UNHCR made a joint visit to a refugee camp in Jordan to look at the possibility of self-sufficiency in renewable electricity. Later in 2019 Azelio will present a feasibility study into using Azelio's technology to replace diesel as a sustainable baseload in UNHCR's refugee camps.

After the end of the period

Azelio on Mission Innovation's list over the top 100 solutions for reducing emissions

Azelio was placed on Mission Innovation's list of the top 100 solutions with the greatest potential for reduced CO₂e emissions. The list was presented by Mission Innovation within the framework for solutions linked to the global 1.5 ° C target.

Azelio hires a VP Operations to lead the company's industrialisation

Azelio hires Peter Gabrielsson as VP operations. The position has a key role in the company's industrialization with upcoming verification projects followed by commercial installations. Peter brings significant operational, commercial and strategic experience from senior positions within engineering, project management, sales and business development of international EPC deliveries to the oil and gas industry.

Group financial development

Q2: April – June 2019

Income, expenses and profit/loss

Operating income

Net sales for the second quarter amounted to SEK 307,000 (645,000). The decrease is due to decreased revenues from gas operations, which is entirely in line with the business plan. Own work capitalised amounted to SEK 36,802,000 (15,548,000) for the quarter.

Operating expenses

Costs for the second quarter amounted to SEK -70,580,000 (-42,064,000). The result is largely attributable to increased raw materials costs and consulting costs.

Operating profit/loss

The operating loss amounted to SEK -33,024,000 (-24,493,000).

Financial items

Income from financial items during the period amounted to SEK -29,000 (64,000) and consisted mainly of interest income, interest expense and similar profit/loss items.

Profit/loss for the period

The result for the second quarter was a loss of SEK -33,053,000 (-24,429,000). Earnings per share amounted to SEK -0.78.

Cash flow, investments and financial position

Cash flow

Cash flow from operating activities during the period amounted to SEK -17,128,000 (-8,053,000). Cash flow from financing activities amounted to SEK 29,000 (117,047,000).

Investments

Investments affecting cash flow during the period amounted to SEK -40,869,000 (-15,543,000), mainly in the form of capitalised development.

Financial position

Cash and cash equivalents amounted to SEK 200,186,000 (114,152,000) as of 30 June. Equity at the end of the period amounted to SEK 503,162,000 (340,093,000) or SEK 11.88 (1.41) per

share. The equity/assets ratio as of the same date was 86% (85), closing balance.

January – June 2019

Income, expenses and profit/loss

Operating income

Net sales for the period amounted to SEK 815,000 (1,256,000). The decrease in sales is due to continued focus on development of the storage solution and reduced focus on gas operations. Own work capitalised amounted to SEK 60,927,000 (29,164,000) for the period.

Operating expenses

Costs during the period amounted to SEK -123,542,000 (-71,853,000). The result is largely attributable to raw materials costs and consulting costs.

Operating profit/loss

The operating loss amounted to SEK -61,185,000 (-40,054,000).

Financial items

Income from financial items during the period amounted to SEK -20,000 (73,000) and consisted mainly of interest income, interest expense and similar profit/loss items.

Profit/loss for the period

The result for the period was a loss of SEK -61,205,000 (-39,981,000). Earnings per share amounted to SEK -1.45.

Cash flow and investments

Cash flow

Cash flow from operating activities during the period amounted to SEK -68,276,000 (-18,077,000). Cash flow from financing activities amounted to SEK 2,757,000 (143,159,000) and is attributable to new share issues.

Investments

Investments affecting cash flow during the period amounted to SEK -65,537,000 (-29,155,000), mainly in the form of capitalised development.

Share capital

The Group's share capital at the end of the period amounted to SEK 21,174,000 spread across 42,347,495 shares.

Largest shareholders, holding > 10%

Name	Shareholding, %
Blue Marlin AB / Kent Janér	26.56 %

Warrants

At the end of the period there were 39,626,667 warrants, of which 60,000 are in the process of registration, issued in seven different series with exercise prices of between SEK 10 and SEK 130. Full conversion of these warrants would increase the number of shares by 4,196,667 shares.

Share data

At the end of the last period, on 29 March 2019, the share was traded at SEK 16.85 per share. At the end of the current period, on 28 June 2019, the share was traded at SEK 16.86 per share, an increase of SEK 0.01.

Related party transactions

There were no significant related party transactions in Q2 2019.

Group accounting

The financial statements for the Group are considered to essentially accord with the figures for the parent company.

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 volumes 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 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.

Key figures, Group

	Apr-Jun 2019	Apr-Jun 2018	Pro forma Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Pro forma Jan-Jun 2018	Full year 2018	Pro forma Jan-Dec 2018
Earnings per share before dilution, SEK	-0,78	-0,10	-1,01	-1,45	-0,17	-1,66	-0,77	-2,97
Earnings per share after dilution, SEK	-0,71	-0,08	-0,84	-1,31	-0,13	-1,32	-0,58	-2,49
Equity per share, SEK	11,88	1,41		11,88	1,41		4,73	

*The extraordinary general meeting held on 11 November 2018 approved a 10:1 reverse split.
Pro forma calculation – earnings per share calculated on the split in Q4 2018 for all periods.*

following authorisation by the general meeting, the Board of Directors completed a new share issue in conjunction with listing on Nasdaq First North on 10 December 2018. The listing provided the company with proceeds of SEK 242 million before transaction costs. The Board is of the opinion that the share issue secures the capital requirement based on the established business and liquidity plans for a period of 12 months from the date of listing. The Board plans to complete an additional new share issue to ensure the company's large-scale product commercialisation, including completion of 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 favor of the assumptions described above and considers that the necessary conditions are in place. The Board is aware, however, 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.

Dividend

The Board of Directors proposes that no dividend is paid.

Review

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

Condensed financial statements

Consolidated income statement

SEK 000	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018			
Income								
Net sales	307	645	815	1,256	1,942			
Own work capitalised	36,802	15,548	60,927	29,164	66,392			
Other operating income	447	1,378	616	1,378	2,007			
Total operating income	37,556	17,571	62,358	31,799	70,341			
Costs								
Raw materials and consumables	-1,738	-2,018	-1,735	-3,201	-7,758			
Other external expenses	-35,288	-13,794	-63,844	-24,747	-65,821			
Employee benefit expenses	-29,659	-22,310	-50,261	-36,083	-72,961			
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	-3,799	-3,878	-7,566	-7,745	-15,546			
Other operating expenses	-96	-64	-136	-77	-215			
Total operating expenses	-70,580	-42,064	-123,542	-71,853	-162,300			
Operating profit/loss	-33,024	-24,493	-61,185	-40,054	-91,959			
Financial items								
Income from securities and receivables held as non-current assets	0	0	0	0	0			
Other interest income and similar profit/loss items	24	120	87	187	403			
Interest expense and similar profit/loss items	-53	-56	-107	-113	-289			
Total financial items	-29	64	-20	73	114			
Profit/loss after financial items	-33,053	-24,429	-61,205	-39,981	-91,845			
Tax on profit for the period	0	0	0	0	0			
Profit/loss for the period	-33,053	-24,429	-61,205	-39,981	-91,845			
			Pro forma Apr-Jun 2018		Pro forma Jan-Jun 2018		Pro forma Jan-Dec 2018	
Earnings per share	-0.78	-0.10	-1.01	-1.45	-0.17	-1.66	-0.77	-2.97
Earnings per share before dilution, SEK	-0.78	-0.10	-1.01	-1.45	-0.17	-1.66	-0.77	-2.97
Earnings per share after dilution, SEK	-0.71	-0.08	-0.84	-1.31	-0.13	-1.32	-0.58	-2.49
<i>Number of shares before dilution</i>	42,347,495	241,098,540	24,109,854	42,347,495	241,098,540	24,109,854	118,707,118	30,927,085
<i>Number of shares after dilution</i>	46,684,912	290,061,900	29,006,190	46,684,912	303,777,331	30,377,733	158,443,311	36,915,879

Condensed financial statements

Consolidated balance sheet

SEK 000	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Intangible non-current assets			
Capitalised development costs and similar	339,483	261,104	291,224
Investments in progress, intangible assets	8,359	0	1,353
Total intangible non-current assets	347,843	261,104	292,577
Property, plant and equipment			
Leasehold improvements	2,241	1,104	987
Equipment, tools, fixtures and fittings	8,248	7,701	6,798
Total property, plant and equipment	10,490	8,804	7,785
Total non-current assets	358,332	269,908	300,361
Inventories			
Raw materials and consumables	8,973	9,343	8,809
Finished goods and goods for resale	616	2,802	618
Advance payments to suppliers	9,538	656	179
Total inventories	19,128	12,802	9,606
Current assets			
Trade receivables	108	761	69
Current tax assets	539	292	919
Other receivables	361	227	336
Prepaid expenses and accrued income	3,925	948	3,157
Cash and bank balances	200,186	114,152	331,196
Total current assets	224,247	129,182	345,283
TOTAL ASSETS	582,580	399,090	645,644
EQUITY AND LIABILITIES			
Equity			
Share capital	21,174	14,357	21,174
Other paid-in capital	1,294,699	1,029,109	1,291,971
Reserves	-608	-480	-341
Retained earnings including profit/loss for the period	-812,103	-702,892	-750,928
Total equity	503,162	340,093	561,876
Provisions			
Provisions	0	71	0
Total provisions	0	71	0
Non-current liabilities			
Other liabilities	22,850	22,990	22,850
Total non-current liabilities	22,850	22,990	22,850
Current liabilities			
Advances from customers	0	93	0
Trade payables	19,410	8,142	34,332
Other current liabilities	9,017	13,891	8,828
Accrued expenses and deferred income	28,141	13,809	17,757
Total current liabilities	56,568	35,935	60,918
TOTAL EQUITY AND LIABILITIES	582,580	399,090	645,644

Condensed financial statements

Consolidated statement of changes in equity

SEK 000	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit/loss for the year	Total equity
Opening balance 1 January	21,174	1,291,971	-341	-750,928	561,876
Share issues		2,728			
Warrants sold				29	
Profit/loss for the period				-61,205	
Translation difference			-267		
Closing balance 30 June	21,174	1,294,699	-608	-812,103	503,162

Consolidated cash flow statement

SEK 000	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
OPERATING ACTIVITIES					
Profit/loss after financial items	-33,053	-24,429	-61,205	-39,981	-91,845
Adjustment for non-cash items	5,424	3,868	9,979	7,726	18,628
Income tax paid	0	0	0	0	-227
Cash flow from operating activities before changes in working capital	-27,629	-20,561	-51,225	-32,255	-73,444
Increase (-)/decrease (+) in inventories	-6,466	1,712	-10,360	3,423	3,532
Increase (-)/decrease (+) in operating receivables	2,698	69	-980	1,375	-257
Increase (-)/decrease (+) in operating liabilities	14,262	10,728	-5,712	9,380	34,154
Cash flow from operating activities	-17,135	-8,053	-68,276	-18,077	-36,015
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-4,067	5	-4,611	10	-1,108
Purchase of intangible assets	-36,802	-15,548	-60,927	-29,164	-66,392
Purchase of financial assets	0	0	0	0	0
Cash flow from investing activities	-40,869	-15,543	-65,537	-29,155	-67,500
FINANCING ACTIVITIES					
New share issue	0	117,047	2,728	143,159	416,067
Warrant programme	29	0	29	0	600
Borrowings	0	0	0	0	0
Repayment of debt	0	0	0	0	-140
Cash flow from financing activities	29	117,047	2,757	143,159	416,527
CASH FLOW FOR THE PERIOD	-57,975	93,451	-131,056	95,928	313,011
Cash and cash equivalents at beginning of period	258,229	20,644	331,196	18,020	18,020
Exchange rate differences in cash and cash equivalents	-68	57	47	205	165
Cash and cash equivalents at end of period	200,186	114,152	200,186	114,152	331,196

Condensed financial statements

Parent company income statement

SEK 000	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Full year 2018
Income					
Net sales	307	645	815	1,256	1,942
Own work capitalised	36,802	15,548	60,927	29,164	66,392
Other operating income	447	1,378	616	1,378	2,007
Total operating income	37,556	17,571	62,358	31,799	70,341
Costs					
Raw materials and consumables	-1,738	-2,018	-1,735	-3,201	-7,758
Other external expenses	-35,061	-13,498	-63,153	-24,174	-64,720
Employee benefit expenses	-28,738	-21,486	-48,720	-34,486	-69,770
Depreciation/amortisation and impairment of property, plant and intangible assets	-3,798	-3,873	-7,565	-7,736	-15,530
Other operating expenses	-96	-64	-136	-77	-215
Total operating expenses	-69,432	-40,939	-121,309	-69,674	-157,992
Operating profit/loss	-31,876	-23,368	-58,952	-37,875	-87,651
Financial items					
Income from interests in Group companies	-1,410	0	-2,783	0	-6,865
Income from securities and receivables held as non-current assets	0	0	0	0	-1,683
Other interest income and similar profit/loss items	28	118	117	182	395
Interest expense and similar profit/loss items	-53	-56	-107	-113	-289
Total financial items	-1,436	62	-2,774	69	-8,442
Profit/loss after financial items	-33,312	-23,306	-61,726	-37,806	-96,093
Tax on profit for the period	0	0	0	0	0
Profit/loss for the period	-33,312	-23,306	-61,726	-37,806	-96,093

Condensed financial statements

Parent company balance sheet

SEK 000	30 jun 2019	30 jun 2018	31 dec 2018
ASSETS			
Intangible non-current assets			
Capitalised development costs and similar	339,483	261,104	291,224
Investments in progress, intangible assets	8,359	0	1,353
Total intangible non-current assets	347,843	261,104	292,577
Property, plant and equipment			
Leasehold improvements	2,241	1,104	987
Equipment, tools, fixtures and fittings	8,248	7,692	6,796
Total property, plant and equipment	10,490	8,796	7,783
Financial non-current assets	50	5,563	50
Total non-current assets	358,382	275,463	300,410
Inventories			
Raw materials and consumables	8,973	9,343	8,809
Finished goods and goods for resale	616	2,802	618
Advance payments to suppliers	9,538	656	179
Total inventories	19,128	12,802	9,606
Current assets			
Trade receivables	108	761	69
Receivables from Group companies	0	1,645	0
Current tax assets	539	292	919
Other receivables	209	125	189
Prepaid expenses and accrued income	3,821	798	3,041
Cash and bank balances	198,260	112,230	330,061
Total current assets	222,065	128,653	343,884
TOTAL ASSETS	580,447	404,116	644,294
EQUITY AND LIABILITIES			
Equity			
Share capital	21,174	14,357	21,174
Development expenditure fund	276,211	186,416	222,291
Share premium reserve	1,294,699	1,029,109	1,291,971
Retained earnings including profit/loss for the period	-1,083,778	-877,829	-968,161
Total equity	508,306	352,053	567,274
Provisions			
Provisions	0	71	0
Total provisions	0	71	0
Non-current liabilities			
Other liabilities	22,850	22,990	22,850
Total non-current liabilities	22,850	22,990	22,850
Current liabilities			
Advances from customers	0	93	0
Trade payables	19,410	8,142	34,332
Other current liabilities	1,741	6,959	2,081
Accrued expenses and deferred income	28,141	13,809	17,757
Total current liabilities	49,291	29,002	54,170
TOTAL EQUITY AND LIABILITIES	580,447	404,116	644,294

Condensed financial statements

Parent company statement of changes in equity

SEK 000	Share capital	Share premium reserve	Development expenditure fund	Retained earnings	Profit/loss for the period	Total equity
Opening balance 1 January	21,174	1,291,971	222,291	-968,161		567,274
Share issues		2,728				
Warrants sold				29		
Profit/loss for the period					-61,726	
Transfer			53,920	-53,920		
Closing balance 30 June	21,174	1,294,699	276,211	-1,022,052	-61,726	508,306

Parent company cash flow statement

SEK 000	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
OPERATING ACTIVITIES					
Profit/loss after financial items	-33,312	-23,306	-61,726	-37,806	-96,093
Adjustment for non-cash items	6,047	3,873	11,186	7,736	27,159
Income tax paid	0	0	0	0	-227
Cash flow from operating activities before changes in working capital	-27,265	-19,433	-50,539	-30,070	-69,160
Increase (-)/decrease (+) in inventories	-6,466	1,712	-10,360	3,423	3,532
Increase (-)/decrease (+) in operating receivables	2,689	-17	-997	1,256	-396
Increase (-)/decrease (+) in operating liabilities	14,968	10,728	-4,341	9,431	34,199
Cash flow from operating activities	-16,074	-7,010	-66,238	-15,959	-31,826
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-4,067	0	-4,611	0	-1,092
Purchase of intangible assets	-36,802	-15,548	-60,927	-29,164	-66,392
Purchase of financial assets	-1,410	-50	-2,783	-50	-1,401
Cash flow from investing activities	-42,279	-15,598	-68,321	-29,214	-68,885
FINANCING ACTIVITIES					
New share issue	0	117,047	2,728	143,159	416,067
Warrant programme	29	0	29	0	600
Borrowings	0	0	0	0	0
Repayment of debt	0	0	0	0	-140
Cash flow from financing activities	29	117,047	2,757	143,159	416,527
CASH FLOW FOR THE PERIOD	-58,324	94,439	-131,801	97,985	-315,816
Cash and cash equivalents at beginning of period	256,584	17,791	330,061	14,245	14,245
Exchange rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at end of period	198,260	112,230	198,260	112,230	330,061

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, 21 August 2019

Bo Dankis

Chairman of the Board

Mattias Bergman

Board member

Hicham Bouzekri

Board member

Sigrun Hjelmquist

Board member

Kent Janér

Board member

Pär Nuder

Board member

Lars Thunell

Board member

Bertil Villard

Board member

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 2018 Annual Report.

Financial calendar

Interim report for the period
1 January - 30 September 2019, Q3: 20 November 2019

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 exercise of incentive programmes.

Operating income

All income including own work capitalised.

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.

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Certified Adviser

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